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Financial and insurance literacy in Poland

The aim of this paper is to present a critical analysis of different concepts related to financial literacy. Discussion of the usefulness of standard questions on financial literacy and a presentation of the first Polish research of “Big Three” questions on financial literacy compared with selected countries are also included. Finally, a questionnaire on insurance literacy and the findings from Polish research are presented.

Keywords: financial literacy, financial education, financial knowledge, insurance literacy.

Introduction

Financial literacy is a relatively young concept, but it has spread very fast within the financial market. The aim of this paper is to present a critical analysis of different concepts related to financial literacy. Discussion of the usefulness of standard questions on financial literacy (the so-called “Big Three” questions) and a presentation of data on the first Polish research of those standard questions on financial literacy compared with selected countries is also included. Finally, a questionnaire on insurance literacy and findings from Polish research are presented. Data comes from *Research on economic and insurance knowledge and skills among Poles*¹ (*Badanie wiedzy i umiejętności ekonomicznych i ubezpieczeniowych Polaków*), with the general Polish 18+ population layered according to gender, age, the level of education and place of residence; N=1000; 25–29/03/2015; quota-random sampling, CATI.

1. Research designed by authors of the article.

1. Financial literacy – critical analysis

The increasing level of financialisation makes the knowledge and skills of financial services key elements that differentiate individuals or households. The well-being of households depends on their ability to benefit from offerings from the financial market. Lack of financial literacy could dramatically worsen living conditions due to suboptimal choices, and there is research showing that the level financial literacy is closely related to the accuracy of financial decisions².

The term financial literacy was first defined in *Jump\$tart Survey of Financial Literacy Among High School Students*³ initiated in 1997 in the U.S., as "the ability to use knowledge and skills to manage one's financial resources effectively for lifetime financial security".

The way households and individuals manage their financial resources has been considered significant from the 1950s and 60s. Two major approaches to this issue can be distinguished. The first, proposed by Milton Friedman in 1953, assumes that experience, mostly self-experience, is the most important factor in the improvement of financial decisions through trial and error.⁴ This was backed up by empirical studies⁵. The latter approach believes there is a need for financial education, which could prepare people for challenging choices and decisions, the scale and complexity of which is only growing. This second approach gained much more popularity among regulators, and issues connected with a lack of financial literacy were mainly managed through regulations on the demand side of the financial market. There are two main actions within the second approach, financial education, and provision of financial information, and both should result in the increased effectiveness of a well-informed decision-making process.

It used to be the case that financial education was essential to the proper functioning of the financial market and could raise the effectiveness and efficiency, and even prevent some of its deep problems, but after the financial crisis, there are much more doubts about this. Research on the financial know-how and expertise in the functioning of the financial market are becoming a standard part of the analysis of the financial market and analysis of studies from different countries, both developed and developing, proved the occurrence of the relationship between the level of education and economic knowledge. This was not always, however, a strong correlation⁶.

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2. I.e. M.A. Hilgert, J.M. Hogarth, S.G. Beverly, *Household financial management: the connection between knowledge and behaviour*, Federal Reserve Bulletin, 89(7), 2003, p. 309–322; A. Lusardi, O.S. Mitchell, V. Curto, *Financial Literacy Among the Young*, Journal of Consumer Affairs, 44(2), 2010, pp 358–380; J. Behrman, O.S. Mitchell, C. Soo, D. Bravo, *Financial Literacy, Schooling, and Wealth Accumulation*, NBER WP 16452, 2010.
 3. The Jump\$tart Coalition for Personal Financial Literacy is a non-profit coalition of national organisations in the US monitoring and improving the financial literacy of students from pre-kindergarten through to college age. www.jumpstart.org [10.02.2017].
 4. M. Friedman, *Essays in Positive Economics*, University Chicago Press, Chicago 1953.
 5. S. Agarwal, J.C. Driscoll, X. Gabaix, D. Laibson, *Learning in the Credit Card Market*, Working Paper, Federal Reserve Bank Chicago 2011.
 6. A. Lusardi, O.S. Mitchell, *Financial Literacy and Planning: Implications for Retirement Wellbeing*, [in:] *Financial Literacy: Implications for Retirement Security and the Financial Marketplace*, eds A. Lusardi and O.S. Mitchell. Oxford University Press, Oxford 2011.

It should be underlined that it is vital to take into consideration practical issues of the functioning of the financial market, financial awareness, which reflects realistic products, the environment and also the conditions in place when using the financial market.

Most financial education programmes do not account for human motivations in the decision-making process, nor do they consider the practices of suppliers and distributors or the effectiveness of competition. Even if financial education were to yield tangible results, it would be very expensive. Moreover, the results of empirical research do not confirm the assumptions of most of the programs in the field of financial education. Participation in financial education does not increase the financial knowledge and relevance of decisions made in adulthood⁷.

The other question is whether the ability to use knowledge and skills to manage one's financial resources effectively for lifetime financial security leads to the right decision. The research reveals that, yes, it does, but that there are relatively many examples showing that despite high financial literacy, outcomes can be quite poor.⁸

There are different reasons for this – for example, the consequences of behavioural finance, the lack of competition (range of choice is not linked to the level of competition) and other market failures. That is why the level of financial literacy is not an equivalent of an economic outcome for an individual. Since the financial crisis, most regulators have changed their attitude to demand-side regulations and consider them to be of low effectiveness. From then on, more supply-side regulations have been put into force. However, the importance of financial literacy cannot be ignored and should be a part of the consumer protection process.

2. The operationalisation of financial literacy

Operationalisation of the term 'financial literacy' is very diverse and could imply⁹:

- knowledge of a financial product,
- knowledge of financial concepts,
- having mathematical skills or numeracy,
- being engaged in certain activities (such as financial planning).

The previously mentioned studies¹⁰ have shown that the level financial literacy is linked to the correctness of financial choices, and it is evident that different operationalisations provide different outcomes, and that none of them alone assure complete coverage of what is expected

7. I. Hathaway, S. Khatiwada, *Do Financial Education Programs Work?*, working paper 08–03, April 2008; W.G. Gale, R. Levine, *Financial Literacy: What Works? How Could It Be More Effective?*, October 2010; L. Mandell, L. Schmid Klein, *The Impact of Financial Literacy Education on Subsequent Financial Behaviour*, Association for Financial Counseling and Planning Education, 2009; L.E. Willis, *The Financial Education Fallacy*, Presentation at the American Economics Association 2011 Annual Meeting, 2011.

8. M.A. Hilgert, J.M. Hogarth, S.G. Beverly, *Household financial management: the connection between knowledge and behaviour*, Federal Reserve Bulletin, 89(7), 2003, p. 309–322.

9. J.S. Hastings, B.C. Madrian, W.L. Skimmyhorn, *Financial Literacy, Financial Education and Economic Outcomes*, NBER Working Paper No. 18412, September 2012, p. 5.

10. I.e. M.A. Hilgert, J.M. Hogarth, S.G. Beverly, *Household financial management: the connection between knowledge and behaviour*, Federal Reserve Bulletin, 89(7), 2003, p. 309–322.

within financial literacy. This operationalisation leads us to two primary issues: how to measure financial literacy, and what raises levels of financial literacy.

In many cases, we can set acceptable (correct) financial decisions and distinguish them from unacceptable (wrong) financial decisions. However, it is tough to evaluate the outcome – the final effects of financial decisions in practice – as the scope, availability, and conditions of financial products are very diverse, and quite often there is no the best objective, single solution, and, moreover, very often many optimal decision could be accepted. For example, the evaluation of a particular investment depends on the specific period, market situation, regulations and many other temporal elements. That is why it is difficult to assess clearly the appropriateness of financial choices, and this stream of research into real decisions is not very common.

Much more frequently a questionnaire is used as a tool for the assessment of financial literacy. However, it should be underlined that it presents a far from real life situation and could result in lower effort to cope with the given issues. Most common questionnaires check knowledge of the financial concept.

In the study conducted in 2004 as a module¹¹ of a broader study - the Health and Retirement¹² Study, three principles were adopted:

- basic knowledge - to measure is to identify the core financial issues;
- relevance - the questions relate to issues encountered in everyday life in different phases of the life cycle;
- brevity - the volume of the questionnaire should minimise the risk of the test being failed.

These principles should allow the use of a questionnaire in telephone interviews, as they do not require complicated calculations. It was considered that the average consumer should understand the concepts of saving and investment portfolios. As a result, a set of questions was developed and used later in different countries – this offered the possibility of comparisons. Three basic questions (often called the “Big Three”)¹³ cover three issues: interest rate, inflation and risk diversification. These issues are as follow:

- [interest rate] 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: more than \$ 102, exactly \$ 102, less than \$ 102?
- [inflation] Imagine that the interest rate on your savings account was 1% per year and inflation was 2% per year. After 1 year, would you be able to buy more than, the same as, or less than today with the money in this account?
- [risk diversification] Do you think that the following statement is true or false? “Buying stock in a single company usually provides a safer return than a mutual fund.”

11. Designed and administered by A. Lusardi and O.S. Mitchell.

12. A longitudinal panel study that surveys a representative sample of approximately 20,000 people in America run by the University of Michigan (<http://hrsonline.isr.umich.edu/>).

13. Together with two other basic questions they form the so called “Big Five”. The two additional financial literacy questions were added into the 2009 National Financial Capability Study (NFCS) in the U.S., a large national survey of the financial capabilities of the adult population. These two additional question are as follow:

- [mortgages] A 15-year mortgage typically requires higher monthly payments than a 30-year mortgage but the total interest over the life of the loan will be less. True/False/Don't know/Refused.
- [bond pricing] If interest rates rise, what will typically happen to bond prices? They will rise/They will fall/They will stay the same/There is no relationship/Don't know/Refused to answer.

It should be mentioned that these concepts are different according to their level of complexity and abstraction. For example, the question on inflation combines concepts of interest rate and inflation. The question on risk diversification relates to the concept of pooling and should not be so problematic, but it is difficult because of its use of abstract objects such as stock and mutual fund. Probably, if the question were asked in a different way, for example 'is it safer to keep all eggs in one basket instead of several baskets', the outcome would be different.

Although these questions are widely used, they have gained some critics. For example, it was proven that the order of the questions influenced the results¹⁴. Furthermore, they are linked to general concepts and do not provide information about real skills, and there is little proof that financial literacy as such would decrease detrimental effects to a consumer on the financial market. This is mostly because real decisions are influenced by behavioural finance, aggressive marketing and bad practices.

Quantitative studies prove that experience can significantly change levels of financial literacy¹⁵. Qualitative studies have shown that children inherit patterns of managing household finance. Relatives are also one of the most trusted sources of information and advice¹⁶. In conclusion, several elements influencing the level financial literacy could be highlighted:

- experience,
- cognitive skills and level of education,
- social background,
- development of the financial market.

However, it should be mentioned that without knowledge of these concepts (interest rate, inflation and risk diversification) it would be impossible to make a well-informed decision. That is why the above questions provide knowledge on the potential development of financial awareness.

3. Financial literacy – comparative analysis

There are several comparative studies of financial awareness. Most of them use these standard questions¹⁷. Not all items are used in each study. Furthermore, the individual versions differ sometimes to eliminate the results of the suggested systemic response.

14. M. van Rooij, A. Lusardi, R. Alessie, *Financial Literacy and Stock Market Participation*, "Journal of Financial Economics", vol. 101, issue 2, August 2011, p. 449–472

15. M.A. Hilgert, J.M. Hogarth, S.G. Beverly, *Household financial management: the connection between knowledge and behaviour*, Federal Reserve Bulletin, 89(7), 2003, p. 309–322; M. Kawiński, M. Lewicki, T. Szumlicz, *How the Generation Y influences experiences of motor vehicle insurance policy holders in Poland and Germany*, Research provided for Solera Holdings Inc. 2011.

16. M. Kawiński, T. Szumlicz, B. Więckowska, *Przezorność ubezpieczeniowa w zmianie systemu zabezpieczenia społecznego [Financial awareness within change of social security scheme]*, 2016, research financed by National Science Centre no. UMO-2013/11/B/HS4/02160.

17. A. Lusardi, O.S. Mitchell, *The Economic Importance of Financial Literacy: Theory and Evidence*, "Journal of Economic Literature", 52(1) 2014, p. 5–44.

Table 1. Financial literacy in selected countries

Italy – Survey on Household Income and Wealth (2007 and 2009)*

Answer	Correct [%]				Incorrect [%]				Do not know [%]			
	whole sample	age 25–65	male	female	whole sample	age 25–65	male	female	whole sample	age 25–65	male	female
Interest rate	40.0	44.6	45.5	30.8	31.8	35.5	33.3	29.3	28.2	19.9	21.3	39.9
Inflation	59.3	65.4	65.8	48.3	10.0	11.1	10.1	9.9	30.7	23.5	24.2	41.7
Risk diversification	52.2	59.2	58.1	42.1	14.1	14.6	13.7	15.0	33.7	26.2	28.2	42.9

U.S. – the National Financial Capability Survey (2009)

Answer	Correct [%]				Incorrect [%]				Do not know [%]			
	whole sample	age 25–65	male	female	whole sample	age 25–65	male	female	whole sample	age 25–65	male	female
Interest rate	65.6	68.2	71.3	58.8	20.7	20.6	18.4	24.6	13.7	11.2	10.3	16.6
Inflation	65.1	69.2	71.0	58.0	20.5	19.0	19.2	23.6	14.4	11.8	9.8	18.4
Risk diversification	52.4	56.1	57.1	46.8	13.5	12.6	17.3	11.8	34.1	31.3	25.6	41.4

The Netherlands – the Dutch Central Bank Household Survey (2010)

Answer	Correct [%]				Incorrect [%]				Do not know [%]			
	whole sample	age 25–65	male	female	whole sample	age 25–65	male	female	whole sample	age 25–65	male	female
Interest rate	85.7	86.5	86.6	83.1	5.3	5.2	4.1	6.3	9.0	8.4	9.3	10.6
Inflation	77.8	76.8	81.9	72.0	8.5	9.0	7.0	9.7	13.7	14.2	11.1	18.3
Risk diversification	52.7	54.3	62.0	42.1	13.5	12.2	10.5	16.1	33.8	33.5	27.5	41.8

Poland – Research on economic and insurance knowledge and skills among Poles (2015)

Answer	Correct [%]				Incorrect [%]				Do not know [%]			
	whole sample	age 25–65	male	female	whole sample	age 25–65	male	female	whole sample	age 25–65	male	female
Interest rate	63.5	61.5	70.0	57.5	29.1	31.6	24.3	33.5	7.4	6.9	5.7	9.0
Inflation	67.4	70.2	70.5	64.5	26.5	23.9	24.2	28.8	6.1	5.9	5.3	6.7
Risk diversification	57.5	61.0	60.4	54.9	22.9	20.4	22.5	23.2	19.6	18.6	17.1	21.9

Source: A. Lusardi, O.S. Mitchell, V. Curto, *Financial Literacy and Retirement Planning in the United States*, Working Paper 17108, National Bureau of Economic Research, June 2011; E. Fornero, C. Monticone, *Financial Literacy and Pension Plan Participation in Italy*, Netspar Discussion Paper No. 01/2011–019, January 31, 2011; R. Alessie, M. van Rooij, A. Lusardi, *Retirement Preparation and Pension Expectations in the Netherlands*, DNB Working Paper Financial Literacy March 2011; M. Kawiński, P. Majewski (2015) *Badanie wiedzy i umiejętności ekonomicznych i ubezpieczeniowych Polaków – Research on economic and insurance knowledge and skills among Poles*, with the general Polish 18+ population layered according to gender, age, level of education and place of residence; N=1000; 25–29/03/2015; quota-random sampling, CATI.

Note: data for males and females comes from the whole sample; respondents are in charge of household finance except for in Poland; respondents from the whole sample are 25+ except for in Poland, where it is 18+; respondents who refused to answer a question are excluded

* Interest rate and inflation –2007, risk diversification – 2009.

The table above (Table 1.) shows the results of studies run in four different countries that used the same set of questions presented above. With a high rate of probability, most of the respondents

experienced the financial crisis but with various levels of intensity, excluding Italian respondents in the case of interest rates and inflation. From this perspective, the period of research can be said to be more or less meaningful for different concepts. For example, relatively low inflation in recent decades makes the term of the research less relevant. On the other hand, the interest rate at the moment of study is critical. As the Dutch, Polish and the Americans experienced, the outcome of the crisis for a longer period, their perception could be different. For above causes, the reasoning here should be made with particular caution.

The general overlook of the results reveals considerable differences between countries. The highest scores were received by the Dutch, who 'win' in two categories out of three (interest rate – I, inflation – I, risk diversification – II). The next are the Poles, with the highest score in the category of risk diversification (interest rate – III, inflation – II, risk diversification – I); this was the group that turned out to be the most difficult one. The last but one are respondents from the US (interest rate – II, inflation – III, risk diversification – III) and the last are Italian respondents (interest rate – IV, inflation – IV, risk diversification – IV). However, it is hard to determine how the financial crisis influenced these outcomes.

In all four countries, a division according to gender is available, and it shows better outcome for a man compared to a woman. This phenomenon requires further research. In the literature, different explanations are provided.¹⁸ However, it is most probably the case that financial literacy should be tested differently for women.

It is interesting to analyse the ratio of incorrect answers and 'don't know' replies as they show self-consciousness in some aspects. Known ignorance (which could be measured as the proportion of 'don't know' answers divided by the sum of incorrect answers and 'don't knows') is better than unknown ignorance (which could be measured as the ratio of wrong answers divided by the sum of incorrect answers and 'don't knows'). In all cases, higher unknown ignorance was revealed among men. This overconfidence on the part of men has been reported in many behavioural studies on decision-making in finance, especially investments¹⁹.

Table 2. Correct answers to three basic questions on financial literacy in Poland according to age (2015)

Aspect of financial literacy	18–24 [%]	25–34 [%]	35–44 [%]	45–59 [%]	60+ [%]
Interest rate	85.9	74.5	63.5	49.9	57.2
Inflation	39.7	64.9	64.0	72.7	76.3
Risk diversification	52.2	65.8	58.7	59.5	49.5

Source: M. Kawiński, P. Majewski, *Badanie wiedzy i umiejętności ekonomicznych i ubezpieczeniowych Polaków – Research on economic and insurance knowledge and skills among Poles*, with the general Polish 18+ population, layered according to gender, age, the level of education and place of living; N=1000; 25–29/03/2015; quota-random sampling, CATI.

18. For more discussion see: A. Lusardi, O.S. Mitchell, *The Economic Importance of Financial Literacy: Theory and Evidence*, "Journal of Economic Literature", 52(1) 2014, p. 17–20.

19. I.e. B.M. Barber, T. Odean, *Boys will be boys: Gender, overconfidence and common stock investment*, "Quarterly Journal of Economics", February 2001, p. 261–292.

Using age criterion (Table 2.) provides further insights into the general data. An age-related pattern is striking in the case of the first two concepts, namely interest rate and inflation. In the case of inflation, reasoning can be linked to the experience of periods of high inflation. That is why the oldest age group gives the largest share of correct answers, whereas the youngest population, who have probably never experienced high inflation periods in their conscious lives, show little understanding of this concept. Interestingly, in the case of interest rate, the situation is almost opposite. The youngest group answered very well, and the worst ratio of correct answers was given by next to the last age-group. In this case, it is much harder to suggest the reasons. Perhaps better knowledge of banking deposits and bank accounts helped the younger population. This pattern, however, requires further research. With regard to the presented outcomes, it would be interesting to check perceptions of the real interest rate, which takes into consideration inflation.

Understanding of the concept of risk diversification turned out to be less varied. The considerably better outcome of the second youngest group (25–34) could be linked to a higher interest in capital markets, but again this explanation requires proof within qualitative studies and further research.

Table 3. Correct answers to three basic questions on financial literacy in Poland according to level of education (2015)

Aspect of financial literacy	lower secondary, completed primary, incomplete primary, without school education and unknown [%]	basic vocational [%]	secondary and post-secondary [%]	Higher [%]
Interest rate	58.6	56.2	65.6	70.3
Inflation	62.6	60.9	66.4	77.8
Risk diversification	49.0	52.0	56.2	70.4

Source: M. Kawiński, P. Majewski, *Badanie wiedzy i umiejętności ekonomicznych i ubezpieczeniowych Polaków – Research on economic and insurance knowledge and skills among Poles*, with three general Polish 18+ population layered according to gender, age, the level of education and place of residence; N=1000; 25–29/03/2015; quota-random sampling, CATI.

Generally, the outcomes in Table 3. are not surprising, as the level of education is a good indicator of financial literacy. A higher level of education generally implies higher intellectual skills, which help in understanding these abstract concepts. From this perspective, the most problematic is the idea of risk diversification. Here there is the biggest difference among correct answers and the highest standard deviation. Interestingly, however, the factor that differentiates respondents the most is age and not level of education. Age could work both in two ways, depending on the concepts. Sometimes it is a matter of experience (the concept of inflation), and sometimes it is a matter of being up to date (the concept of the interest rate).

4. Insurance literacy – a theoretical approach

It is astonishing that financial literacy was limited mostly to banking and investment-related issues. There is almost nothing on insurance awareness and literacy, hence no standard questions

that could check insurance literacy in this respect. The insurance mechanism is very different and far from an intuitive process, which is why it is considered to be a misunderstood sector²⁰.

Within insurance, there are two concepts that could be deemed as central. The first is the concept of pooling and the second is the concept of compensation²¹. The idea of pooling concerns sharing the losses of an individual among a larger common pool (community of risk). If the risk is insurable for an individual, this mechanism allows an unknown loss to be changed into a known loss, that is, a premium. Compensation (indemnification) can limit costs to the factual amount of losses, keep premiums at an acceptable level and assure fairness in relations between members of a common pool.

These two concepts could be represented in the following questions:

[pooling] Please, imagine that you bought insurance against an accident, but nothing happened. What happened to the premium?

- The whole premium is the profit of the insurer
- My contribution financed other insured losses
- None of the above
- I do not know

[compensation] Imagine that a bike is insured against theft to the amount of 1000 zł (sum insured = 1000 zł). The bike was stolen and should be compensated for. How much compensation should the insurance company pay if the value of the bike at the time of the theft is 800 zł?

- 1000 zł
- 800 zł
- None of the above
- I do not know

The first question is about knowledge of a financial concept, here the abstract concept of pooling of risk, and is similar to the question on risk diversification from the “Big Three”. Probably, the institutional framework makes it difficult for some of the respondents. The latter question is probably even more challenging, as it is hard to expect broad knowledge of the concept of indemnification. It is certainly not an intuitive idea, but it is fundamental for insurance.

5. Insurance literacy – Polish results

The abovementioned questions that depict the concepts of pooling and compensation were studied on Polish respondents, the same group that answered questions on general financial literacy. This allows for direct comparison and cross analysis.

The research proves the thesis that insurance is complex and very often misunderstood (Table 4.). The outcomes for the concept of pooling were only slightly better than for risk diversification, and the idea of compensation turned out to be the most difficult one of all. Surprisingly, in the last case females gave better answers than males, though the difference was not substantial.

20. H.C. Kunreuther, M.V. Pauly, S. McMorro, *Insurance & Behavioral Economics: Improving Decisions in the Most Misunderstood Industry*, Cambridge University Press, New York 2013.

21. R. Thoyts, *Insurance. Theory and practice*, Routledge, 2010, p. 10–11.

Table 4. Correct and incorrect answers to three basic questions on insurance literacy in Poland according to gender (2015)

Aspect of insurance literacy	Female [%]	Male [%]	All [%]
Pooling	58.9/42.6	65.1/30.0	61.8/32.1
Compensation	55.3/34.1	53.5/45.0	54.4/43.7

Source: M. Kawiński, P. Majewski (2015) *Badanie wiedzy i umiejętności ekonomicznych i ubezpieczeniowych Polaków – Research on economic and insurance knowledge and skills among Poles*, with the general Polish 18+ population, layered according to gender, age, the level of education and place of residence; N=1000; 25–29/03/2015; quota-random sampling, CATI.

Within the results of the concept of pooling according to age (Table 5.), it is hard to find a clear pattern and explanation – better outcomes characterise the two age groups in the middle. Experience does not help in understanding the rules of pooling. Adversely, when analysing correct answers on compensation according to age, it is clear that understanding increases with age and here experience helps in grasping the idea.

Table 5. Correct answers to three basic questions on insurance literacy in Poland according to age (2015)

Aspect of insurance literacy	18–24 [%]	25–34 [%]	35–44 [%]	45–59 [%]	60+ [%]	All [%]
Pooling	61.3%	65.4%	65.8%	59.6%	58.8%	61.8%
Compensation	43.3%	49.1%	51.4%	53.3%	65.8%	54.4%

Source: M. Kawiński, P. Majewski (2015) *Badanie wiedzy i umiejętności ekonomicznych i ubezpieczeniowych Polaków – Research on economic and insurance knowledge and skills among Poles*, with the general Polish 18+ population, layered according to gender, age, the level of education and place of residence; N=1000; 25–29/03/2015; quota-random sampling, CATI.

The level of education differentiates the respondents less substantially than age (Table 6.) and, not surprisingly, in the case of the concept of pooling, the level of understanding increased with level of education, though higher education did not guarantee the best understanding of this concept. On the other hand, grasping the concept of compensation is negatively correlated with the level of education. Further qualitative studies and quantitative research are probably required.

Table 6. Correct answers to three basic questions on insurance literacy in Poland according to age (2015)

Aspect of insurance literacy	Lower secondary, completed primary, incomplete primary, without school education and unknown [%]	Basic vocational [%]	Secondary and post-secondary [%]	Higher [%]	All [%]
Pooling	57.0	59.3	61.0	69.6	61.8
Compensation	57.6	58.0	52.9	50.3	54.4

Source: M. Kawiński, P. Majewski (2015) *Badanie wiedzy i umiejętności ekonomicznych i ubezpieczeniowych Polaków – Research on economic and insurance knowledge and skills among Poles*, with the general Polish 18+ population, layered according to gender, age, the level of education and place of residence; N=1000; 25–29/03/2015; quota-random sampling, CATI.

Conclusions

Although the link between financial literacy and economic outcomes has been proven by many studies, there is no clarity when it comes to kind of transition, from financial literacy to economic outcome. More and more questions are asked about measures of financial literacy, but for practical reasons, the most frequently used method is a questionnaire on knowledge of financial concepts.

The above analysis reveals that there is a need for more clarity on basic terms linked to financial literacy. It is especially essential to decide on the minimum standards of knowledge and skills that allow for a proper practical functioning of the financial market. From this perspective, most of the featured financial literacy does not show a sufficient amount of practical aspects and is instead more concerned with the potential outcome of financial decisions.

The standardised set of questions allows for international comparison. This comparison reveals great differences, and also clear trends. It suggests much more caution should be taken when shifting solutions within behavioural finance among countries. Polish respondents answered relatively well, further research is required, however, to reveal the source of their financial literacy.

The concept of insurance literacy was tested successfully. However, further qualitative studies are required to better understand the results. The set of primary indicators of financial literacy should be widened with insurance aspects. The results proved the complex character of insurance products.

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Świadomość finansowa i ubezpieczeniowa w Polsce

Celem pracy jest przedstawienie krytycznej analizy różnych koncepcji związanych ze świadomością finansową. Omówiono również przydatność standardowych pytań dotyczących świadomości finansowej oraz prezentacja wyników pierwszych polskich badań z użyciem pytań tzw. wielkiej trójki w porównaniu z wybranymi krajami. Wreszcie przedstawiono propozycję pytań analizujących świadomość ubezpieczeniową oraz wyniki polskich badań z ich użyciem.

Słowa kluczowe: świadomość finansowa, edukacja finansowa, wiedza z zakresu finansów, świadomość ubezpieczeniowa.

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