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**Unpacking Financial Literacy in
Switzerland: Demographic Heterogeneity,
Self-Perception Gaps, and Financial
Fragility**

Maddalena Davoli and Uschi Backes-Gellner



Universität Zürich
IBW – Institut für Betriebswirtschaftslehre

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Unpacking Financial Literacy in Switzerland: Demographic Heterogeneity, Self-Perception Gaps, and Financial Fragility*

Maddalena Davoli[‡] and Uschi Backes-Gellner

Mai 2024

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Abstract: We analyse financial literacy in Switzerland and its relationship with various economic outcomes using novel survey data collected in 2023. While the overall financial literacy levels are high in an international comparison, with over 50% of the respondents correctly answering the Big Three financial literacy questions about interest, inflation and risk diversification, there is significant heterogeneity within the population. Women, the young, the less educated and French and Italian-speaking respondents exhibit particularly low financial literacy. Women have lower financial literacy than men. The young have lower financial literacy than respondents in their working age, and Italian-speaking respondents exhibit particularly low financial literacy as compared to French- or German-speaking respondents. Financial literacy is also correlated with higher educational levels. We also find that financial literacy is positively linked to respondents' ability to cope with adverse economic outcomes: more financially literate individuals are better able to manage their expenses, save, and face economic shocks.

Keywords: financial literacy; personal finance; financial fragility; Switzerland

JEL Codes: G53 ; D1 ; I3

1. Introduction

Financial literacy is a critical skills component of effective personal financial management and economic decision-making. It empowers individuals to make informed financial decisions, plan for their future, and protect themselves against financial fraud (Lusardi & Mitchell, 2011, 2014, Lusardi et al., 2017). With financial matters becoming increasingly complex, the importance of a financially literate population has never been

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[‡] Corresponding author. Email: maddalena.davoli@business.uzh.ch. Address: Plattenstrasse 14, 8032 Zurich, Switzerland

greater and the need to raise personal financial knowledge has captured the attention of academics, practitioners, and policymakers (OECD, 2022).

Understanding possible heterogeneities of financial literacy levels in Switzerland, a nation known for its robust financial services and high standard of living is crucial, as it is a perfect case study for understanding how financial literacy impacts economic decisions in advanced economies. However, despite its prominence as a global financial hub, empirical research on financial literacy in Switzerland remains surprisingly sparse and representative evidence for the whole country is basically non-existent.³ This gap in the literature presents a unique opportunity to explore financial literacy in a context characterized by a highly developed financial sector, significant wealth, and intricate pension system, possibly demanding a high level of financial savvy from individuals. Moreover, the Swiss setting is distinct, not only due to its economic characteristics, but also because of its unique multi-lingual and cultural composition which may influence financial behaviors and education differently across regions.

This paper aims to identify the levels of financial literacy on average and across different demographic groups in Switzerland, explore the factors that influence these levels, and understand the implications for financial behavior and economic outcomes. We present results from a novel, representative survey of the Swiss population that we conducted in the summer of 2023, assessing financial knowledge according to the “Big Three” questions on basic financial concepts at the root of financial decision-making (knowledge on interest rate, inflation, and risk diversification, Lusardi and Mitchell, 2011). The survey instrument was carefully designed to align with international standards set by the OECD (2022), incorporating both traditional financial literacy questions and specific items adapted to the Swiss context. This approach not only facilitates comparison with international data but also

³ Although there are country-level studies measuring financial knowledge in most Western countries (see Lusardi and Mitchell, 2014), there is no representative and internationally comparative evidence for Switzerland so far. While Switzerland did participate in the Program for International Student Assessment, it did nevertheless not take part in the financial literacy module (see OECD 2017). The few existing studies are small, often not representative, and not internationally comparable. A survey on “Financial Literacy in Switzerland” by Stäheli et al. (2008) provided first insights but was based on a rather small and not a statistically representative sample of the Swiss population. Brown and Graf (2013) have a larger and representative sample size of 1500 respondents, but study only the German-speaking Swiss cantons and find relatively high financial literacy levels. Because of the study design, Brown and Graf (2013) are not able to provide a Swiss-wide overview of the financial literacy situation across the whole country. In addition, there are two studies analyzing cultural attitudes towards money across Swiss linguistic regions. Brown et al. (2018) compares 15 years old students across the German French language border, while Henchoz et al. (2019) focus on adult population from all three Swiss linguistic region. While both studies contribute important results to the literature, by underlining the existence of important differences in money attitudes along cultural lines, these studies did not measure standard financial literacy and are not based on a representative sample for the Swiss populations.

provides insights unique to the Swiss setting, such as the role of language heterogeneity within a given institutional setting on financial literacy.

Our paper presents five novel results and, in doing so, provides not only important descriptive but also analytical and methodological contributions to the international comparative financial literacy discussion. First, we show that average financial literacy in Switzerland is relatively high, compared to other developed countries. Slightly more than 50% of respondents in our representative survey could answer the Big Three financial literacy questions correctly. Results are in line with the levels in Germany as documented by Bucher-Koenen et al. (2023), but they are substantially higher than in other wealthy nations, such as the U.S. (Lusardi and Streeter, 2023) or Japan (Sticha and Sekita, 2023). Second, this overall high average financial literacy is accompanied by significant disparities in financial knowledge across different demographic groups, echoing trends observed in global financial literacy studies (Klapper et al., 2015). Younger people, females, and individuals with low education attainment (only lower secondary education) were among the least financially literate. Third, we also find systematic differences in results across the three official languages in Switzerland, which hints at an interesting methodological question for international comparative financial literacy research: the Big Three financial literacy measures show significantly lower results among French and Italian speaking respondents than among German speaking respondents, although they all live under the same legal, institutional, and educational frameworks. This may hint at issues regarding the validity or comparability of financial literacy questions across countries with different languages and should be further analyzed in future research. Fourth, some individuals' financial literacy gaps are mirrored in self-perception of own financial knowledge. For example, women report much lower self-assessed knowledge compared to men. However, some groups, such as younger individuals and Italian-speaking respondents, overestimate their financial knowledge, indicating a larger discrepancy between actual knowledge and self-perception in these groups. Fourth, the study delves into the link between financial literacy and actual financial and economic behaviors and shows that financial literacy is also associated with a reduced likelihood of living in financially fragile circumstances. More specifically, our results show that the less financially literate respondents are less likely to save, less likely to be able to face income shocks or to cover their living expenses.

By situating the Swiss experience within the wider global context, this paper aims to contribute to the ongoing dialogue on financial education and its role in fostering more resilient economic systems. Moreover, this study contributes to the empirical studies aiming at representatively assessing financial literacy in Switzerland. In fact, while several country-level studies and initiatives have measured financial knowledge in most Western countries (see Lusardi and Mitchell, 2014), the empirical evidence on financial literacy in Switzerland is extremely scarce.

The paper is structured as follows. Section 2 describes our survey design and methodology, section 3 presents the empirical results on the levels of financial literacy in Switzerland, section 4 links financial literacy to economic behavior and real outcomes and section 5 concludes.

2. Survey Design and Methodology: Measuring Financial Literacy in a Multi-lingual and Educationally Diverse Country

For this study we designed and conducted a survey on financial literacy in Switzerland that aimed at assessing the financial knowledge and behaviors among the whole population and across the diverse educational pathways and levels. The survey was conducted online between June 1st and June 15th, 2023. It was run by a professional survey company, intervista AG, which uses a large stratified random sample to ensure representation across different linguistic regions in Switzerland: German-speaking, French-speaking, and Italian-speaking areas. intervista has an ongoing panel of respondents for whom they already have important individual information. Respondents are rewarded for participating in the surveys by collecting credit points based on the length of each survey they participate in. To identify and exclude unreliable respondents, intervista carries out extensive data quality checks, based for example on interview duration or patterns in response behavior.

The final sample of respondents includes slightly more than 4,000 Swiss residents between 15 and 79 years of age, and – based on our request -- oversamples the youngest age group from 15 to 30 years old. The oversampling allows for a more unconfounded analysis of the impact of different educational pathways on financial literacy outcomes. All descriptive results presented in the forthcoming sections are based on weighted data and are representative of Switzerland in terms of age distribution, sex, education level, and language region.

The survey instrument was developed to align with international standards set by the OECD and included the Big Three as well as the OECD/INFE financial literacy questions (OECD, 2022). For the three official languages we used the respective country version of the OECD, i.e. the German, French, and Italian version. We added specific questions related to the Swiss setting (particularly, to better capture its unique educational system). This approach not only allows for a comparison with international data but also addresses unique aspects of the Swiss context. Descriptive statistics, including the distribution of demographic characteristics and responses to key survey questions, are provided in Appendix Table A1.

3. Levels of financial literacy in Switzerland

First, we present results based on the well-established "Big Three" financial literacy questions by Lusardi and Mitchell (2011), which aim at evaluating the understanding of interest rates, inflation, and risk diversification. We slightly amended the original questions of Lusardi and Mitchell to make our results comparable to the OECD. For example, in the interest rate question, we used CHF110 as the numerical value in the answering options (instead of CHF102). This makes the question slightly more difficult, as the respondent needs not only to understand the concept of interest rate but also the concept of compound interest rate. Moreover, in the inflation question we provide a monetary value, and the rate paid to inflation is double that compared to the original Big Three. Finally, in the risk diversification question, the statement is constructed to be true and not false. The Big Three questions we used are presented below in English language. For the additional OECD financial literacy questions, we use the wording as in the OECD (2022) questionnaire; the questions in the German, French, and Italian translations are presented can be found in the Appendix B.

Big Three Questions Used in Swiss Survey

Understanding of Interest Rate

Imagine that someone puts CHF100 into a no fee, tax free savings account with a guaranteed interest rate of 2% per year. They don't make any further payments into this account, and they don't withdraw any money. How much would be in the account at the end of five years, once the interest payment is made?

- i) More than CHF110*
- ii) Exactly CHF110*
- iii) Less than CHF110*
- iv) It is impossible to know given the information provided*
- v) Don't know*

Understanding of Inflation

Five brothers are going to be given a gift of CHF1,000 in total to share between them. Now imagine that the brothers have to wait for one year to get their share of the CHF1,000 and inflation stays at 5% percent. In one year's time will they be able to buy:

- i) *More with their share of the money than they could today*
- ii) *The same amount*
- iii) *Less than they could buy today*
- iv) *Don't know*

Understanding of Risk and Diversification

Is the following statement true or false? "It is usually possible to reduce the risk of investing in the stock market by buying a wide range of stocks and shares"

- v) *True*
- vi) *False*
- vii) *Don't know*

Results to these answers on financially literacy are presented in Table 1. The table provides averages for the full sample and a breakdown for the working age population (ages 25 to 65 years) and the younger, oversampled, respondents (15 to 30 years old). Results reveal that the question on inflation has the highest share of correct answers (about 84% in the whole sample), followed by the question on risk diversification with 79% of respondents answering correctly. In contrast, understanding of interest compounding is significantly lower, with only 66% of correct responses. Results also show that the share of correct responses varies substantially across age, with younger Swiss respondents (aged 15-30) showing lower understanding of all three concepts, which is likely due to their limited exposure to financial decision-making so far in their life. The share of respondents who reported that they do not know the answer is also considerably higher in the younger Swiss respondents. In contrast, working-age individuals exhibit higher comprehension across all categories, possibly reflecting greater life experience and financial knowledge that was acquired in a learning by doing fashion.

[Table 1 about here]

If we look at the share of individuals who answered all three questions correctly, we find that about 54 percent of respondents in the full sample were correct in all three answers.⁴ This results places Switzerland in a set of countries with overall high financial literacy in the world. Switzerland ranks well above developed countries such as the US, where, according to Lusardi and Streeter (2023), less than 30% of the respondents got all three questions correct. But Switzerland is still below the highest-ranking countries such as Norway and Sweden with about 70% of correct answers (see the Klapper et al., 2015, world

⁴ These results are generally in line with the study of (Brown and Graf, 2013) that surveyed respondents in 2011. However, their results are limited to the German-speaking regions and there are differences in data collection methods (telephone interviews vs. online survey), so their results cannot be directly compared to ours. Nevertheless, both studies show quite similar levels of financial literacy. They reveal very similar performances in terms of the share of all correct answers, but they show some differences in the single question: the answer to the interest rate question is slightly higher, while is slightly lower for the questions on inflation and risk-diversification questions, as well as for the share of "do not know" across all questions.

report). Compared to its neighboring countries, Switzerland performs better than Italy and France, in terms of both share of correct answers and “do not know” answers, whereas it is placing slightly below the answer rate of Germany (see Appendix Table A3).

3.1 Who knows the least?

Next, we look at the heterogeneity in financial literacy, to understand how the level of financial understanding differs across sociodemographic groups. Table 2 reports the shares of respondents who answered either correctly or did not know the answers on the three financial literacy questions. Results are broken down by age, gender, education level, employment status, and language of the respondent. These findings are overall consistent with results from other studies (e.g., Lusardi and Mitchell, 2014), while also showing some peculiarities of the Swiss setting.

As in all major advanced economies, financial literacy shows a nonlinear, U-shaped relationship with age (Lusardi and Mitchell, 2014): knowledge is the highest among individuals of working age, with financially literate individuals being 54 to 57 percent among respondents between 30 and 59 years of age, while it is the lowest among the youngest age cohorts. The lack of knowledge among Generation Z and Millennials is particularly severe for the risk diversification question, as well as the percentage of individuals in this age category answering “Do not know” to this question. All in all, while the lower knowledge could be due to lack of experience in financial decisions, it is alarming that more than half of young Swiss in our sample cannot address three simple financial literacy questions, as the economic and financial decisions they are taking in this age are already likely to have consequences for the rest of their life.

[Table 2 about here]

Relevant differences in financial literacy also emerge across gender: men outperform women in all three questions, often by a large margin. While this is a trend consistently confirmed by global findings in financial literacy studies (Lusardi and Mitchell, 2014, Bucher-Koenen et al., 2017, Cupak et al., 2018), the gender gap in financial knowledge in Switzerland appears wider than in countries with comparable financial literacy levels, such as Germany (Bucher-Koenen et al., 2024). The share of women correctly answering the Big Three is 20 percentage points below that of men, and the percentage of women declaring

they “do not know” at least one question is also staggering, potentially suggesting particularly a lack of confidence in financial decision-making.

The level of education is also strongly correlated with individuals’ financial knowledge. For example, the share of correct answers among individuals with a tertiary education is about 65 percent, more than double the share of correct answers displayed by those with at most compulsory education. The gap by educational level is wider for the answers on inflation and risk-diversification. While this positive correlation is not surprising, it has to be understood that the highest achieved education is possibly also a proxy for different individuals’ cognitive abilities and different individuals’ background, which should be studied more in-depth in future research. In addition, we find difference in financial literacy depending on the employment status, with unemployed individuals being the ones who did the worst, with about one-third (30%) answering at least once “don’t know”, while the self-employed are more likely to correctly answer all the questions. Not only do the self-employed have the highest share of correct answers, but also, they declare they do not know the answer much less frequently, which could indicate a generally higher confidence in financial matters, perhaps due to more experience acquired through their business knowledge.

Finally, a specific characteristic of Switzerland is the fact that it is a multi-lingual society. Several studies have shown long-standing cultural and economic difference for individuals belonging to the three main different language groups (German, French, and Italian), ranging from differences in work attitudes, to international trading behaviors, from gender norms to social preferences and fertility (e.g., Eugster et al., 2018; Egger and Lassmann, 2015; Palffy et al., 2023; Steinhauer, 2018). As far as concern financial literacy, a study on secondary-students along the German French language border has documented much lower levels of financial literacy for French-speaking students, possibly related to differences in parents’ financial socialization (Brown and Henchoz, 2018). This difference is also highlighted in our survey, where respondents from the German-speaking regions generally show higher levels of financial literacy compared to their French and Italian-speaking counterparts. The Italian-speaking respondents, more specifically, are the ones exhibiting the lower knowledge, apart from the question on interest compounding answered the least correctly by the respondents from the French-speaking regions. The German speakers are also the ones less likely to answer “do not know” to any of the questions. This regional

variance may reflect different factors, spanning from differences in educational trajectories, economic environments, and social norms across cantons, and it is surely worth a deeper investigation.

3.2 Multivariate analysis

To better explore financial literacy and its determinants, we perform multivariate analysis. Table 3 reports results from OLS regressions separately for the three financial literacy questions and for all three questions together. The dependent variables are dummies that take the value 1 if the respondent answers the respective financial literacy questions correctly (columns 1 to 3) or all the Big Three correctly (column 4). In all regressions we control for a set of demographics, including age, gender, educational attainment, employment status and Swiss language regions.

The results show mixed findings on the relation between age and financial literacy. The positive coefficient for age shows that the older the individual, the higher the score on risk diversification knowledge, whereas for the interest and inflation question the relationship goes in the opposite direction. Surprisingly though, given the evidence presented in Table 2, the coefficient for age is only weakly significant. On the other hand, both gender and education display a strong link to financial literacy, both in magnitude and statistically. For higher education levels we find higher financial literacy results (upper secondary or tertiary education level compared to lower secondary education level), suggesting that higher educational levels correlate with a better understanding of all financial literacy concepts. Unlike the coefficient for age, the coefficients on educational level are highly statistically significant.

The negative and significant coefficient for the female dummy, indicates that females have lower knowledge than men even after accounting for other demographic variables. Finally, from a perspective of the geographic distribution of the correct answers, German-speaking individuals—except for the risk-diversification question—perform significantly better than Italian-speaking ones, whereas there is no noticeable difference between Italian- and French speaking individuals. Further regressions, presented in Appendix Table A4, include additional controls but they all show in general similar result. One interesting finding emerging that should be further investigated in future research is that both the socio-economic background of the family (proxied by mother's education) and a low risk-aversion

are highly correlated with individuals' financial literacy, which may hint at the importance of socio-economic backgrounds but also personal characteristics.

[Table 3 about here]

3.2 Objective versus self-assessed financial literacy

To examine how people perceive their financial literacy and how these perceptions compare to their actual knowledge, we asked survey respondents three questions. First, respondents were asked to rate whether their financial literacy is higher than the average financial literacy in Switzerland, on a scale from 1 (very low) to 10 (very high). Then, respondents were asked to rate their interest in financial matters, ("I regularly keep up with economic and financial news") and whether they are good at dealing with day-to-day financial matters, such as credit and debit cards, again on a scale from 1 (very low) to 10 (very high). The average self-reported level of financial literacy for the full sample is at the value 5, indicating neither bad nor good knowledge, and similarly reported values can be seen for the question on interest in financial matters (see Appendix Table A.1 for summary statistics on the variable). On the contrary the average answer to the question about familiarity with daily financial issues is 7, pointing to a high confidence of the respondents in their ability to deal with day-to-day financial matters.

The wide gaps in actual financial knowledge found depending on gender and education are confirmed by the gaps in perceived financial knowledge, whether we measure perceived financial knowledge in terms of peer comparison, interest, or self-reported familiarity with financial matters. Women have a considerably lower level of self-reported financial knowledge than men. Less than 30 percent of women assess their financial knowledge to be high, whereas this figure is over 50 percent for men. A similar pattern emerges as well for reported interest in financial matters, whereas the gender gap in ability to deal with daily financial matters is somewhat smaller. The level of self-reported financial knowledge is higher for individuals with higher education level, as we can see in Table 4 from the fact that the share of respondents declaring high financial literacy increases for more higher education levels. The same is true for interest and ability in dealing with daily financial issues, and this is in line with the actual knowledge measures found in Table 2.

Italian-speaking respondents had lower actual financial literacy levels than German-speaking ones (see Table 2); yet their self-rating of financial literacy is very similar to that of German speakers. The average self-rating is 4.6 among Italian-speakers and 5.1 among German speakers. Similarly, also self-reported knowledge by age does not appear to follow the actual knowledge levels reported in Table 2: the younger and the older average self-reported knowledge is 4.6 and 5.3, versus a self-rating of 5 for the age groups with the actual higher financial knowledge (30 to 59 years old). These findings raise concerns that the gap between perception and reality can cause overconfidence when it comes to critical financial decision-making. The fact that self-reported financial knowledge also increases with age possibly indicates more confidence in one's knowledge with more life experience. Similarly, the self-employed have clearly larger shares of top assessments than those in the other work categories. The self-employed may be more confident in the knowledge gained from their experience as an entrepreneur, findings that are also reflect in the figures obtained from the knowledge questions (Table 2).

[Table 4 about here]

4. Does Financial Literacy matter for economic well-being?

In this section, we analyze the link between financial literacy and economic well-being, measured with four questions related to financial fragility adapted from the OECD (2022) toolkit. The associations between the financial fragility indicators and the Big Three can be found in Table 5.

End of month saving: First, we ask individuals about their saving behavior and, more specifically, to rate on a Likert scale from 1 to 10 whether the statement “*I have money left over at the end of the month*” applies to their situation. This question is a good proxy for wealth accumulation (Lusardi & Mitchell, 2014). Altogether, the average response on the Likert scale is 7 (see Appendix Table A1), meaning that respondents declare a high ability to save. This question was coded into an indicator variable, which takes the value one when the individuals state a number below the sample median -i.e., they declare low savings in our sample- and zero otherwise. For those individuals who save less, the share of correct answers is lower in all three questions, and the share of do not know answer is higher,

especially for the risk-diversification question, indicating somewhat a stronger financial literacy for those with higher savings (Table 5).

Issues with covering living expenses: In the second question we ask “*Sometimes people find that their income does not quite cover their living expenses. Has this happened to you, personally? (answers: Yes; No; Don’t know; Not applicable (I don’t have any personal income))*”). An inability to cover daily expenses is a good measure of financial fragility (Lusardi et al., 2011). The variable takes on the value 1 when the individual answer yes, and zero otherwise (individuals, who did not know or said the question did not apply to them, were coded as missing). 21 percent of respondents stated they cannot cover their living expenses, at least sometimes. We see in Table 5 that financial literacy is higher among those who stated they never found themselves in such a situation.

Income shock: In the third question we ask: “*If you lost your main source of income, how long could you continue to cover your living expenses, without borrowing any money or moving house or similar? (Less than a week; At least a week, but not one month; At least one month, but not three months; At least three months, but not six months; Six months or more; Don’t know)*” This variable measures how long the individual could cope with losing their main source of income, and it can therefore be seen as another measure of financial fragility. It takes the value 1 when the respondent states that, if they lost their main source of income, they could cover their expenses without having to move or borrow money for less than three months, otherwise it takes the value 0. The responses stating don’t know have been coded as missing observations. Considering the income shock variable, about 30 percent of respondents were classified as financially fragile. Financial literacy among the ones more exposed to income shock is lower than for those not so highly exposed, as only 35 percent of the financially fragile individuals responded correctly the Big Three, compared to a share of 61 percent correct answers for the ones not classified as fragile (Table 5).

Worry over money: In the fourth question the respondents are asked to evaluate how much they agree or disagree with the following statement: “*I tend to worry about paying my normal living expenses*”. They evaluated this statement on a 1–10 scale, where 1 indicated a complete disagreement with the statement and 10 a complete agreement.” From the summary statistics in Appendix Table A.1, we see that the average response is 4, meaning that -while not being very high- quite a few respondents feel worried about paying

normal living expenses. We recode this question, such that the variable “worry over money” takes the value of 1 if the respondents chose a value above the sample median value, i.e., they are quite concerned about daily expenses. From Table 5, we observe that the share of correct answers to the financial literacy questions is higher for those who do not worry about having enough money, being about 10 percentage points higher than those who worry about it. Concerned respondents are also more likely to indicate that they do not know the answer. These findings thus point to the direction that individuals with higher financial literacy are possibly best in control of their finances and their daily expenses.

[Table 5 about here]

Hence, the summary statistics presented in Table 5 indicates that financial literacy is somewhat higher among those who can better deal with the adverse economic outcomes measured in this study, and we would expect financial literacy to play a positive role in reducing financial fragility. We investigate this further in the regressions reported in Table 6, where we study the link between financial literacy and our measures of financial fragility. Following Lusardi and Mitchell (2011), the main explanatory variables include first a continuous variable of the number of big three questions correctly answered, second, a variable that indicates whether the individuals got all the Big Three questions correct, and finally, each of the big three questions on their own to measure the contribution of each question. Other controls include the respondents’ age, gender, education level indicators, employment status, and language regional dummies. The results provide evidence of a strong link between the indicators of financial fragility and financial literacy. Only the risk-diversification question is weakly significantly related to the four outcomes variables. The direction of all estimates is negative, suggesting that being more knowledgeable on the three financial literacy concepts of inflation, interest compounding, and risk-diversification might protect against adverse economic outcomes and put respondents in a position where they are less likely to be financially fragile. These results on financial fragility are—to some extent—comparable to prior results in Estrada-Mejita et al. (2023), Bucher-Koenen et al. (2023), and Vaahtoniemi et al. (2023).

[Table 6 about here]

Financial literacy is thus found to play an important role in protecting individuals from being financially fragile. Having higher financial literacy is correlated with being better able

to save, handle expenses and handle worrying about expenses, and cope with income shocks. Of the individual financial literacy measures, the understanding of inflation and interest compounding is highly significant in all estimations, whereas understanding of risk diversification was the one weaker related to the measures of financial fragility. This is contrary to what found by Lusardi and Streeter (2023) for the US and Vaahtoniemi et al. (2023) for Finland. Specifically, risk knowledge in these studies was found significant in facing major expenses and fragility to income shocks, whereas the inflation and interest questions, although negative, were not significantly related to the economic outcome variables studied. While financial literacy is studied here in the OLS framework, we acknowledge that financial literacy could be an endogenous variable, meaning that it can be correlated with the error term. For instance, people may intentionally invest in financial education to be better able to face shocks, or to better manage their finances. Hence the results presented here are simple correlations.

Of the other control variables, heterogeneous patterns emerge (see Tables A.5 and A.6 for the full set of estimates). The probability of being able to cover living expenses is higher for older individuals, for individuals with higher levels of education, for Swiss respondents and for German- and French-speaking respondents (columns 1-3). Being older, having tertiary education, as well as individual preferences (risk-loving attitudes and long-term orientation), mother background and being married are positively related to the ability of coping with income shocks, whereas coming from French-speaking regions is negatively related to this outcome (columns 4-6). Relative to being unemployed, being in the active workforce is correlated with a higher likelihood of savings, as well as higher risk-loving attitudes and long-term orientation (columns 7-9). Finally, Swiss nationals are less likely to worry about being able to pay their expenses than foreign respondents. Furthermore, German-speaking respondents are less likely to worry about being able to pay their expenses than Italian or French-speaking respondents. Interestingly, while gender is a strong predictor of financial literacy, confidence, and interest in financial matters, we do not observe significant gender differences for our financial fragility indicators, once we control for financial literacy. This indicates that women may be more concerned about financial matters because they have lower perceived financial literacy and may be overall more careful with financial matters and are less likely to end in a financially fragile situation.

5. Conclusion

This article uses data from a novel representative survey to examine financial literacy among Swiss. We reveal interesting insights into the financial understanding across various demographics within the Swiss population and provide a comprehensive look at how well individuals in Switzerland comprehend three fundamental financial concepts: interest rates, inflation, and risk diversification. Our findings underscore that Swiss exhibit, on average, high levels of financial literacy, with over 50% respondents correctly answering questions about interest, inflation and risk diversification, levels similar to those observed in Germany (Bucher-Koenen et al., 2023) and in a selected set of Swiss regions (Brown and Graf, 2011).

Despite Switzerland's high overall financial literacy compared to global standards, there is substantial heterogeneity between groups. We underline the existence of relevant gaps across age groups and gender, with younger and female respondents showing lower financial literacy rates. Such disparities point towards the importance of targeted financial education programs to address these specific gaps. However, causal evidence is needed to be able to make clear predictions of which types of measures are needed for which types of socio-economic groups. Educational initiatives could focus on enhancing understanding of complex financial products and the principles of long-term financial planning, which are crucial for making informed financial decisions.

Moreover, the linguistic and regional differences observed in financial literacy levels suggest that tailored approaches that consider these cultural and regional specificities could enhance the effectiveness of financial education.

Finally, we show that financial literacy is not just an abstract construct, desirable to have, but a crucial skill, as evidenced by its association with better economic outcomes. Our results suggest that those with higher financial literacy are better able to manage their personal finances, save, and face economic shocks.

In conclusion, while Switzerland stands well in terms of overall financial literacy, there is a pressing need to bridge the knowledge gaps identified. Strengthening financial literacy through comprehensive and inclusive educational efforts will empower all individuals to effectively navigate the financial challenges of the modern societies.

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Table 1. Summary statistics of the answers to the financial literacy questions (%)

	Full sample (%)	Age 25-65 (%)	Age 15-30 (%)
Interest question			
>CHF110	66.84	69.2	65.23
=CHF110	21.78	21.13	21.51
<CHF110	4.15	3.69	4.14
DK	5.31	3.95	7.9
An answer is not possible based on the information	1.92	2.03	1.23
Inflation question			
More	4.98	4.37	6.54
Exactly the same	4.86	4.26	5.78
Less	84.53	86.33	80.64
DK	5.63	5.03	7.05
Risk question			
False	6.72	5.78	8.64
True	79.07	82.89	71.48
DK	14.22	11.33	19.88
Cross-question consistency			
Interest and Inflation	60.72	63.24	58.36
Big Three	53.55	57.43	48.11
None correct	5.34	3.96	8.22
At least 1 DK	18.01	14.77	24.54
All DK	1.76	1.28	2.65
OECD FL (count)	5.818516	6.004738	5.474034
OECD FL (dummy)	69.77	74.31	61.91
Number of observations	4,075	2960	1543

Note: Distributions of responses to financial literacy questions in the full sample, for those aged 25–65 years (working age population), and for younger respondents (oversampled in our survey). OECD FL (dummy) is a categorical variable that takes value 1 if a respondent has answered correctly at least 5 out of the 7 questions in the OECD financial literacy questionnaire. All percentages are weighted. DK indicates respondents who do not know the answer.

Table 2. Distribution of responses to financial literacy questions by individual characteristics (%)

	Interest		Inflation		Risk		Overall	
	Correct	DK	Correct	DK	Correct	DK	3 Correct	≥ 1 DK
<i>Age</i>								
15-29	64.64	8.42	80.43	7.3	70.81	20.54	46.79	25.34
30-44	68.94	3.38	85.89	4.84	80.49	13.23	54.02	16.42
45-59	69.15	3.35	86.94	5.08	86.36	8.92	57.97	12.46
60-79	62.96	5	88.29	3.64	83.88	9.56	50.64	12.28
<i>Gender</i>								
Male	77.09	2.65	89.57	2.56	85.94	8.2	64.36	10.08
Female	56.39	8.03	79.38	8.77	72.05	20.36	39.79	26.1
<i>Education</i>								
Compulsary	51.8	14.4	71.41	10.66	58.02	30.06	31.35	36.95
Secondary	60.1	6.68	80.46	7.29	75.18	17.22	43.31	21.78
Tertiary	76.17	1.95	91.14	3.02	87.46	7.83	64.75	10.23
<i>Employment</i>								
Unemployed	59.25	9.58	77.13	8.45	67.74	24.43	40.67	30.02
Working	68.33	4.67	85.45	5.38	80.34	12.91	54.15	16.48
Self-empl.	74	1.49	85.01	5.04	89.47	6.52	61.49	9.57
Retired	62.32	5.41	91.22	2.33	83.48	10.8	50.15	13.49
<i>Language</i>								
German	69.68	4.98	87.3	4.8	79.75	12.94	55.94	16.32
French	60.68	6.24	77.38	7.6	78.52	16.95	43.76	21.66
Italian	55.94	5.41	80.85	7.79	70.63	19.27	39.76	24.71

Note: All percentages are weighted. DK indicates respondents who do not know the answer, ≥ 1 DK indicates respondents who answered at least one don't know in the three questions.

Table 3. OLS of financial literacy determinants

	(1) Interest	(2) Inflation	(3) Risk-diversification	(4) Big Three
Age: 30-44	-0.0813*** (0.0206)	-0.0206 (0.0160)	-0.00329 (0.0181)	-0.0650** (0.0211)
Age: 45-59	-0.0373 (0.0202)	0.00767 (0.0155)	0.0737*** (0.0170)	0.00829 (0.0209)
Age: 60-79	-0.0905* (0.0363)	-0.00707 (0.0282)	0.0627* (0.0288)	-0.0475 (0.0371)
Female	-0.198*** (0.0144)	-0.0952*** (0.0110)	-0.130*** (0.0123)	-0.231*** (0.0148)
Secondary Education	0.143*** (0.0275)	0.0875*** (0.0242)	0.137*** (0.0270)	0.138*** (0.0267)
Tertiary Education	0.313*** (0.0283)	0.194*** (0.0244)	0.251*** (0.0273)	0.346*** (0.0277)
Working	-0.0195 (0.0230)	0.00318 (0.0196)	0.0229 (0.0215)	-0.00104 (0.0229)
Self-employed	0.0337 (0.0378)	-0.0125 (0.0312)	0.0663* (0.0299)	0.0476 (0.0386)
Retired	-0.0218 (0.0459)	0.0776* (0.0341)	0.0303 (0.0369)	0.0172 (0.0468)
German	0.153*** (0.0378)	0.0709* (0.0306)	0.100** (0.0344)	0.173*** (0.0370)
French	0.0464 (0.0396)	-0.0216 (0.0326)	0.0969** (0.0359)	0.0585 (0.0388)
N	4,073	4,073	4,073	4,073
R-sq	0.104	0.070	0.092	0.134

*Note: Results are weighted. The dependent variable is a dummy variable taking value 1 if the respondents answered correctly the corresponding financial literacy question (column 1-3) or all the three questions (column 4). The reference categories are 15-29 years old, male, compulsory education, unemployed, Italian. Robust Standard Errors in parentheses. *** $p < .01$, ** $p < .05$, * $p < .1$.*

Table 4. Distribution of self-reported financial literacy, interest in, and familiarity with financial matters by individual characteristics (%)

	Self-reported financial literacy		Interest in financial matters		Good at daily financial management	
	% of high self-reported Fin. Lit.	Average on the Likert scale	% of high self-reported interest	Average on the Likert scale	% of high self-reported ability	Average on the Likert scale
	(1)	(2)	(3)	(4)	(5)	(6)
<i>Age</i>						
15-29	34.62	4.53	37.30	3.95	23.91	6.55
30-44	41.93	4.99	47.17	4.53	39.72	7.56
45-59	42.87	5.18	53.82	4.94	51.47	7.93
60-79	42.24	5.31	58.26	5.37	58.91	8.3
<i>Gender</i>						
Male	50.73	5.6	59.81	5.37	42.26	7.65
Female	28.37	4.22	33.40	3.67	36.64	7.12
<i>Education</i>						
Compulsary	26.59	4.02	32.82	3.67	15.49	5.75
Secondary	33.58	4.59	41.64	4.16	38.59	7.27
Tertiary	47.95	5.41	54.41	5.05	46.06	7.88
<i>Employment</i>						
Unemployed	30.37	4.24	38.20	3.97	24.30	6.48
Working	40.96	4.99	46.90	4.52	39.76	7.44
Self-empl.	48.72	5.55	57.06	5.29	55.60	8.24
Retired	39.90	5.27	57.27	5.39	59.93	8.33
<i>Language</i>						
German	42.93	5.14	47.14	4.57	35.43	7.18
Italian	34.54	4.33	48.25	4.42	35.08	8.01
French	31.39	4.65	45.35	4.56	51.47	7.2

Note: All percentages are weighted. The first two column corresponds to answer to the question “I rate my overall knowledge about financial matters extremely high, as compared with other adults in Switzerland.”. Columns (3) and (4) to the question: “I regularly keep up with economic and financial news.”, and columns (5) and (6) to the question “I am good at dealing with day-to-day financial matters such as checking accounts, credit and debit cards, and tracking expenses.”. Columns (1), (3), and (5) report the percentage of individuals for each subgroup who declare a high financial literacy/interest/ability to deal with financial matters. Columns (2), (4), and (6) report the average Likert scale value for each subgroup.

Table 5. Distribution of financial literacy for different levels of economic wellbeing (%)

	Interest		Inflation		Risk		Overall	
	Correct	DK	Correct	DK	Correct	DK	3 Correct	≥ 1 DK
<i>Income covering expenses:</i>								
Yes	70.79	3.69	87.57	4.25	83.36	10.9	57.66	14.13
No	58.7	5.96	80	7	72.46	18.19	40.77	22.48
<i>Income shock:</i>								
less than 3 months	55.38	7.6	75.28	8.3	69.55	21.54	35.13	27.28
3 months or more	73.95	2.84	89.75	3.06	85.39	8.97	61.46	11.58
<i>No monthly saving:</i>								
No	62.05	6.25	80.87	7.09	75.22	16.94	45.93	21.32
Yes	72.94	4.12	89.18	3.78	83.96	10.75	60.18	13.81
<i>Worry about expenses:</i>								
No	73.04	3.57	88.88	3.77	83.92	10.71	60.65	13.33
Yes	60.25	7.16	79.9	7.62	73.91	17.94	43.22	22.99

Note: Income covering expenses is a dummy variable taking value 1 if the respondents answered that their income does not cover their living expenses; Income shock is a dummy variable taking value 1 if the respondents state they could cover their living expenses for a maximum of three months if they lost their source of income; No monthly saving is a dummy variable taking value 1 if the respondents state they do not have money left over at the end of the month; Worry about expenses is a dummy equal to 1 if the respondent state they worry about paying living expenses . All percentages are weighted. DK indicates respondents who do not know the answer, ≥ 1 DK indicates respondents who answered at least one don't know in the three questions.

Table 6. OLS of financial fragility determinants

	(1) Not making ends meet	(2) Not making ends meet	(3) Not making ends meet	(4) Income shock	(5) Income shock	(6) Income shock	(7) No saving	(8) No saving	(9) No saving	(10) Worry about expenses	(11) Worry about expenses	(12) Worry about expenses
Fin Lit (count)	-0.0584*** (0.00901)			-0.108*** (0.00946)			-0.0751*** (0.00894)			-0.0804*** (0.00910)		
Big Three		-0.0858*** (0.0143)			-0.161*** (0.0153)			-0.111*** (0.0165)			-0.140*** (0.0163)	
Inflation			-0.0683* (0.0293)			-0.138*** (0.0314)		-0.0935** (0.0296)				-0.0885** (0.0293)
Interest			-0.0708*** (0.0176)			-0.109*** (0.0184)		-0.0897*** (0.0196)				-0.102*** (0.0192)
Risk			-0.0776* (0.0317)			-0.0688* (0.0320)		-0.0597 (0.0322)				-0.0913** (0.0320)
Controls	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES
N	3609	3609	3034	3685	3685	3099	4073	4073	3339	4073	4073	3389
R-sq	0.060	0.056	0.053	0.133	0.124	0.106	0.046	0.041	0.038	0.088	0.088	0.080

Note: Results are weighted. The dependent variables are: a dummy variable taking value 1 if the respondents answered that their income does not cover their living expenses (columns 1-3); a dummy variable taking value 1 if the respondents state they could cover their living expenses for a maximum of three months if they lost their source of income (columns 4-6); a dummy variable taking value 1 if the respondents state they do not have money left over at the end of the month (columns 7-9); a dummy variable taking value 1 if the respondents state they worry about their own finances (columns 10-12). All regressions control for age, gender, education, language region, employment status. Robust standard errors in parentheses. *** $p < .01$, ** $p < .05$, * $p < .1$.

APPENDIX A

Table A1. Summary statistics

	Obs	Mean	SD	Min	Max
<i>Age (years) :</i>	4075	39.51656	16.01368	15	79
15-29	4075	0.35	0.4770281	0	1
30-44	4075	0.269	0.4434944	0	1
45-59	4075	0.272	0.4450445	0	1
60-79	4075	0.109	0.3116775	0	1
Male	4075	0.505	0.5000364	0	1
Female	4075	0.495	0.5000364	0	1
<i>Highest education:</i>					
Compulsary	4075	0.1169076	0.3213495	0	1
Secondary	4075	0.4033238	0.4906249	0	1
Tertiary	4075	0.4797687	0.4996518	0	1
<i>Civil Status:</i>					
Single/notmarried	4075	0.570523	0.4950623	0	1
Married	4075	0.3306163	0.4704928	0	1
Divorced	4075	0.0867206	0.2814598	0	1
Widowed	4075	0.0121401	0.1095246	0	1
<i>Employment Status:</i>					
Unemployed	4075	0.1527055	0.3597475	0	1
Working	4075	0.7338779	0.4419831	0	1
Selfemployed	4075	0.0493987	0.2167256	0	1
Retired	4075	0.064018	0.2448151	0	1
<i>Household income (in CHF):</i>					
less than 3000	2925	0.0666826	0.2495142	0	1
between 3000 and 4500	2925	0.087125	0.2820663	0	1
between 4500 and 6000	2925	0.1569614	0.3638266	0	1
between 6000 and 9000	2925	0.2733423	0.4457513	0	1
between 9000 and 12000	2925	0.216455	0.4118983	0	1
more than 12000	2925	0.1994338	0.399643	0	1
<i>Financial fragility:</i>					
Income not covering expenses	3610	0.2131444	0.4095856	0	1
Income shock	3686	0.2742811	0.4462118	0	1
End of month saving	4075	7.424049	2.701717	1	10
Worry about expenses	4075	4.011288	2.757125	1	10
Interest in financial matters	4075	4.531288	2.789839	1	10
High self-reported FL	4075	4.917546	2.424121	1	10
Financial responsibility	4075	0.4666673	0.4989489	0	1
Good at finance management	4075	7.388712	2.467774	1	10
Risk-lover attitude	4075	0.4530268	0.4978497	0	1

Long-term orientation	4075	0.3038569	0.4599781	0	1
<i>Mother education</i>					
compulsary	3898	0.1604131	0.3670358	0	1
secondary	3898	0.6137689	0.4869471	0	1
tertiary	3898	0.225818	0.4181735	0	1
Swiss Citizen	4075	0.8907335	0.3120116	0	1
Rural area	4073	0.3533341	0.478064	0	1
<i>Language of the test</i>					
German	4075	0.829	0.6227794	0	1
French	4075	0.376	0.6933556	0	1
Italian	4075	0.041	0.1983145	0	1

Note: All statistics are weighted.

Table A2. Additional Financial Literacy Questions

Interest on loan	You lend CHF25 to a friend one evening and he gives you CHF25 back the next day. How much interest has he paid on this loan? <i>OPEN RESPONSE (0%)</i> <i>Don't know</i>
Simple interest	Imagine that someone puts CHF 100 into a no fee, tax free savings account with a guaranteed interest rate of 2% per year. They don't make any further payments into this account, and they don't withdraw any money. How much would be in the account at the end of the first year once the interest payment is made? <i>OPEN RESPONSE (102CHF)</i> <i>Don't know</i>
Relationship between risk and reward	An investment with a high return is likely to be high risk <i>ANSWER: True, False, Don't know</i>
Definition of inflation	High inflation means that the cost of living is increasing rapidly <i>ANSWER: True, False, Don't know</i>

Note: additional financial literacy questions part of the OECD/INFE 2022 Questionnaire

Table A3. Financial Literacy in Italy, France, Germany, and in the German part of Switzerland

	Italy	France	Germany	German regions of Switzerland
Big Three	44.35	30.92	61.8	50.1
None correct	12.5	15.15	2.4	3.4
At least 1 DK	30.16	33.39	9.6	16.9
All DK	5.3	2.7	0.9	0.7
N	5,000	3,616	4,116	1,500

Note: The reported percentages are taken from Bottazzi and Oggero (2023) for Italy, Arrondel et al. (2013) for France, Bucher-Koenen et al. (2024) for Germany, and Brown and Graf (2013) for the German regions of Switzerland.

Table A4. OLS of financial literacy determinants: additional controls

	(1) Interest	(2) Inflation	(3) Risk	(4) Big Three
Age: 30-44	-0.0794*** (0.0222)	-0.0169 (0.0171)	0.0124 (0.0190)	-0.0593** (0.0227)
Age: 45-59	-0.0253 (0.0230)	0.0125 (0.0176)	0.0927*** (0.0192)	0.0184 (0.0239)
Age: 60-79	-0.0770* (0.0390)	-0.000180 (0.0292)	0.0899** (0.0303)	-0.0367 (0.0401)
Female	-0.194*** (0.0152)	-0.0876*** (0.0113)	-0.121*** (0.0127)	-0.220*** (0.0157)
Secondary Education	0.143*** (0.0285)	0.0895*** (0.0252)	0.128*** (0.0276)	0.133*** (0.0276)
Tertiary Education	0.294*** (0.0298)	0.183*** (0.0254)	0.224*** (0.0281)	0.322*** (0.0292)
Working	-0.0202 (0.0235)	-0.00255 (0.0201)	0.0116 (0.0220)	-0.00887 (0.0238)
Self-employed	0.0288 (0.0390)	-0.0221 (0.0318)	0.0440 (0.0307)	0.0392 (0.0402)
Retired	-0.0101 (0.0481)	0.0812* (0.0335)	0.0248 (0.0375)	0.0290 (0.0497)
Risk-lover	0.00101 (0.0152)	0.0294** (0.0114)	0.0608*** (0.0126)	0.0434** (0.0157)
Long-term orientation	0.00381 (0.0158)	0.0299** (0.0114)	0.0171 (0.0130)	0.0139 (0.0163)
Swiss	0.0643** (0.0236)	0.0156 (0.0180)	0.0500* (0.0201)	0.0643** (0.0240)
Mother with secondary educ	0.0490* (0.0215)	0.0308 (0.0169)	0.0127 (0.0181)	0.0497* (0.0213)
Mother with tertiary educ	0.106*** (0.0253)	0.0408* (0.0196)	0.0657** (0.0210)	0.0976*** (0.0258)
Married	0.0194 (0.0178)	0.0160 (0.0130)	-0.00578 (0.0143)	0.0220 (0.0184)
Separated	-0.0825 (0.0756)	-0.0194 (0.0520)	0.0563 (0.0514)	-0.0700 (0.0692)
Rural	-0.0135 (0.0159)	-0.0163 (0.0122)	-0.0109 (0.0134)	-0.0223 (0.0161)
German	0.134*** (0.0387)	0.0553 (0.0304)	0.0924** (0.0352)	0.150*** (0.0377)
French	0.0238 (0.0406)	-0.0391 (0.0325)	0.0964** (0.0366)	0.0330 (0.0396)
N	3896	3896	3896	3896
R-sq	0.110	0.079	0.100	0.141

*Note: Results are weighted. The dependent variable is a dummy variable taking value 1 if the respondents answered correctly the corresponding financial literacy question (column 1-3) or all the three questions (column 4). The reference categories are 15-29 years old, male, compulsory education, unemployed, foreigner, mother with only compulsory education, single, urban, Italian. Robust standard errors in parentheses. *** p < .01, ** p < .05, * p < .1.*

Table A5. OLS of financial fragility determinants: additional controls

	(1) Not making ends meet	(2) Income shock	(3) No saving	(4) Worry about expenses
Big Three	-0.0703*** (0.0147)	-0.148*** (0.0155)	-0.0955*** (0.0167)	-0.132*** (0.0168)
Age: 30-44	-0.0128 (0.0211)	0.0386 (0.0215)	0.0701** (0.0234)	0.0544* (0.0234)
Age: 45-59	-0.0381 (0.0224)	-0.0268 (0.0223)	0.0148 (0.0240)	-0.00984 (0.0244)
Age: 60-79	-0.142*** (0.0339)	-0.157*** (0.0307)	-0.0228 (0.0409)	-0.103* (0.0401)
Female	0.00959 (0.0142)	-0.0251 (0.0148)	-0.0184 (0.0163)	-0.0205 (0.0163)
Secondary Education	0.144*** (0.0292)	-0.0548 (0.0328)	0.0582* (0.0288)	0.0459 (0.0291)
Tertiary Education	0.0257 (0.0296)	-0.174*** (0.0338)	-0.0485 (0.0309)	-0.0531 (0.0309)
Working	-0.0504 (0.0258)	0.0181 (0.0239)	-0.0855*** (0.0236)	-0.0287 (0.0239)
Self-employed	0.0934* (0.0424)	0.0710 (0.0388)	0.0471 (0.0425)	0.0979* (0.0408)
Retired	0.0571 (0.0435)	0.0126 (0.0375)	-0.0167 (0.0506)	-0.0702 (0.0489)
Risk-lover	-0.0357* (0.0140)	-0.0362* (0.0145)	-0.0467** (0.0161)	-0.00838 (0.0161)
Long-term orientation	-0.0276 (0.0142)	-0.0841*** (0.0143)	-0.228*** (0.0168)	-0.0541** (0.0168)
Swiss	-0.0666** (0.0232)	-0.00264 (0.0227)	-0.00835 (0.0248)	-0.0962*** (0.0255)
Mother with secondary educ	-0.00944 (0.0199)	-0.0295 (0.0202)	-0.00711 (0.0219)	-0.0200 (0.0220)
Mother with tertiary educ	-0.0542* (0.0230)	-0.0908*** (0.0236)	-0.0300 (0.0263)	-0.0423 (0.0267)
Married	-0.0247 (0.0164)	-0.0548*** (0.0164)	-0.0342 (0.0188)	-0.0407* (0.0190)
Separated	-0.0280 (0.0696)	0.0140 (0.0678)	-0.0800 (0.0752)	0.0362 (0.0687)
Rural	-0.0281 (0.0145)	0.0171 (0.0151)	-0.00434 (0.0165)	-0.00418 (0.0164)
German	-0.148*** (0.0407)	-0.0303 (0.0385)	-0.0611 (0.0391)	-0.239*** (0.0374)
French	-0.133** (0.0423)	0.140*** (0.0408)	-0.0151 (0.0411)	-0.0517 (0.0392)
N	3484	3567	3896	3896
R-sq	0.063	0.138	0.086	0.093

Note: Results are weighted. The dependent variables are: a dummy variable taking value 1 if the respondents answered that their income does not cover their living expenses (columns 1); a dummy variable taking value 1 if the respondents state they could cover their living expenses for a maximum of three months if they lost their source of income (columns 2); a dummy variable taking value 1 if the respondents state they do not have money left over at the end of the month (columns 3); a dummy variable taking value 1 if the respondents state they worry about their own finances (columns 4). Robust standard errors in parentheses. The reference categories are 15-29 years old, male, compulsory education, unemployed, foreigner, mother with only compulsory education, single, urban, Italian. *** $p < .01$, ** $p < .05$, * $p < .1$.

APPENDIX B

Financial literacy questions in the original language

Italian

1. Cinque fratelli ricevono oggi in regalo 1.000 franchi svizzeri da dividere tra di loro. Immagini che debbano attendere un anno per poter disporre della loro quota e che il tasso di inflazione annuo sia pari all'5%. Tra un anno, ciascuno con la propria somma, potrà comprare:
 - a) Più di quanto potrebbe comprare oggi
 - b) Le medesime cose;
 - c) Meno di quanto potrebbe comprare oggi
 - d) Non so
2. Supponga di prestare 25 franchi svizzeri a un suo amico una sera. Il giorno dopo il suo amico le restituisce 25 franchi svizzeri. Quale interesse ha pagato il suo amico sul prestito?
___per cento (%)
Non so
3. Supponga di depositare 100 franchi svizzeri in un conto di deposito remunerato a un tasso di interesse garantito del 2% annuo. Su questo conto non sono effettuate altre operazioni, né di deposito né di prelievo. Quanto ci sarà sul conto alla fine del primo anno, dopo il pagamento degli interessi e senza considerare le spese?
___ CHF
Non so
4. E dopo 5 anni, quanto sarà la cifra disponibile?
 - a) Più di CHF110
 - b) CHF110
 - c) Meno di CHF110
 - d) È impossibile saperlo con le informazioni disponibili
 - f) Non so
5. Per ognuna delle seguenti affermazioni, indichi se ritiene che siano vere o false.
 - Un investimento con un rendimento elevato è probabilmente molto rischioso ANSWER: Vero, Falso, Non so
 - Inflazione elevata significa che il costo della vita cresce rapidamente ANSWER: Vero, Falso, Non so
 - Solitamente è possibile ridurre il rischio di investimento acquistando titoli e azioni di molti tipi ANSWER: Vero, Falso, Non so

French

1. Cinq frères vont recevoir un don à partager d'un montant total de CHF 1 000 .
Maintenant, imaginez qu'ils doivent attendre un an pour toucher leur part des CHF 1 000 et que le taux d'inflation se situe à 5 %. Dans un an, seront-ils en mesure d'acheter :
 - a) Plus avec leur part qu'ils ne le pourraient aujourd'hui
 - b) Pour le même montant
 - c) Moins avec leur part qu'ils ne le pourraient aujourd'hui
 - d) Je ne sais pas
2. Vous prêtez CHF 25 à un ami un soir et il vous rend CHF 25 le lendemain. À combien s'élèvent les intérêts qu'il a payé pour ce prêt?
___ Pour cent (%)
Je ne sais pas
3. Imaginez que quelqu'un dépose CHF 100 sur un compte d'épargne sans frais, libre d'impôt offrant un taux d'intérêt garanti de 2 % par an. Aucun versement ni aucun retrait n'est effectué sur ce compte. Combien y aura-t-il sur ce compte à la fin de la première année, une fois les intérêts crédités ?
___ CHF
Je ne sais pas
4. Quelle somme y aura-t-il sur le compte au bout de cinq ans ? Y aura-t-il:
 - a) Plus de CHF 110
 - b) CHF 110 exactement
 - c) Moins de CHF 110

- d) *Il est impossible de répondre à partir des informations fournies*
 f) *Je ne sais pas*
5. Selon vous, les affirmations suivantes sont-elles vraies ou fausses ?
 -Un investissement avec un rendement élevé est susceptible d'être à haut risque *ANSWER: Vrai, Faux, Ne sais pas*
 -Une inflation élevée signifie que le coût de la vie augmente rapidement *ANSWER: Vrai, Faux, Ne sait pas*
 - Il est généralement possible de réduire le risque des investissements en bourse en diversifiant les actions et les titres *ANSWER: Vrai, Faux, Ne sais pas*

German

1. Fünf Brüder erhalten ein Geschenk in Höhe von insgesamt CHF 1.000, das sie unter sich aufteilen sollen. Die Brüder müssen ein Jahr warten, bevor sie ihren Anteil an den CHF 1,000 erhalten. Die Inflationsrate beträgt konstant 5%. Können sich die Brüder nach diesem Jahr mit ihrem Anteil ...
Mehrfachantworten möglich
 a) *Mehr kaufen, als sie es heute können*
 b) *Genau so viel kaufen*
 c) **Weniger kaufen, als sie es heute können**
 d) *Weiss nicht*
2. Angenommen, Sie leihen einem Freund abends CHF25 und er gibt Ihnen am nächsten Tag CHF 25 zurück. Wie viele Zinsen hat er auf diesen Kredit bezahlt?
 _____ *Prozent (%) (0)*
Weiss nicht
3. Sie legen CHF 100 auf einem gebührenfreien Sparkonto mit einem garantierten Zinssatz von 2% pro Jahr an. Sie zahlen kein weiteres Geld auf dieses Konto ein und Sie heben auch keines ab. Wie hoch wäre der Kontostand einschliesslich Zinsen am Ende des ersten Jahres?
 _____ *CHF (102)*
Weiss nicht
4. Und wie hoch wäre der Kontostand nach fünf Jahren? Er wäre:
 a) **Mehr als CHF110**
 b) *Genau CHF110*
 c) *Weniger als CHF110*
 d) *Eine Antwort ist anhand der Informationen nicht möglich*
 f) *Weiss nicht*
5. Bitte geben Sie bei den folgenden Aussagen jeweils an, ob diese Ihrer Meinung nach richtig oder falsch sind?
 -Eine Geldanlage mit hoher Rendite ist wahrscheinlich sehr risikoreich *ANTWORT: **Richtig**, Falsch, Weiss nicht*
 -Eine hohe Inflation bedeutet, dass die Lebenshaltungskosten rasch steigen *ANTWORT: **Richtig**, Falsch, Weiss nicht*
 -Normalerweise lässt sich das Anlagerisiko am Aktienmarkt verringern, indem man eine Vielzahl verschiedener Aktien kauft *ANTWORT: **Richtig**, Falsch, Weiss nicht*