



Financial Literacy among 18-27 year old

- based on a market research survey among young people in Denmark, Finland, Sweden, Norway, Northern Ireland and Ireland



Danske

Bank

You Gov **Zapera**

What the world thinks



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1 Purpose of the Study

Danske Bank wants to explore young people's knowledge on personal finances and to what extent they are interested in personal finances.

The following topics are covered:

- Own view of their financial status
 - Do they know which expenses are coming?
 - Do they know how large their income is and how many expenses they have?
 - Do they believe they are financially responsible?
 - Do they think they have a good knowledge and understanding of their own finances?
 - Do they spend a long time making the best out their personal finances?
- Use of financial services
 - Do they have a loan – if so, what type of loans?
 - What kind of savings and insurances do they have – if they do not have any, why not?
 - How often is their account overdrawn?
 - Have they set up an overdraft, store card or credit card?
- Budgeting
 - Do they have a budget, and if they do, who helped draw up the budget. If they do not have a budget – why not?
 - Have a bank ever reviewed their finances – if not, why?

Purpose of the Study - continued

- Testing the young people's knowledge about personal finances
 - What is interest?
 - What is APR (annual percentage rate)?
 - What is disposable income?
 - Who borrows money the cheapest in an example?
 - Which investment/saving is associated with the greatest risk?
- Young peoples interest in personal finances
 - Would they be able to afford more if they had their personal finances reviewed?
 - Do they think it is a waste of time to have a bank to review their personal finances?
 - Are they interested in personal finances?
- Expenses
 - How much they use on:
 - Home (rent, furniture, etc.)
 - Food
 - Transport (e.g. petrol and bus pass)
 - Insurances
 - Child care
 - Clothes
 - Telephone (incl. landline and mobile)
 - Text books
 - Entertainment (e.g. cultural activities and going out)
 - Repayment of loan
 - Sports

The study covers 6 countries within Danske Bank's geographic focus area.

Methodology

Interview period: Data has been collected in the period from 19.02.2009 until 2.03.2009

Target group: Young people from the age of 18 to 27 years

Countries	Sample Size (Not weighted)	Sample Size (Weighted)
Denmark	407	400
Finland	409	400
Sweden	404	400
Norway	425	400
Northern Ireland	400	400
Ireland	665	400

Data Collection

Data has been collected via the Internet in YouGov Zaperas own Internet-based consumer panels in the four Nordic countries and in various Internet-based consumer panels in Ireland and Northern Ireland. YouGov Zaperas has hosted and coordinated the data collection in all 6 countries.

Data Weighting

Data has been weighted on the young people's gender, age and postal code (according to the official national statistics) and on quotas so that each of the six countries counts for one sixth of the aggregated data.

The total base has been weighted on the countries' population sizes.

2 Statistical Significance Levels

18-27 year old

Country	Sample: 400	Universe	Weight in total base
Denmark	+/- 4,9%	632.814	0.95
Norway	+/- 4,9%	601.909	0.90
Sweden	+/- 4,9%	1.170.987	1.75
Finland	+/- 4,9%	659.744	0.99
Northern Ireland	+/- 4,9%	254.591	0.38
Ireland	+/- 4,9%	691.278	1.03
Total	+/- 2%	4.011.323,00	



3

Conclusion



Conclusion

Own view of their financial status

- **18%** believe they always **know which expenses are coming**
- **47%** believe they know how much they earn and how many **expenses they have every month**
- **80%** believe themselves to be **financially responsible**
- **77%** think they have a **very good knowledge** and understanding of personal finances
- **48%** feel they spend much time making the best of their personal finances

Conclusion

Use of financial services

- **45% have a loan**
 - 52% of those, who have a loan, have a student loan
- 18% do not know or have no idea when they can expect to have paid back their loan
- **43% don't have savings** for unforeseen expenses
 - The primary reason for not saving up money is that the young people **cannot afford to put money aside**
- **50% don't have content insurance**
- **66% don't have accident insurance**
- **80% don't have a pension plan**
 - The primary reason for **not having pension savings is age** – the young people do not think they need to plan their pension yet
- **42% have at some point overdrawn their bank account**
- **29% have set up overdraft** – 9% use it every month
- **28% have a store card** – 8% use it every month
- **49% have a credit card** – 24% use it every month

Conclusion

Budgeting

- **57% have never drawn up a budget** for their personal finances
 - Those, who find themselves financial responsible, are more likely to have a budget
 - **59%** of those, who have a budget, **did not get any help**
- **76% have not had their finances reviewed** by a bank

Testing young people's knowledge on personal finances

- 37% don't know what interest is
- 72% don't know what APR stands for
 - 34% think it is just the interest on a loan
- 68% don't know what disposable income is
- 56% cannot identify the cheapest of three loans
- 66% consider shares to be the most risky investment
- 47% find it most important that they do not have to borrow money to afford the product
- 41% find it most important to find the product at the best price

Conclusion

Young peoples interest in personal finances

- **29%** believe they would be **able to afford more** if they had their personal finances reviewed
- **38%** think it would not be a waste of time to get their bank to review their personal finances
- **35%** think their **bank can help** them to improve their personal finances
- **74%** are **interested in their personal finances**
- **51%** would like to learn much more about personal finances

Expenses

- 57% of all expenses go to home and food in Denmark
- 57% of all expenses go to home and food in Finland
- 54% of all expenses go to home and food in Sweden
- 47% of all expenses go to home and food in Norway
- 51% of all expenses go to home and food in Northern Ireland
- 48% of all expenses go to home and food in Ireland
- Young people's income will in general cover their expenses



4

Results





4.1

Own view of their financial status

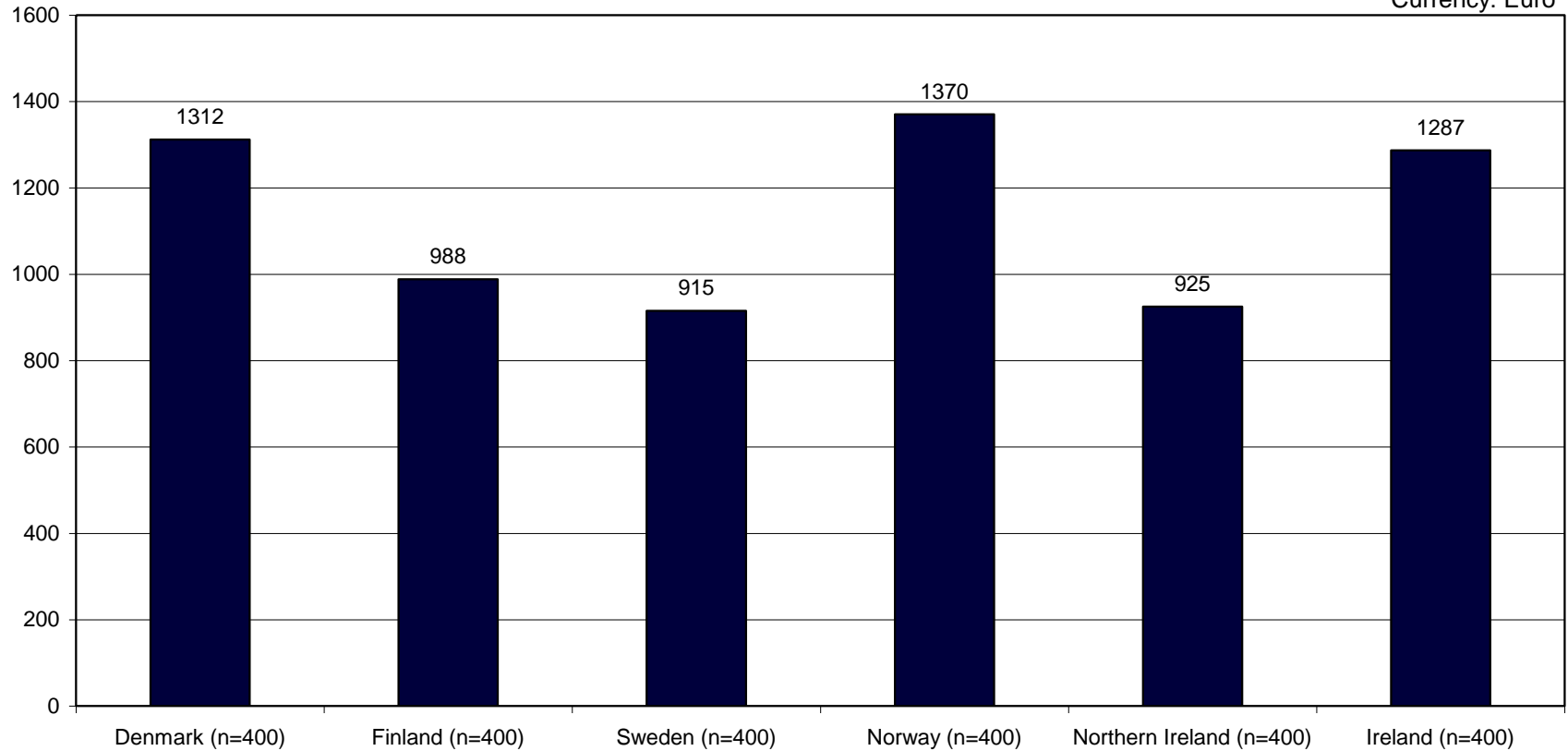


4.1

Personal income

Personal Income

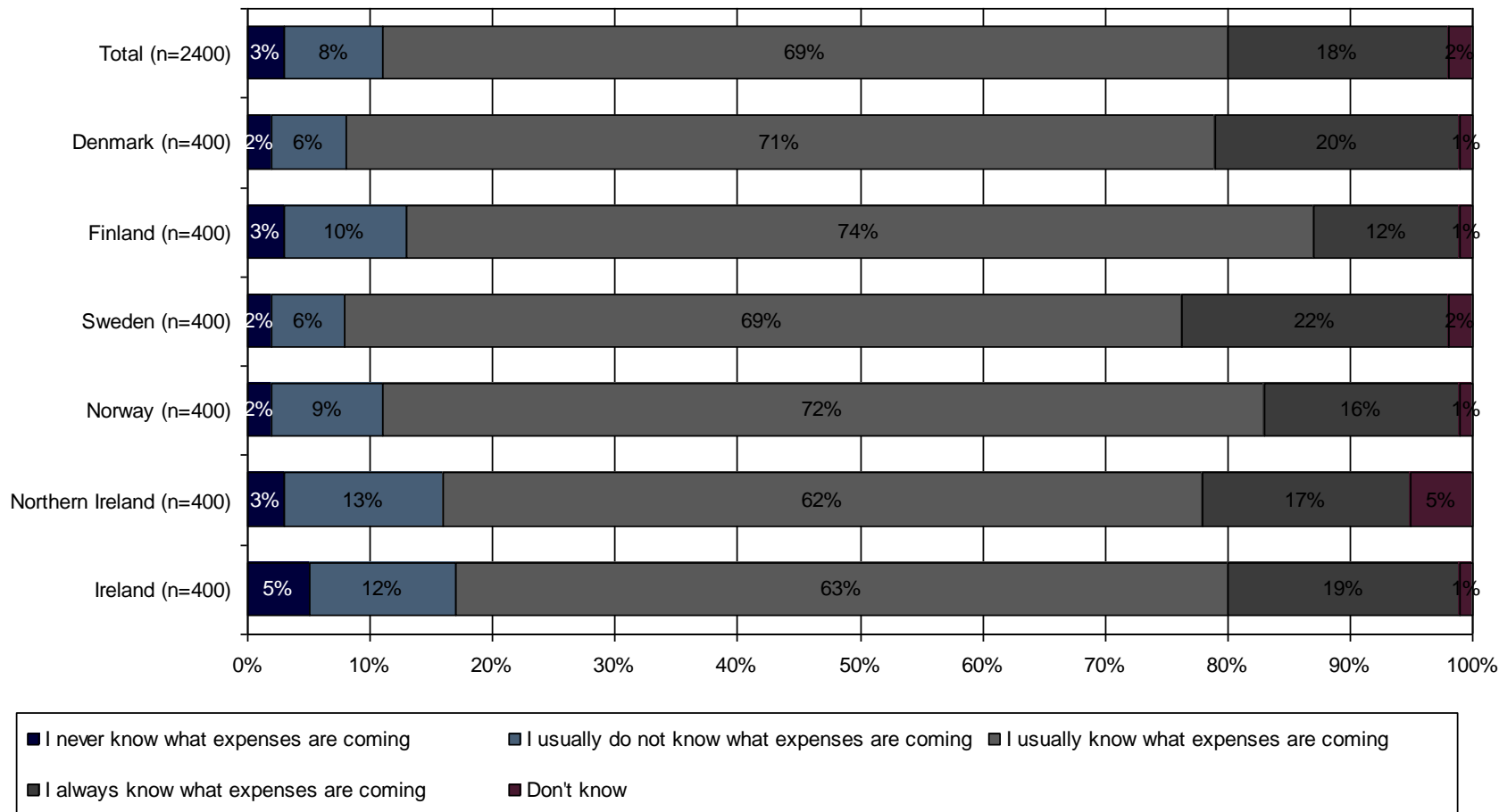
Currency: Euro



4.1

18% believe they always know which expenses are coming

Which of the following statements about you and your expenses describes you the best?

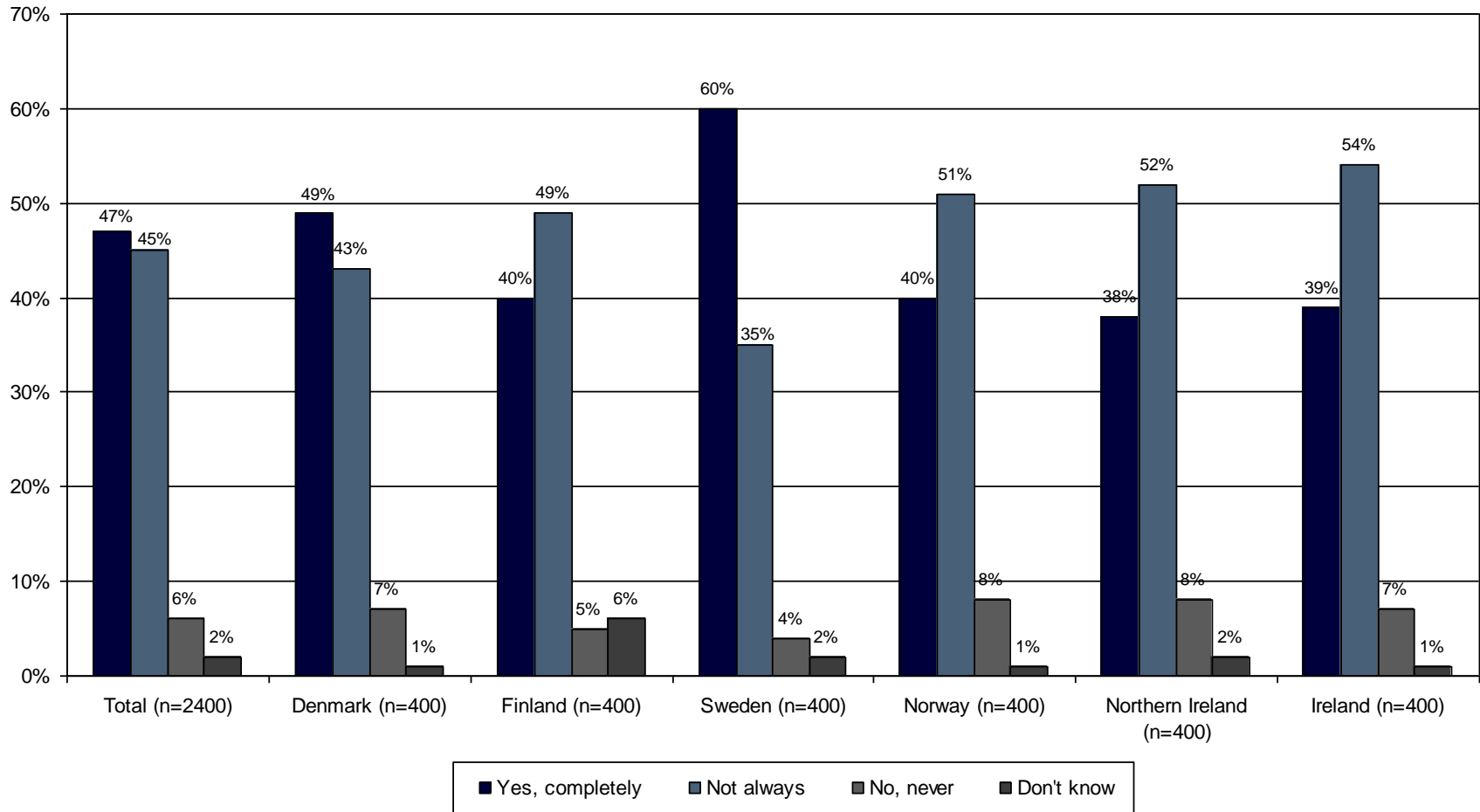


▶ Northern Ireland differs from the other countries as only 79% usually or always know which expenses are coming.

4.1

47% believe they know how much they earn and how many expenses they have every month

Do you know your monthly income and expenses



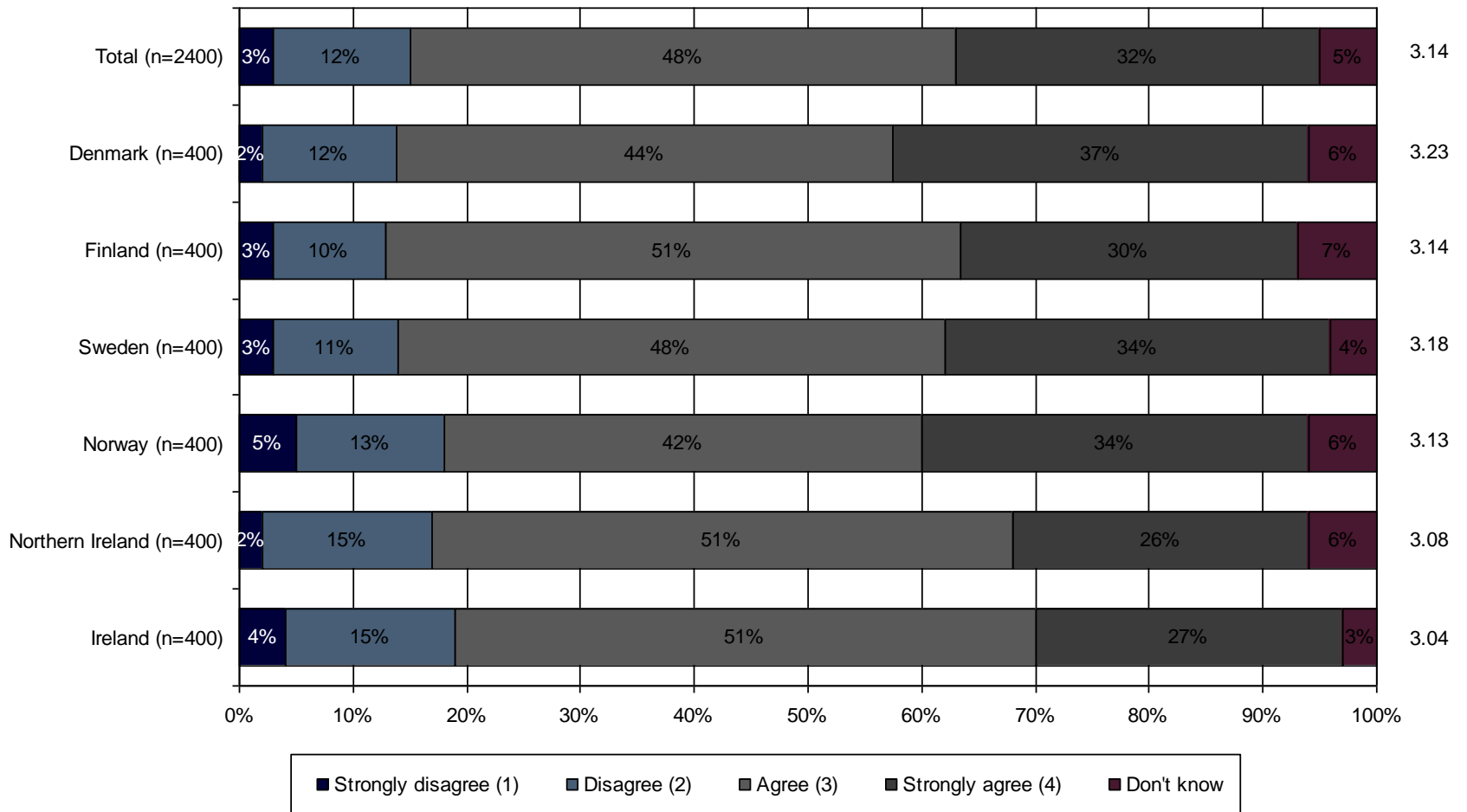
Sweden and Denmark stand out as they know how much they earn and how many expenses they have every month to a higher degree than the other countries.

4.1

80% believe themselves to be financially responsible

How much do you agree or disagree with each of the following statements?
I believe that I am financially responsible

Mean: 1-4



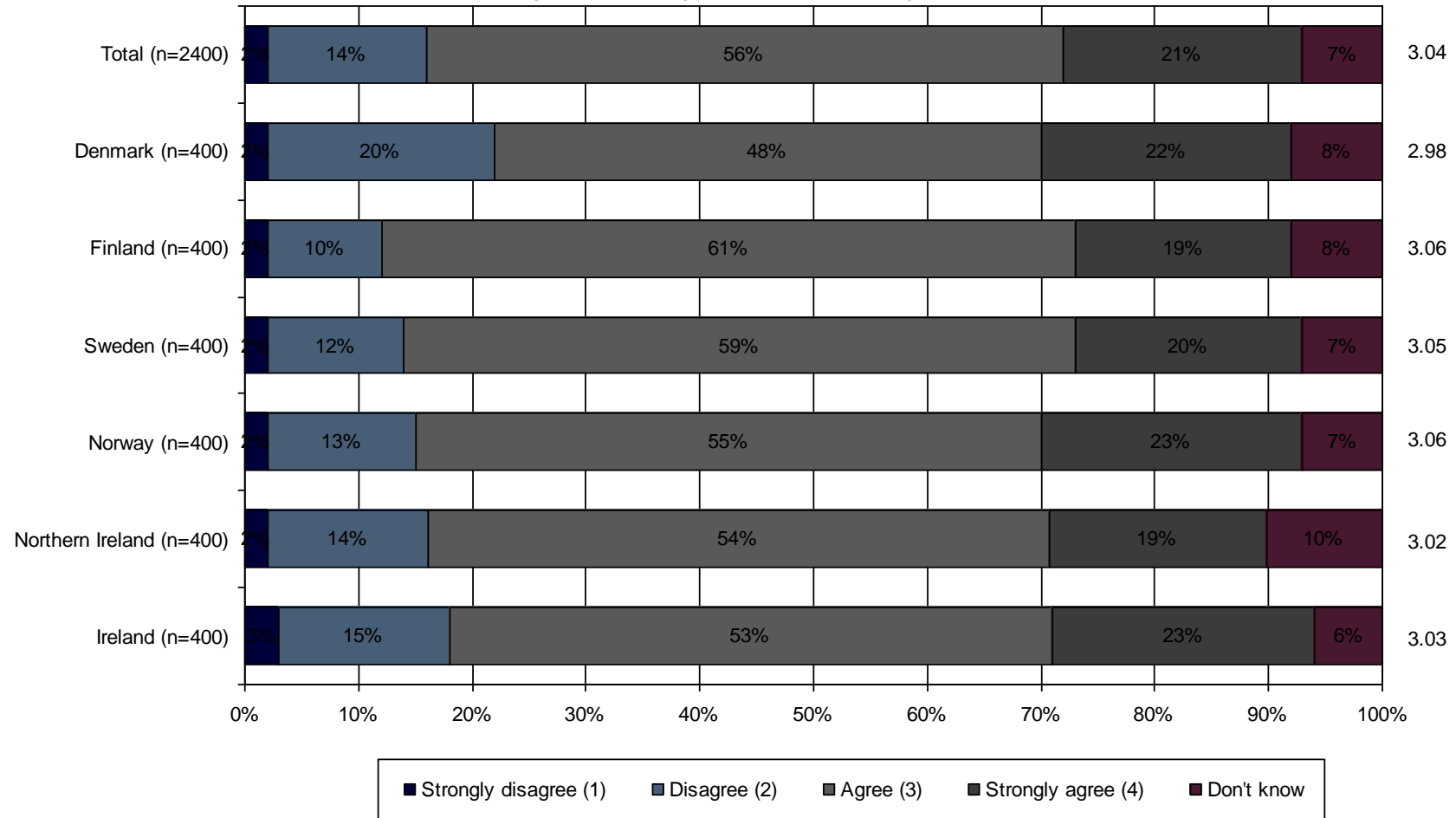
The young people in Denmark believe themselves to be more financial responsible than they do in Northern Ireland and Ireland.

4.1

77% believe they have a very good knowledge and understanding of personal finances

How much do you agree or disagree with each of the following statements?
I think I have a very good knowledge and understanding of my personal finances

Mean: 1-4



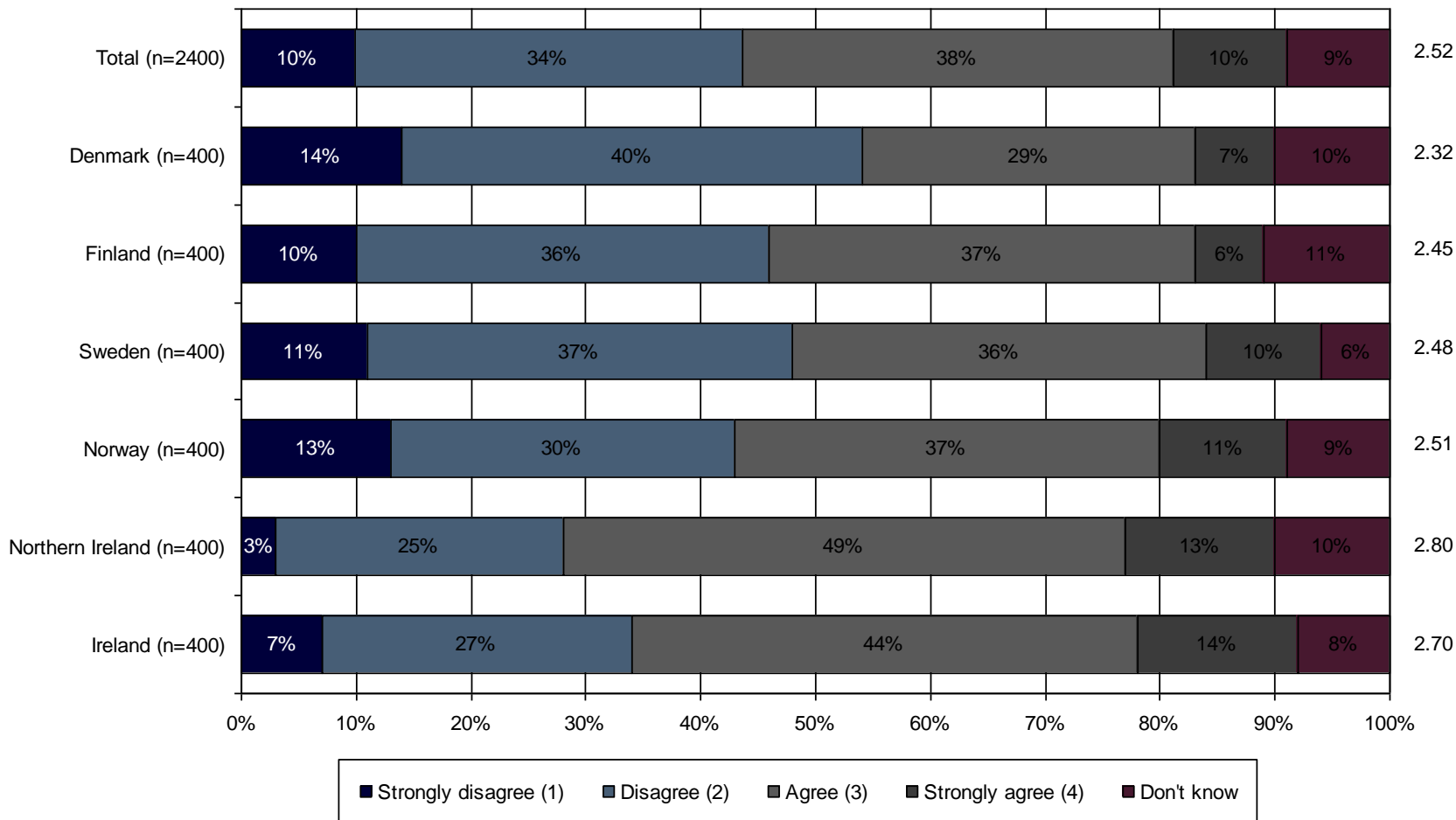
No significant differences.

4.1

48% feel they spend/ have spend much time making the best of their personal finances

How much do you agree or disagree with each of the following statements?
I spend/have spent a long time making the best of my personal finances

Mean: 1-4



In Northern Ireland 62% agree or strongly agree that they spend/have spent much time making the best of their personal finances, and only 3% strongly agree. In Denmark and Finland only 7% and 6% strongly agree that they spend/have spent much time making the best of their personal finances.



4.2

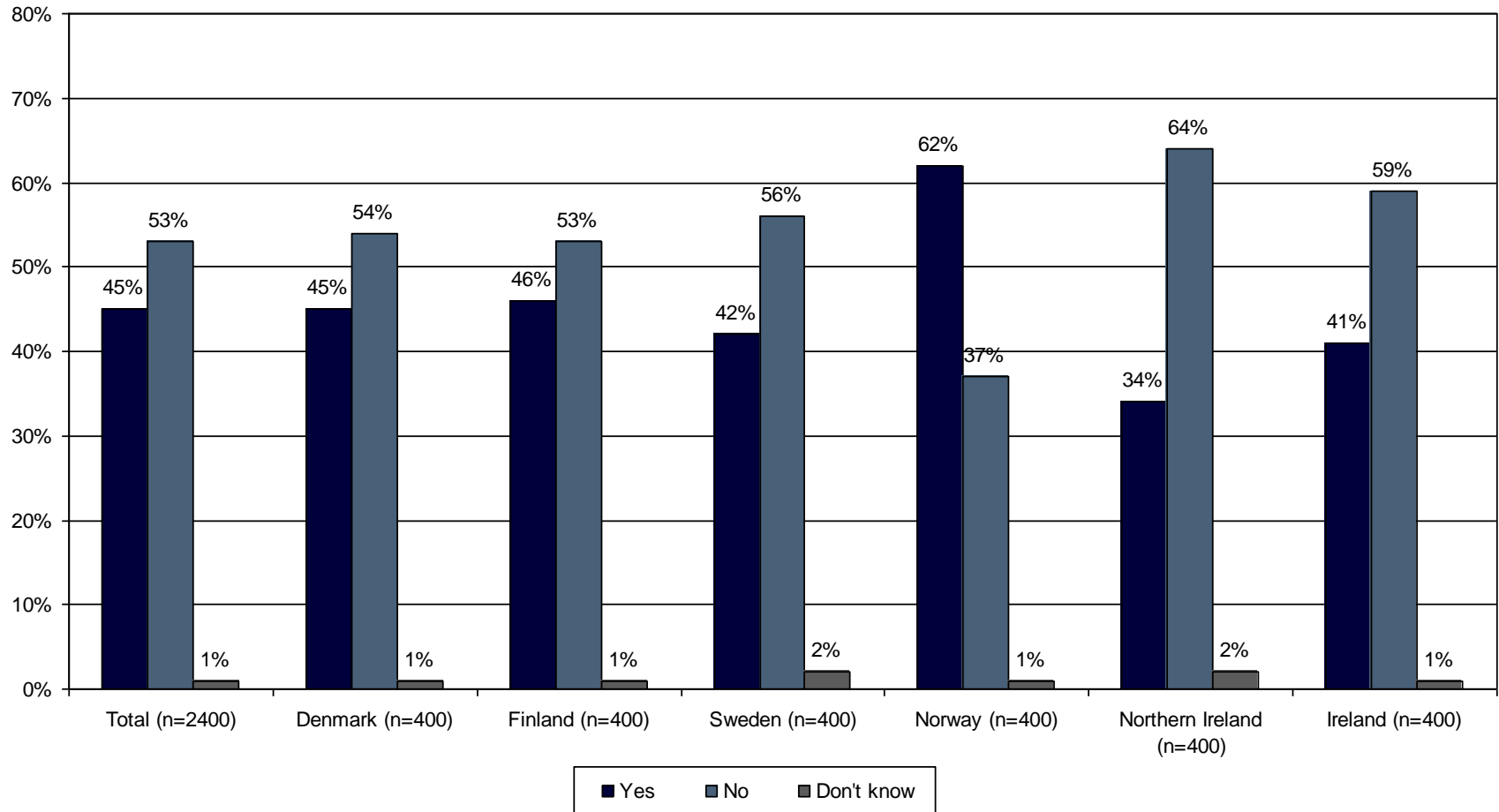
Use of financial services



4.2

45% have a loan either in the bank or with another loan provider

Do you currently have a loan with a bank or another loan provider?

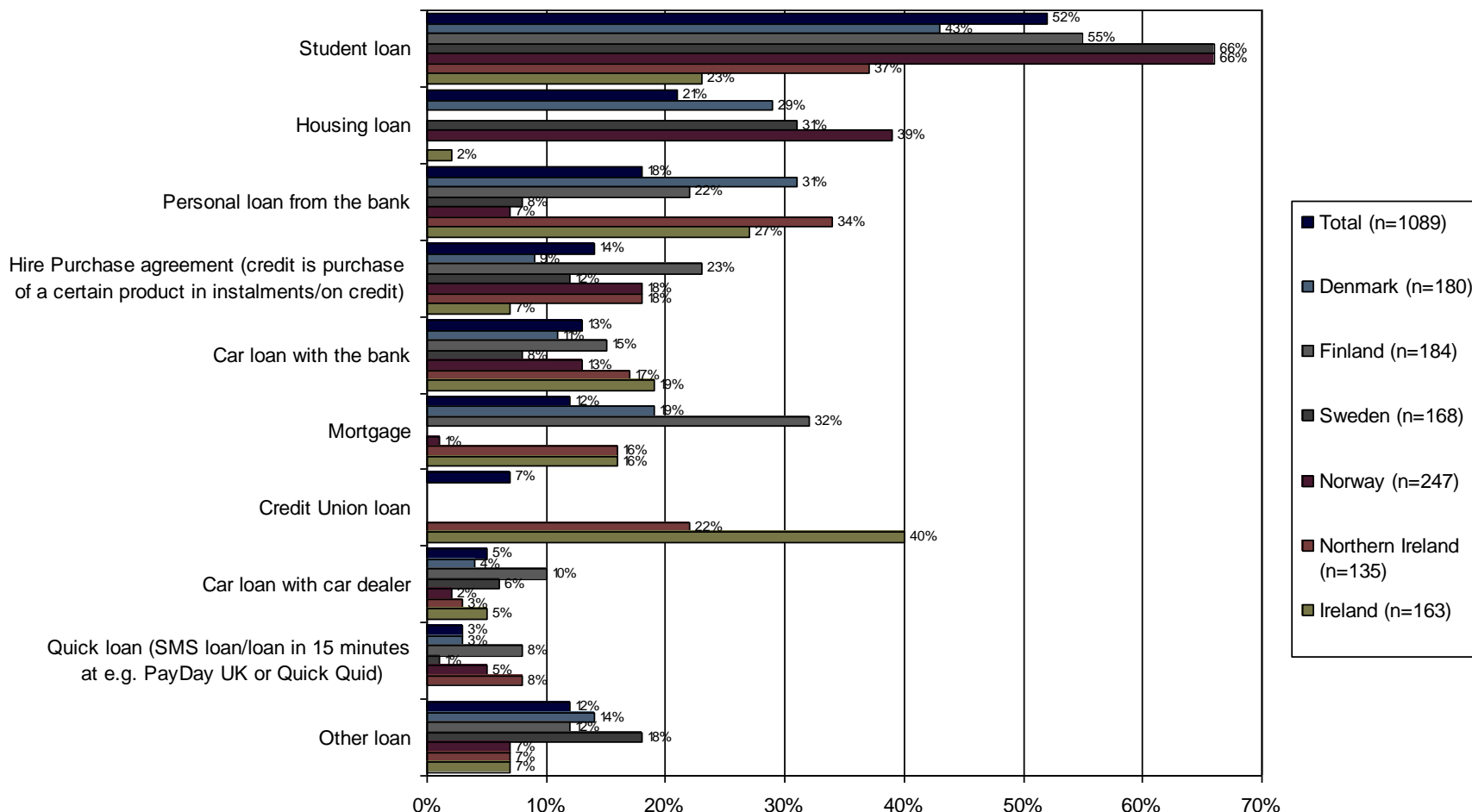


62% in Norway have a loan, which is higher share than in the other countries.

4.2 52% of those, who have a loan, have a student loan

What type of loan(s) do you have?

Base: Have a loan



66% have a student loan in Sweden and Norway, which is a higher share than all the other countries. Credit union loans are popular in Northern Ireland and Ireland as respectively 22% and 40% have that.

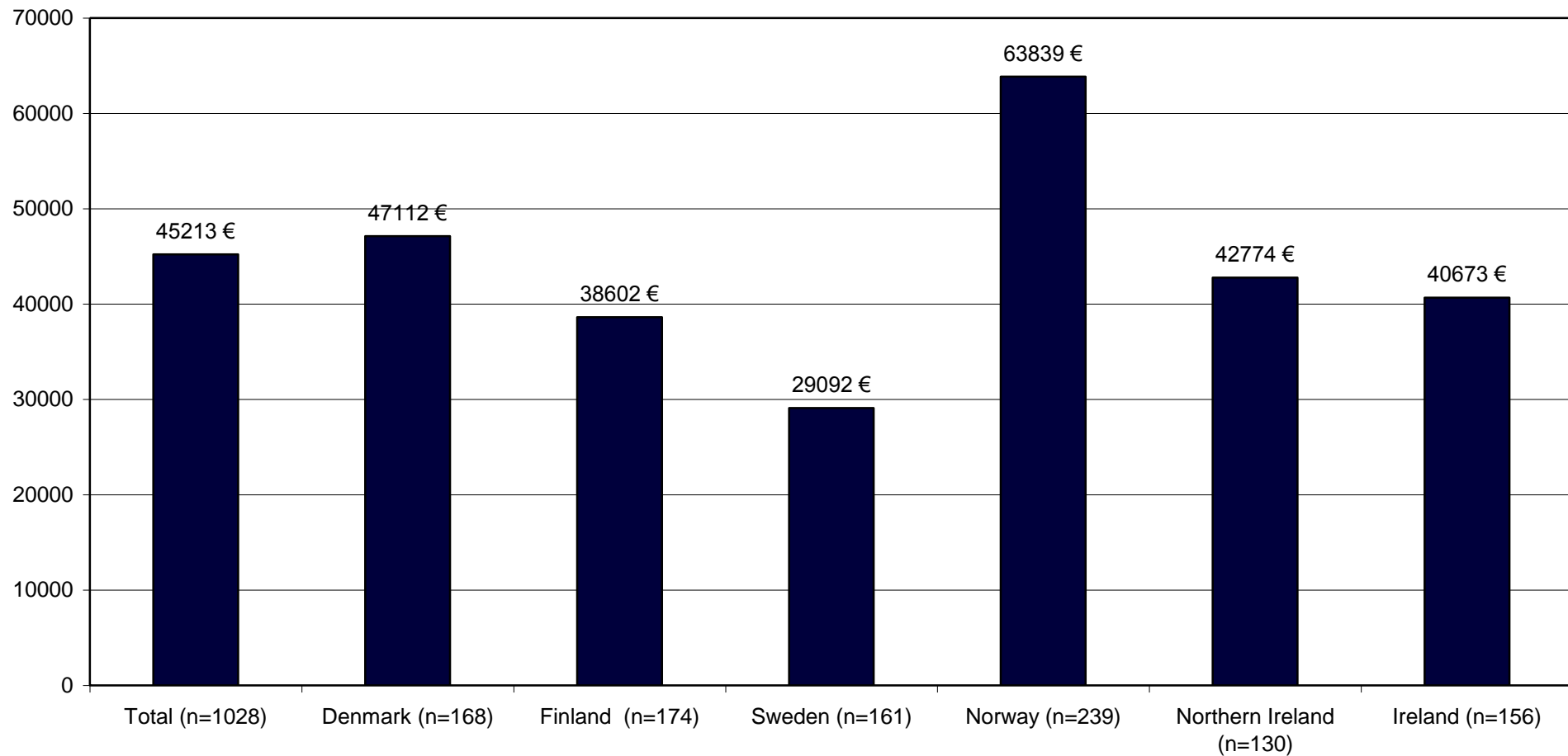
Only 1% in Sweden and none in Ireland have quick loan.

Mortgage and housing loan are similar across the countries because of different rules in all countries.

4.2 The young people in Norway have the biggest debt

How large is your personal debt in total, including mortgages?

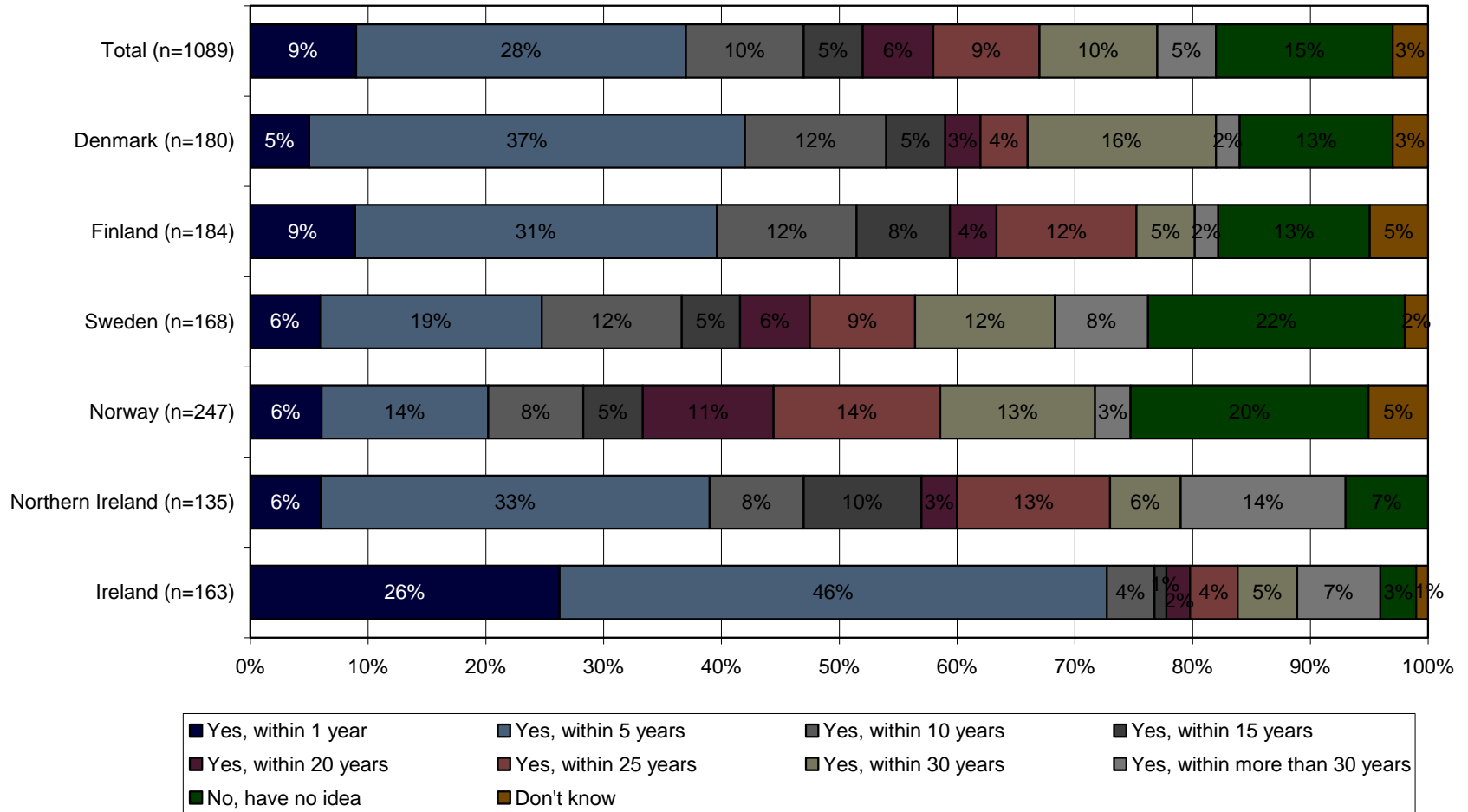
Base: Have a loan



4.2 18% don't know when their debt will be paid back

Do you have an idea of when you expect to have paid back your current debt, including mortgages?

Base: Have debt



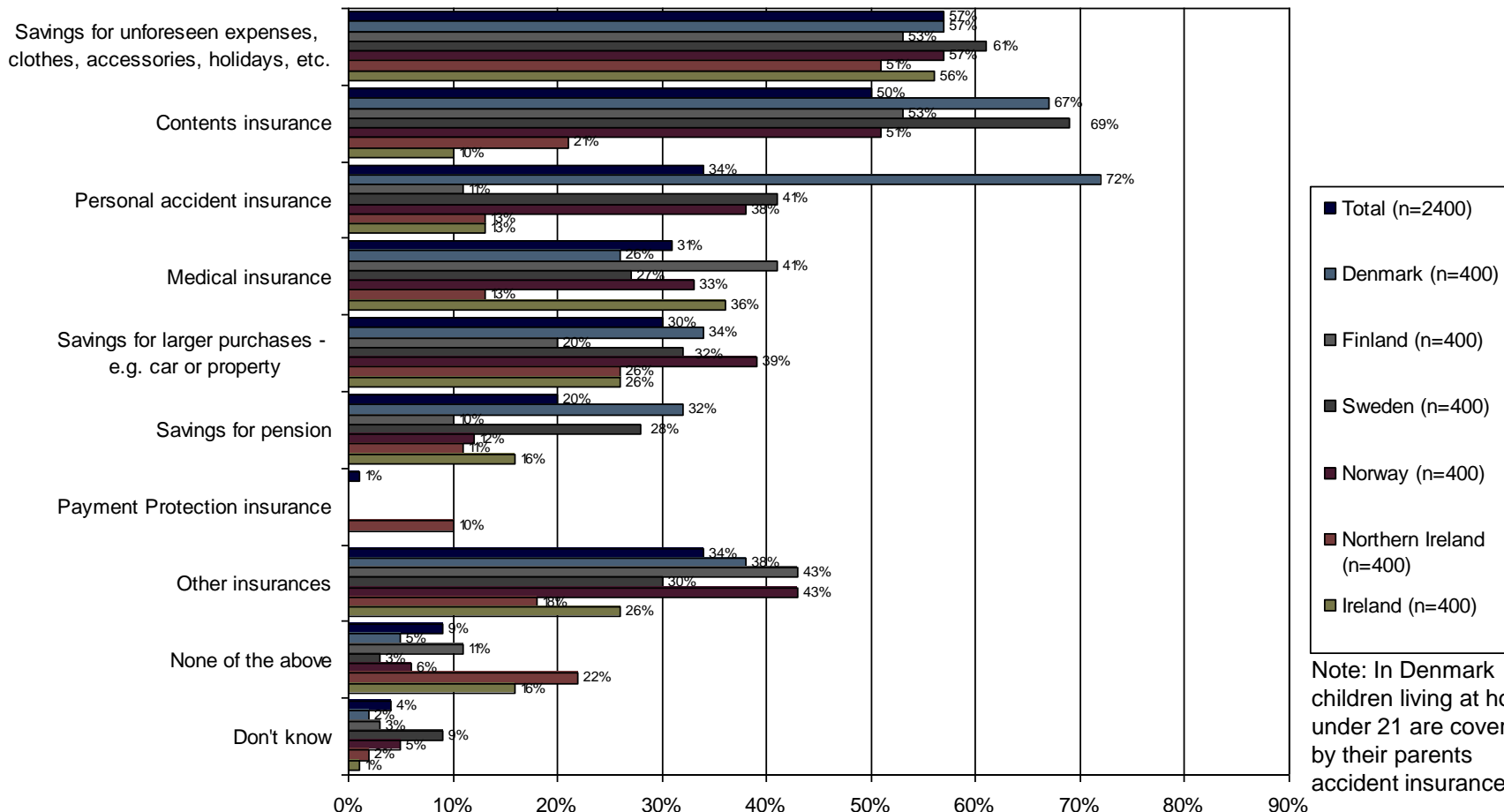
37% of those, who have a loan, expect to have paid back their debt within 5 years.

76% in Ireland expect to have paid back their loan within 10 years. Only 28% do that in Norway.

4.2

43% don't have savings for unforeseen expenses, 50% don't have content insurance and 66% don't have accident insurance

Which of the following do you have?



Note: In Denmark children living at home under 21 are covered by their parents accident insurance

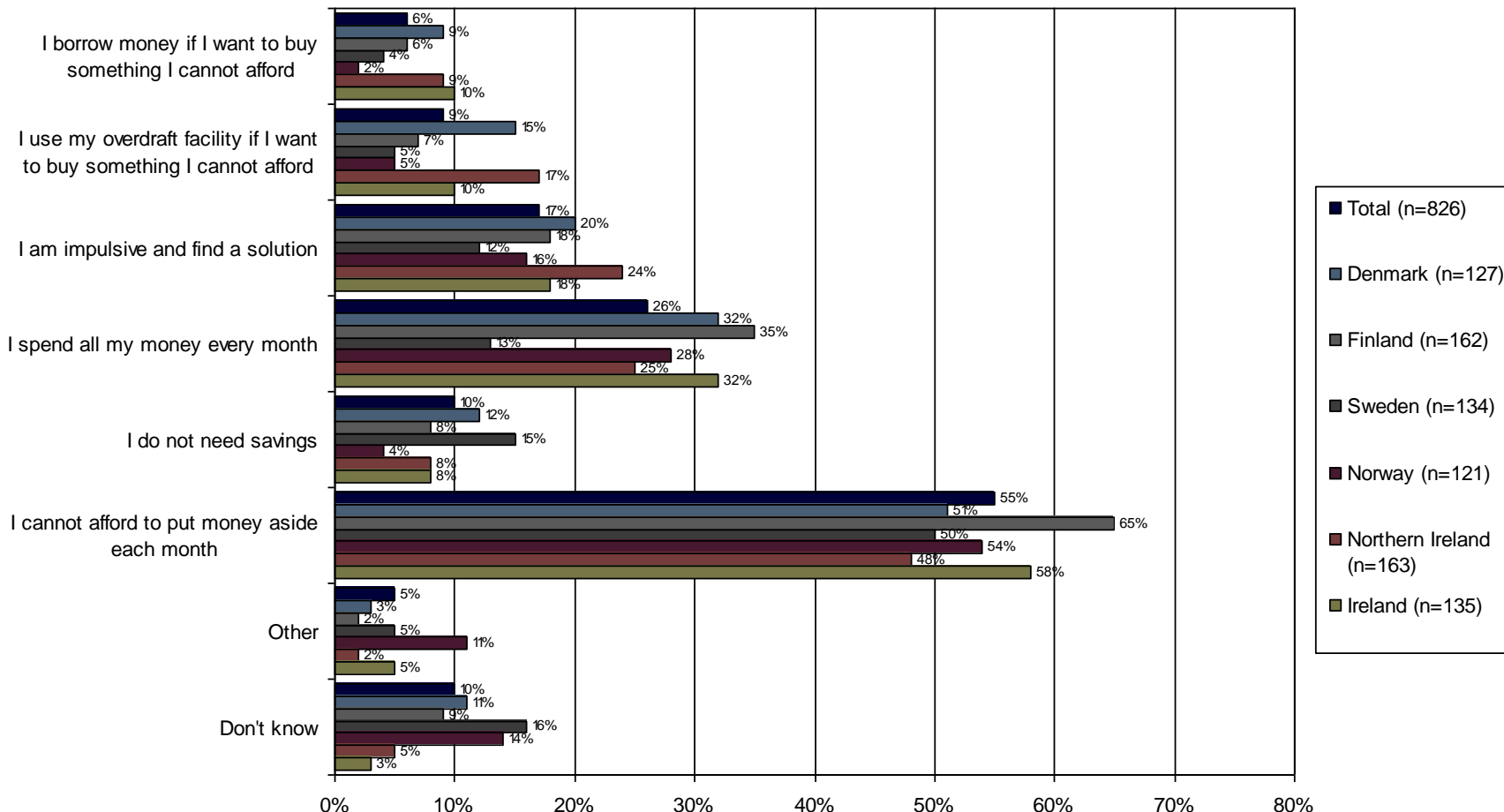
▶ 72% have a personal accident insurance in Denmark and only 11% to 41% have that in the others countries.
 A little more than 30% have savings in all countries except in Finland where 41% have some kind of savings.

4.2

The primary reason for not saving up money is that the young people feel they cannot afford to put money aside

What is the reason that you do not have any savings ?

Base: do not have any savings



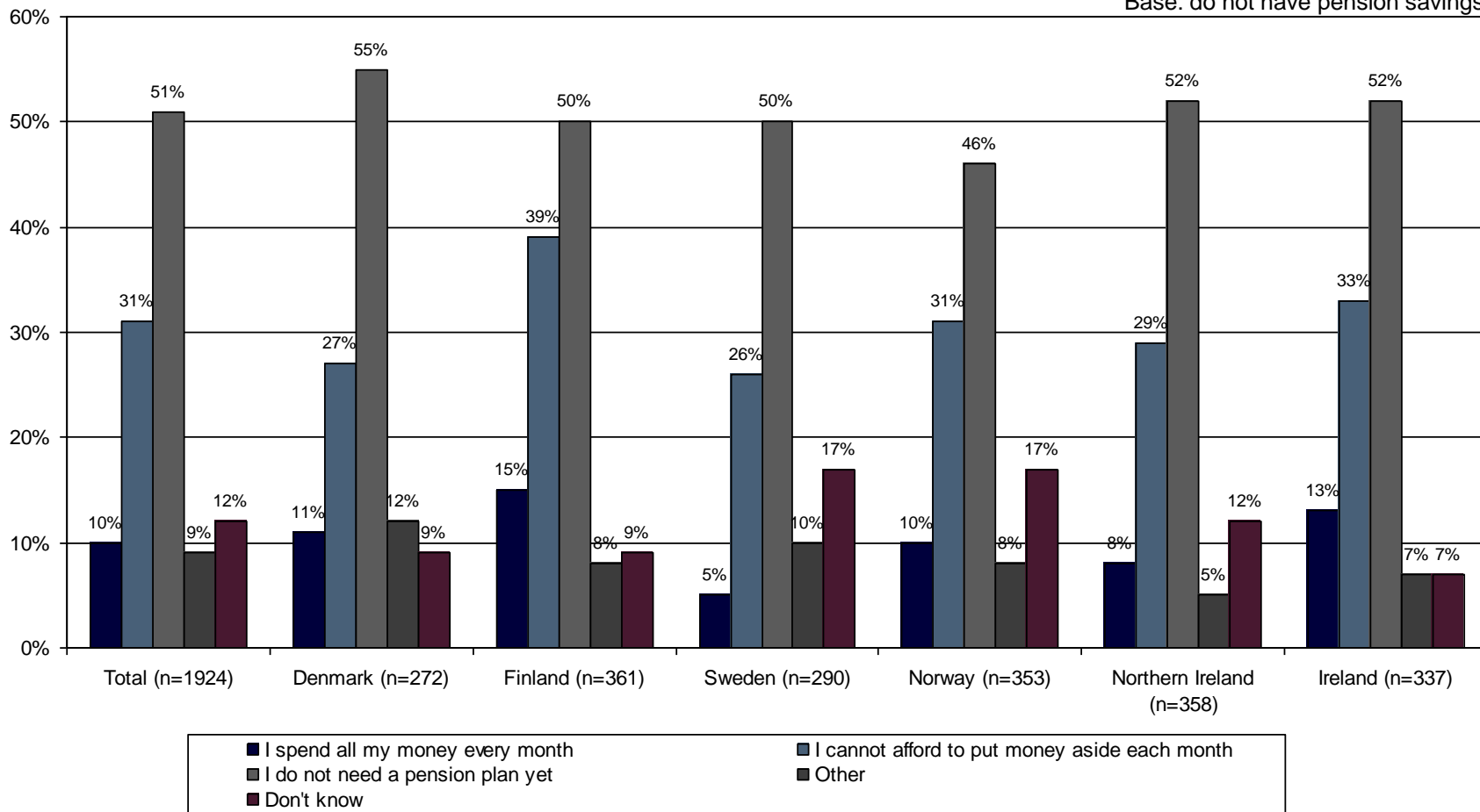
15% in Denmark and 17% in Northern Ireland use their overdraft if they want something they cannot afford instead of using their savings.

4.2

The primary reason for not having pension savings is age – the young people do not think they need to plan their pension yet

What is the reason that you do not have any pensions saving?

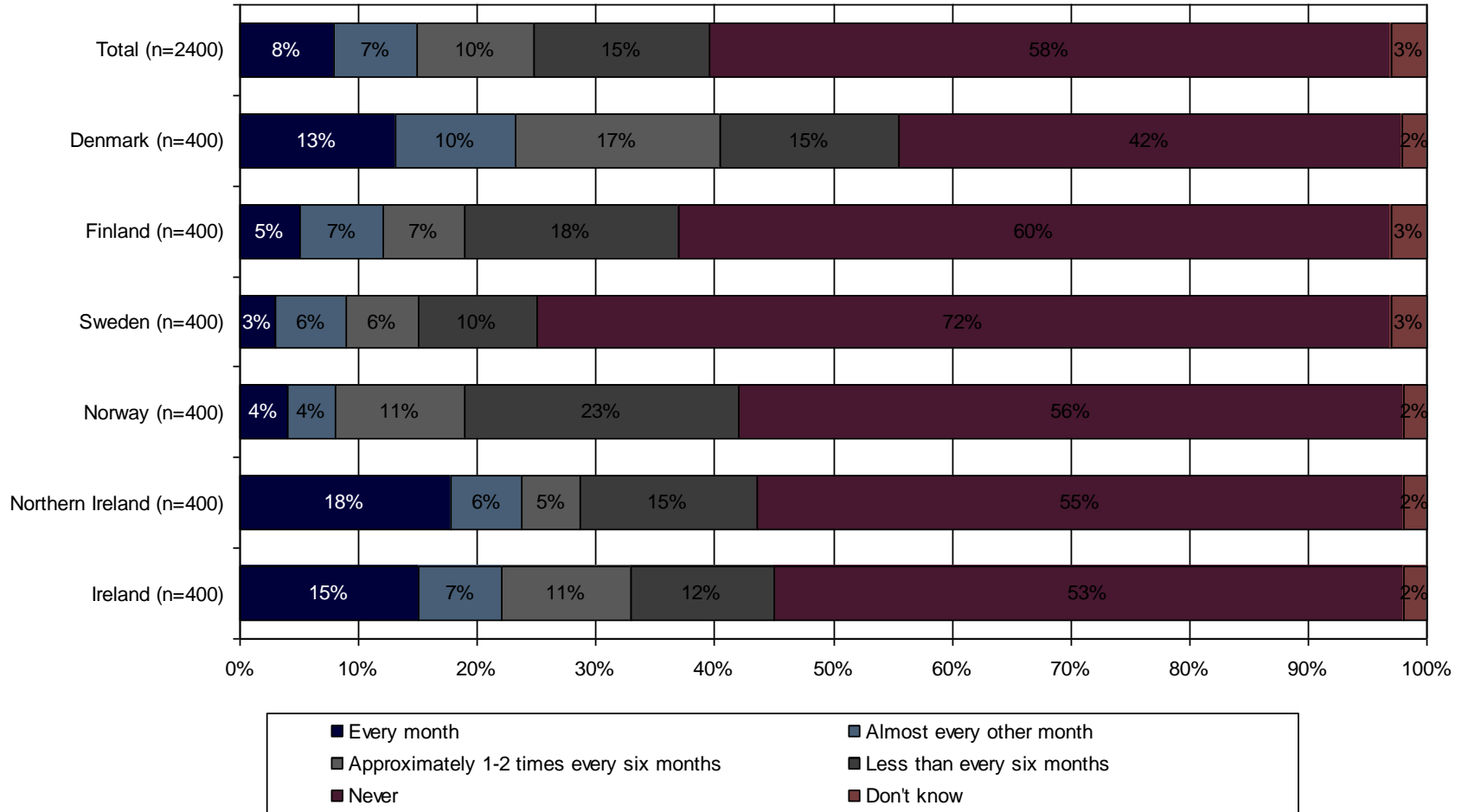
Base: do not have pension savings



There are no significant differences between the countries.

4.2 42% do at some time overdraw they bank account

How often is your account overdrawn?

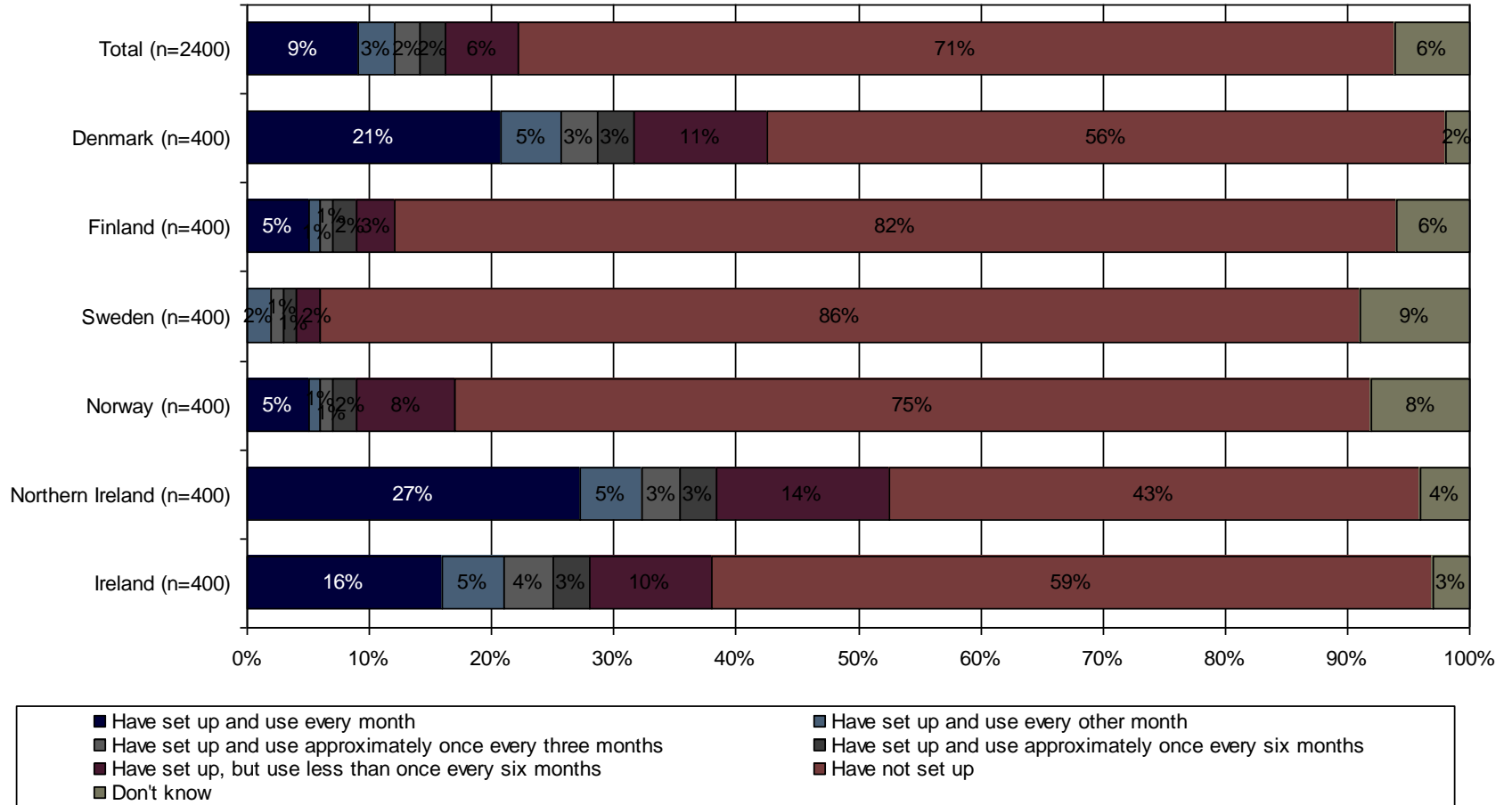


In Denmark, Northern Ireland and Ireland there are several, who overdraw their account each month. In Sweden it is rare that the account is overdrawn.

4.2

29% sometimes have an overdraft – 9% have an overdraft every month

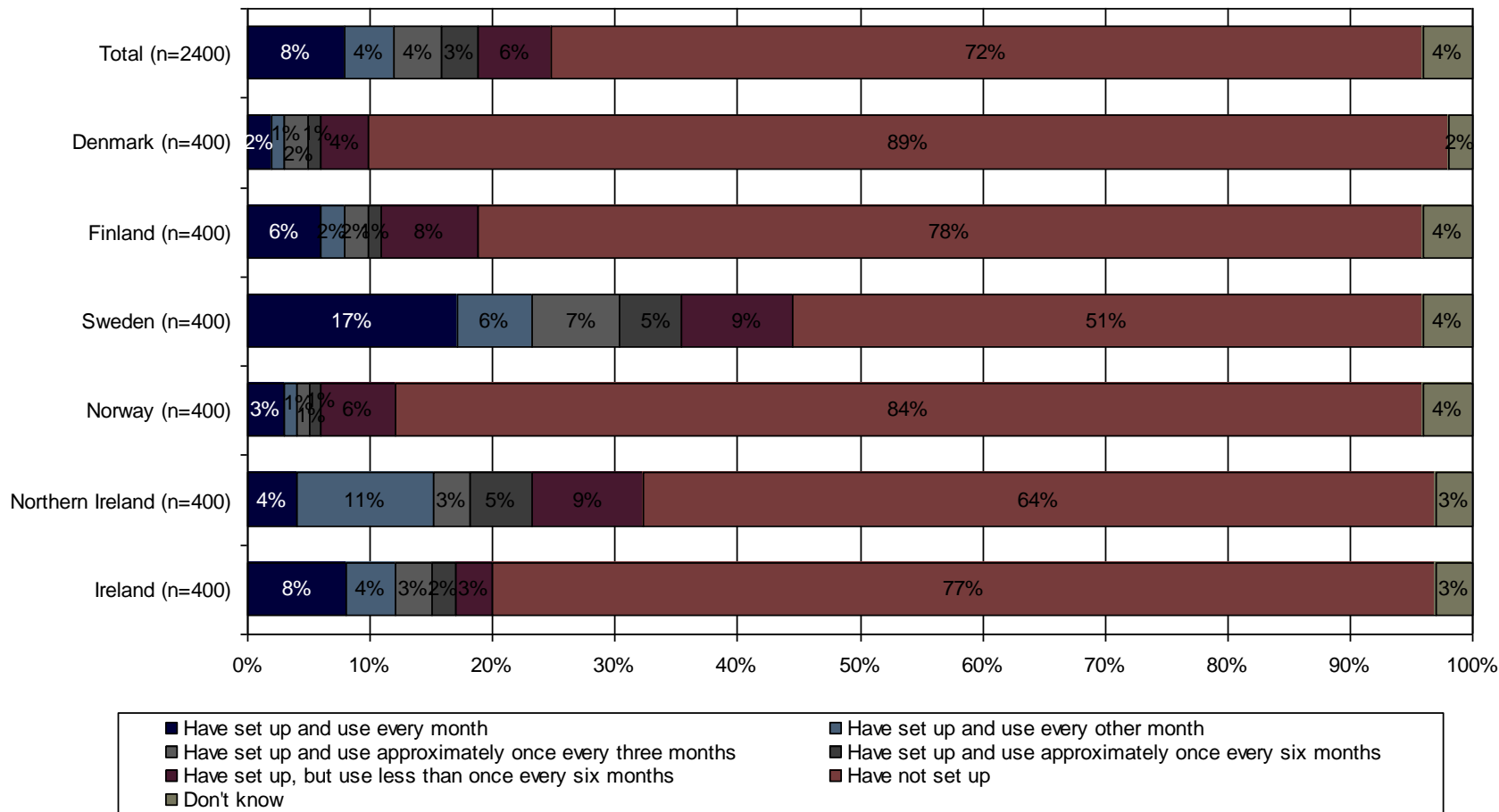
Have you set up and used one or more of the following:
Overdrafts



Denmark, Northern Ireland and Ireland differ from the others countries as they have a bigger share of young people who have an overdraft every month. In Finland, Sweden and Norway only few have overdrafts at all.

4.2 28% have a store card – 8% use it every month

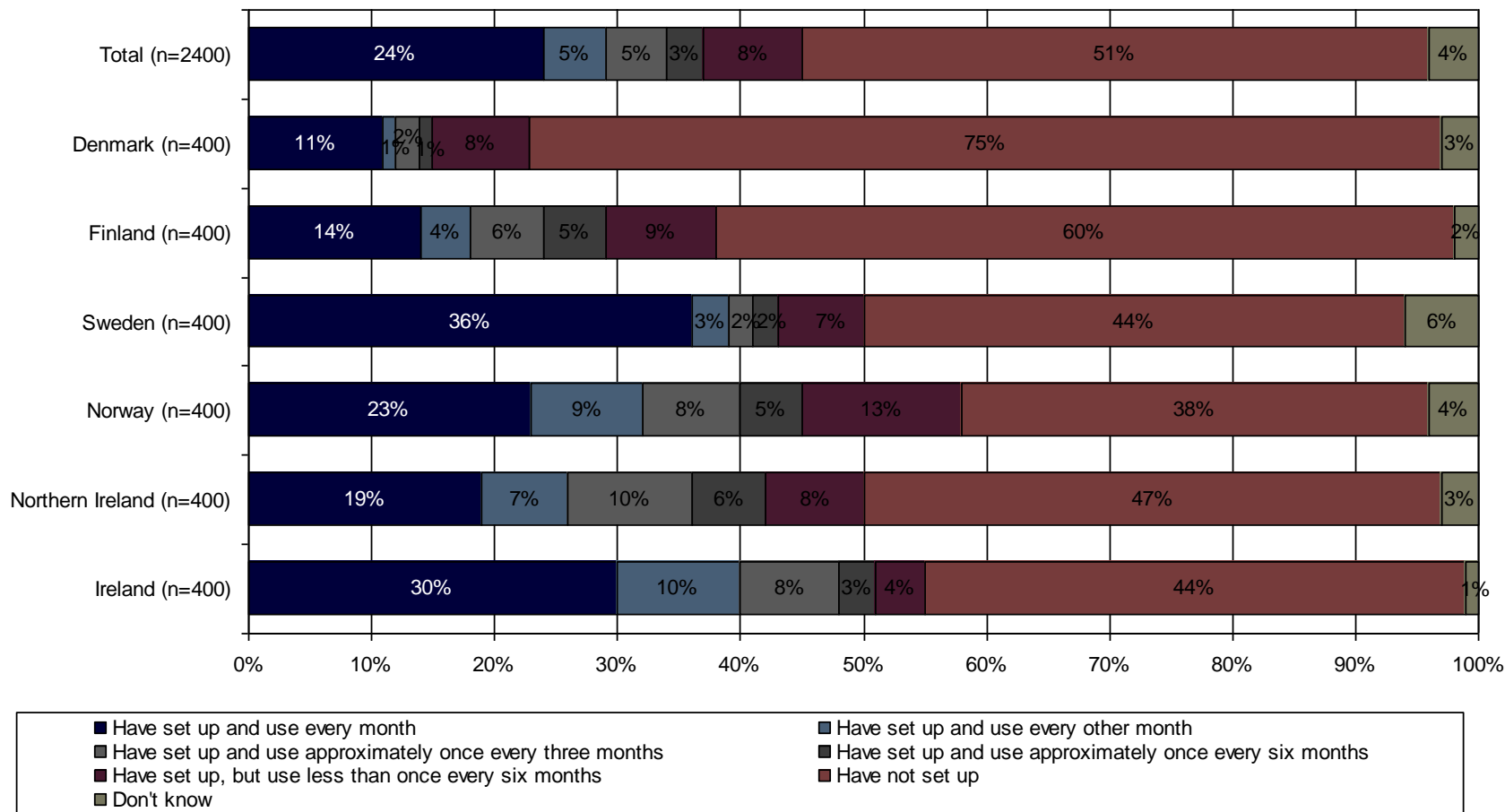
Have you set up and used one or more of the following:
Store cards



Only 11% have set up a store card in Denmark. That is lower than all the other countries – especially compared to Sweden, where 49% set up a store card and 17% use it every month. 36% have set up a store card in Northern Ireland, but they do not use it very often.

4.2 49% have a credit card – 24% use it every month

Have you set up and used one or more of the following:
Credit cards



▶ Only 25% have set up a credit card in Denmark. That is lower than all the other countries. In Sweden and Ireland 36% and 30% use a credit card every month.



4.3

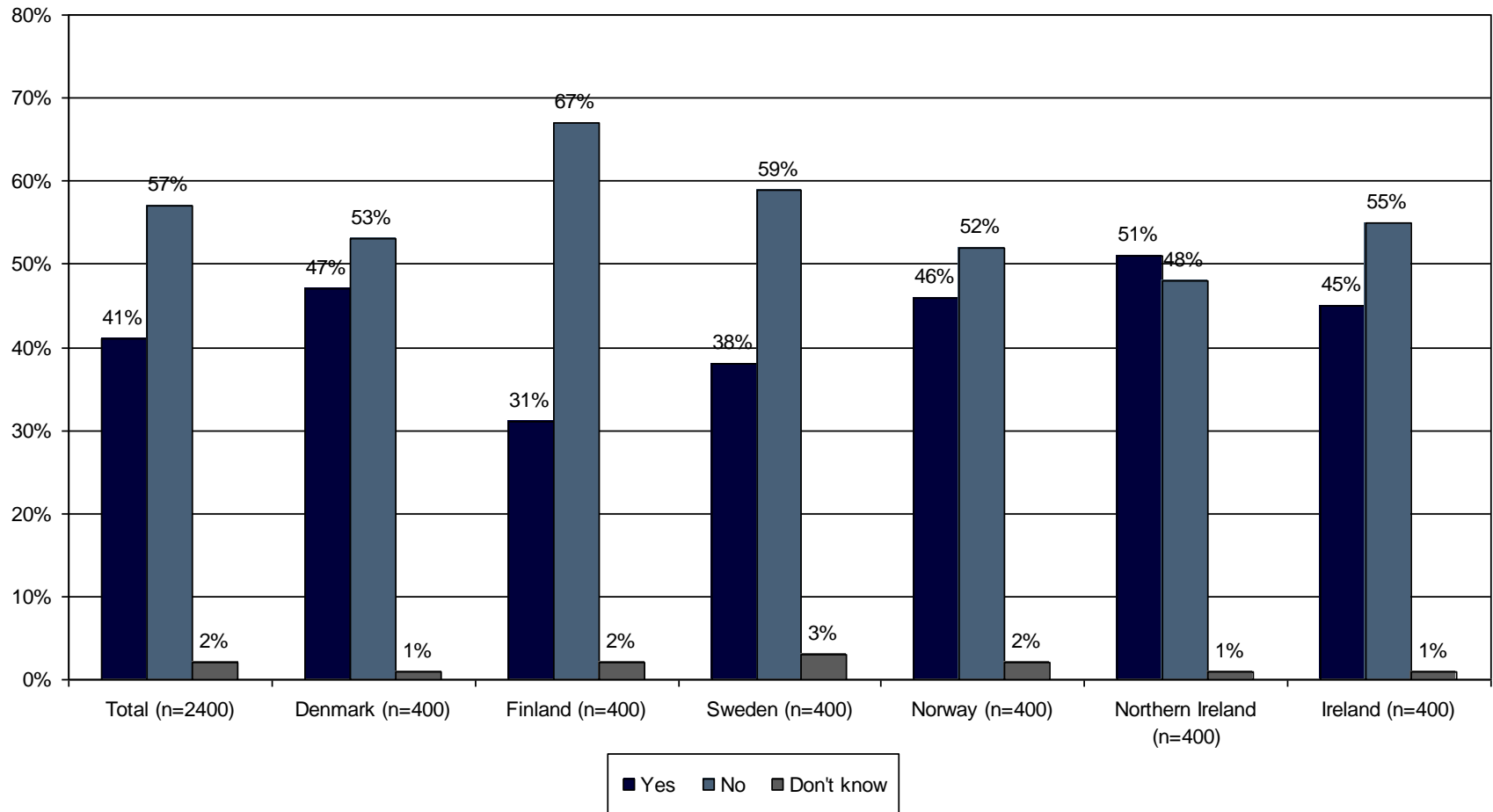
Budgeting



4.3

57% have never drawn a budget for their personal finances

Have you ever drawn up a budget/had a budget drawn up for you for your personal finances?



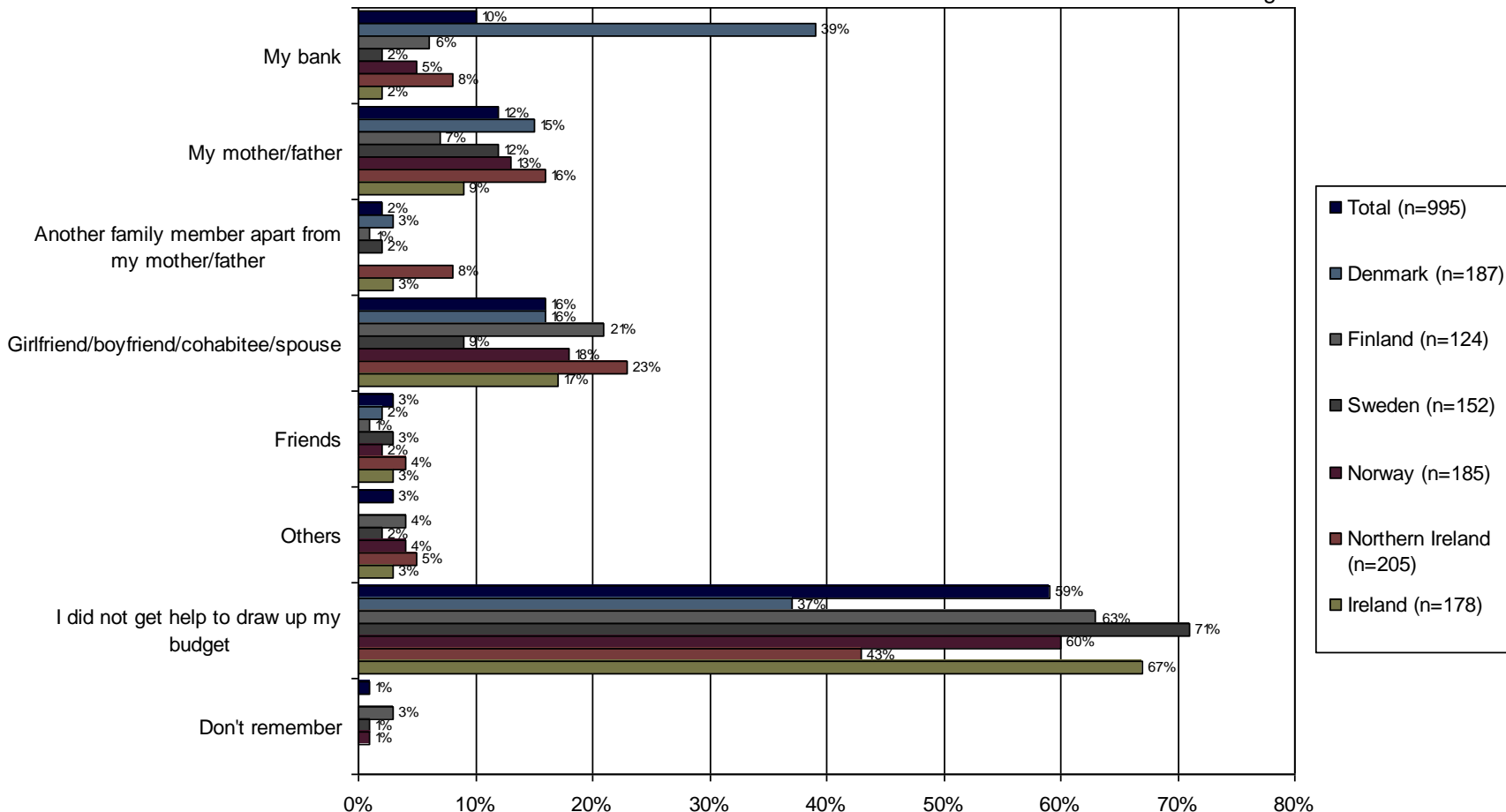
Finland stands out since fewer have drawn a budget for their personal finances.

4.3

59% of those, who have a budget, did not get any help

Who helped you to draw up a budget for your personal finances?

Base: Have a budget



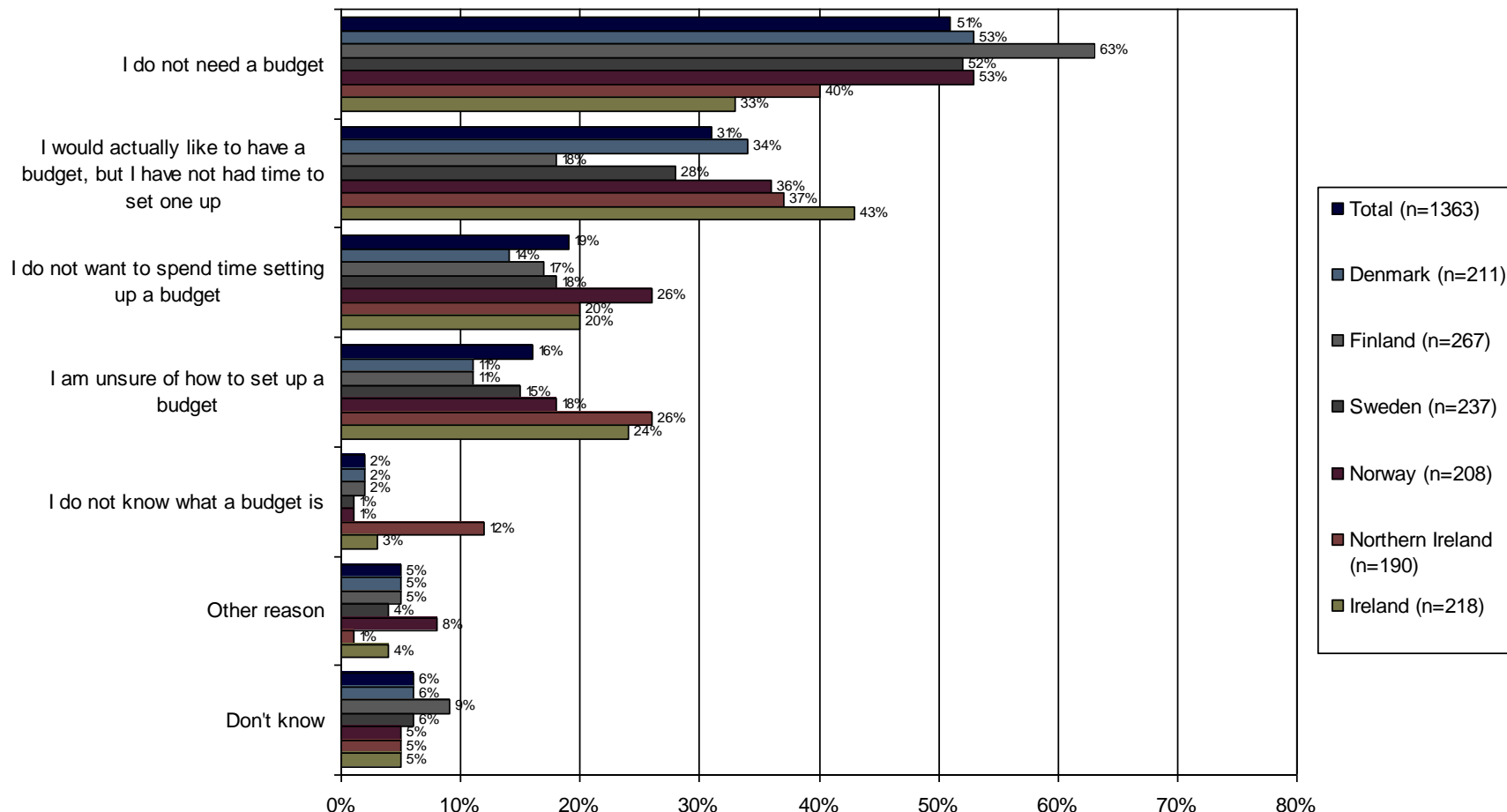
In Denmark 39% got help from their bank to draw a budget and only about 6% had help from their bank in the other countries. Sweden stands out from Denmark, Norway and Northern Ireland as 29% got help in Sweden to draw their budget.

4.3

51% of those, who do not have a budget, do not think they need it

Why do you not have a budget for your personal finances?

Base: do not have a budget

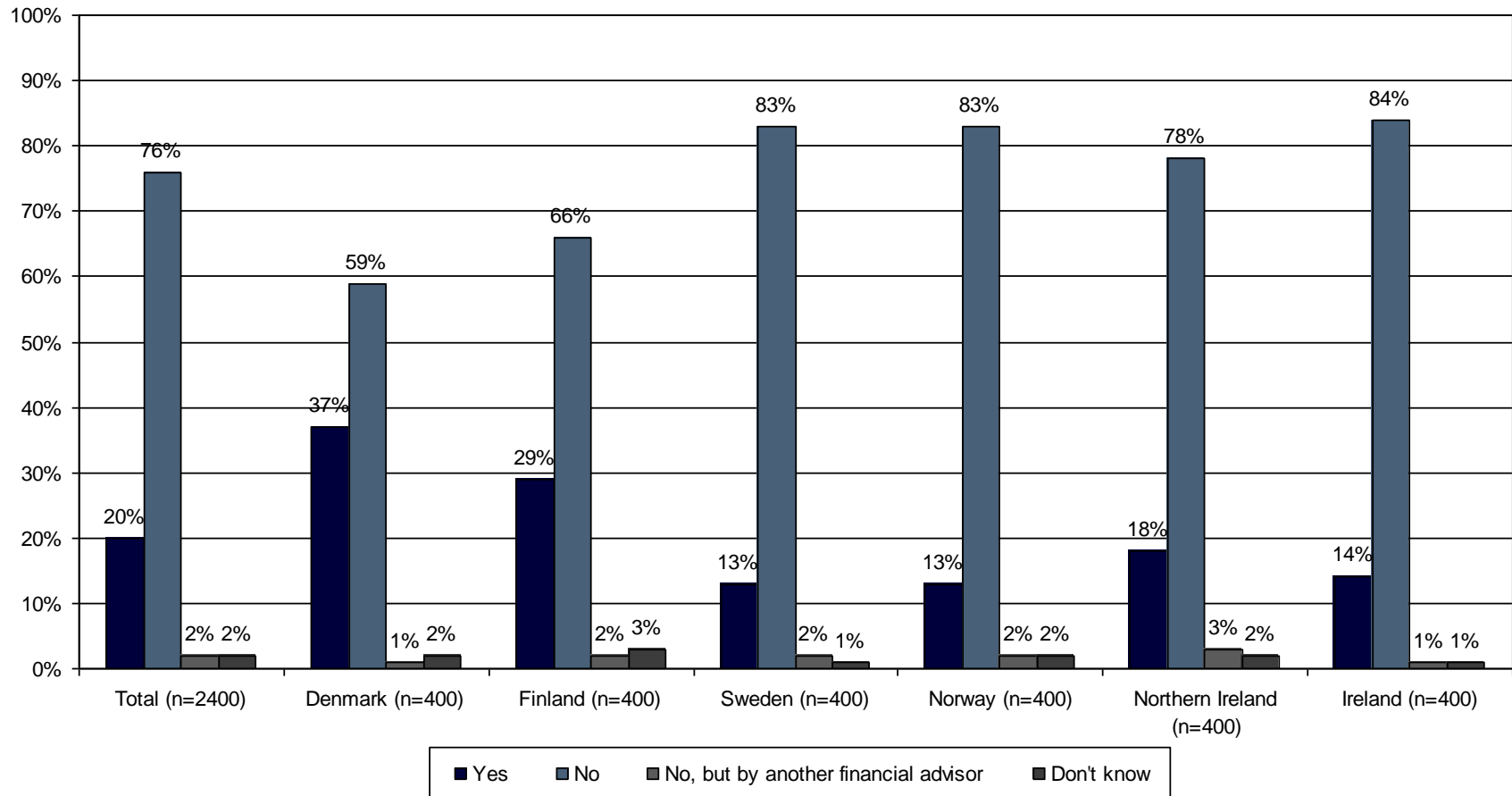


Finland and Ireland stand out – but in each end of the scale as 63% in Finland do not think they need a budget and 33% in Ireland think the same. 12% in Northern Ireland do not know what a budget is.

4.3

76% have never had their finances reviewed by a bank

Have you ever reviewed your finances with a bank?



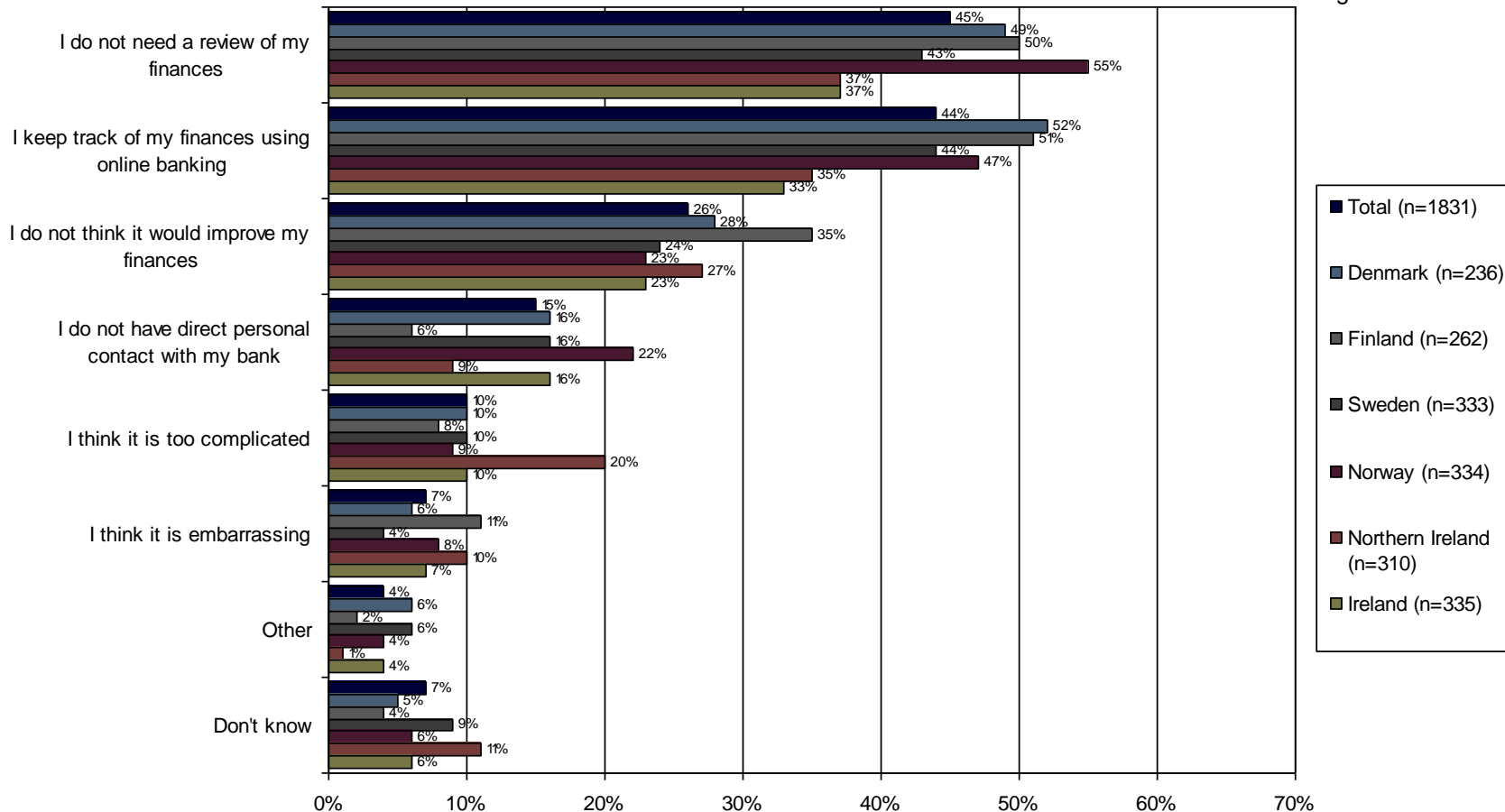
It is most common to have your finance reviewed in Denmark and Finland.

4.3

45% of those, who have not had their bank to review their finances, do not think they need it

What is the reason that you have not had your finances reviewed by a bank?

Base: Have not had a bank reviewing their finance



20% of those, who have not had their finances reviewed in Northern Ireland, say that it is too complicated. This applies to what we saw earlier, as a lot do not know what a budget is.



Online banking is most widespread as about 50% keep track of their finances using online banking and only 35% and 33% respectively do so in Northern Ireland and Ireland. 22% in Norway do not have personal contact with their bank.



4.4

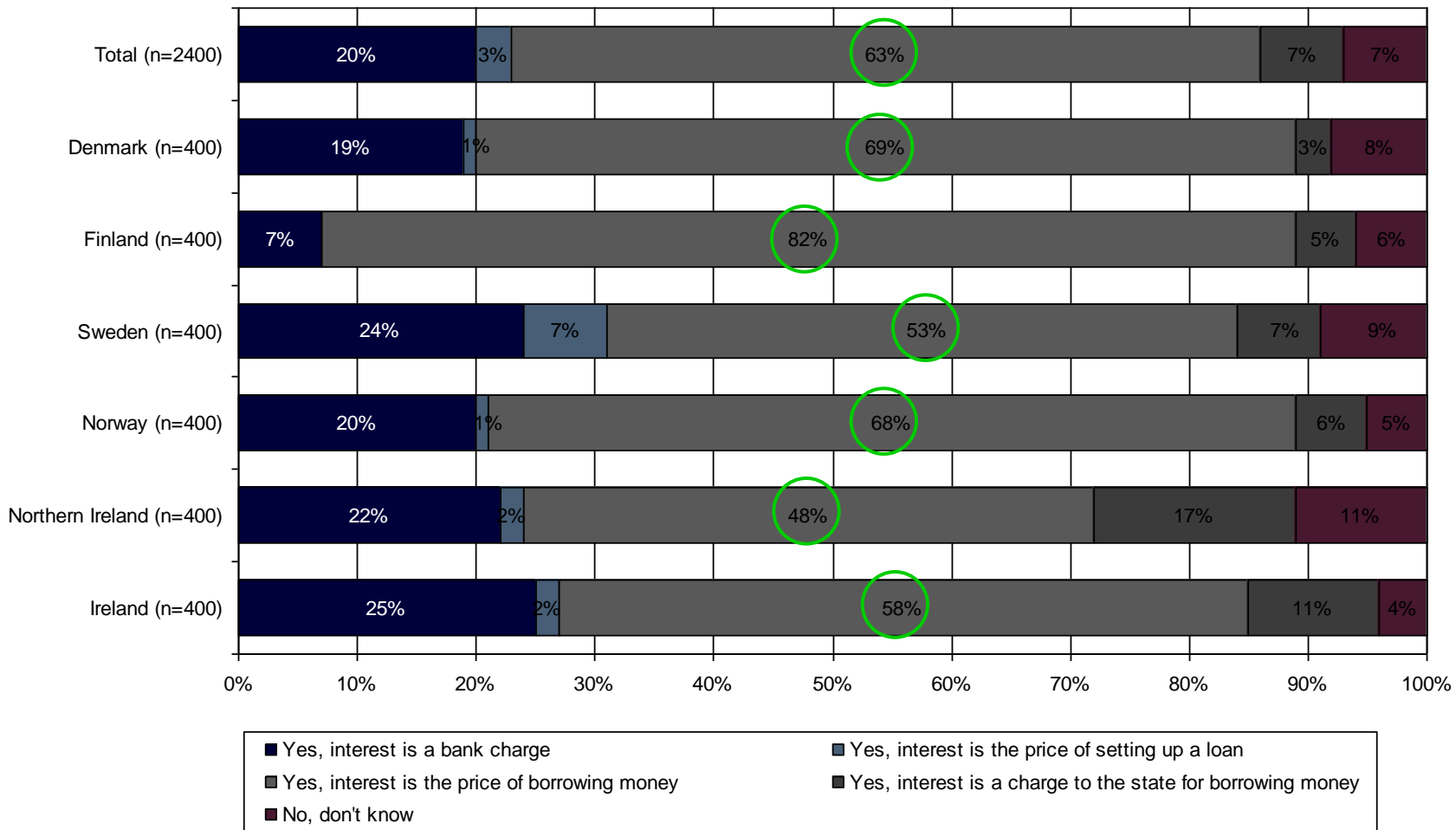
Testing the young people's knowledge on personal finances



4.4

37% don't know what interest is

Do you know what interest is?

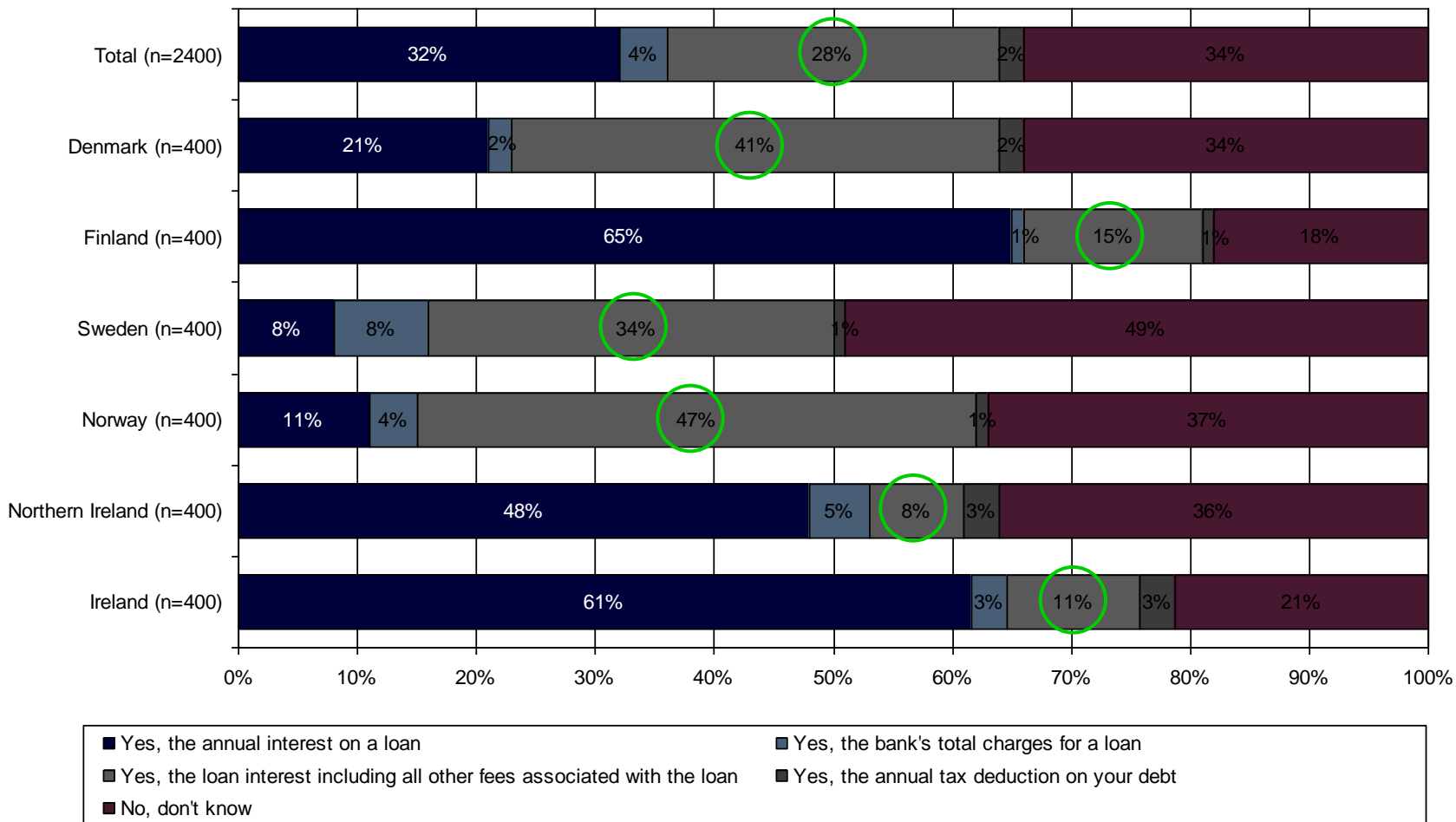


In Finland 82% are able to give correct answer and only 53% and 48% do so in Sweden and Northern Ireland. In Northern Ireland and Ireland the young people are more likely to think that it is a charge to the state for borrowing money.

4.4

72% don't know what APR stands for

Do you know what APR (annual percentage rate) is?



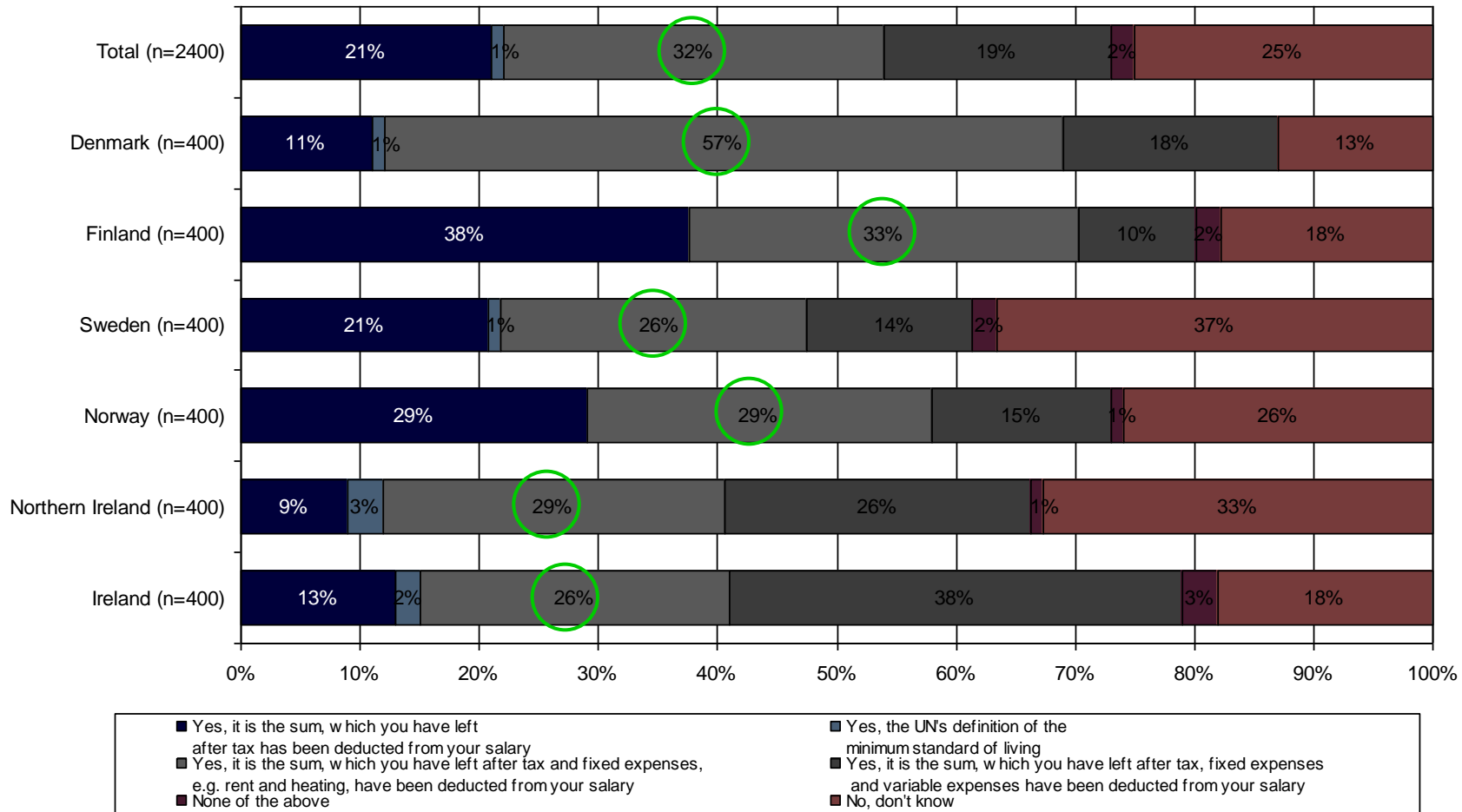
In Scandinavia there are more correct answers than incorrect answers as opposed to Finland, Northern Ireland and Ireland where they think APR stands for the interest on a loan.

In Sweden there is a tendency to answer either correct or do not know.

4.4

68% don't know what disposable income is

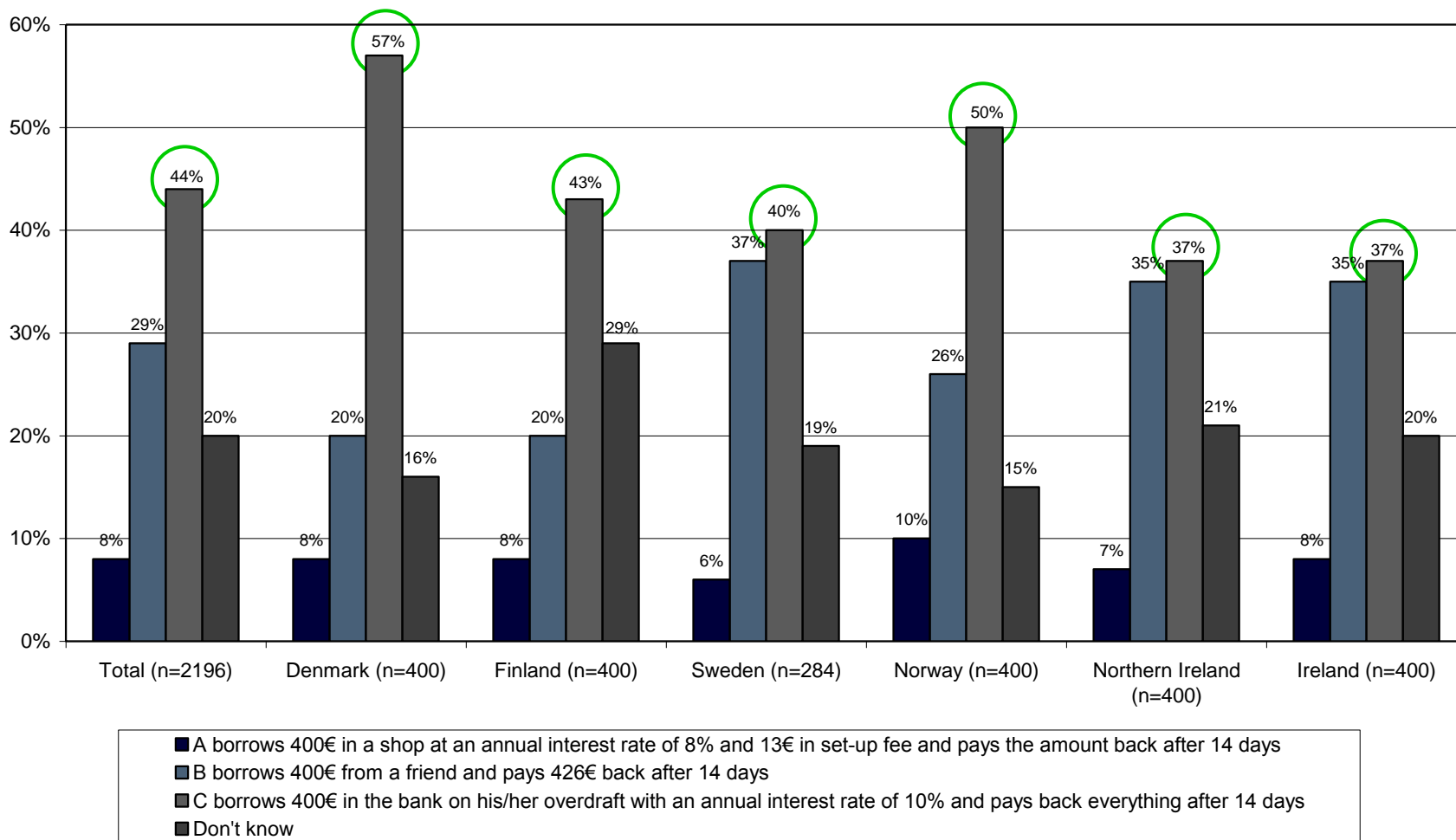
Do you know what disposable income is?



Denmark is the only country where there are more correct answers than incorrect answer. In the other Nordic countries they think disposable income is the sum you have left after tax has been deducted from salary. In Ireland 38% think disposable income is the sum you have left after tax, fixed and variable costs have been deducted from the salary.

4.4 56% cannot identify the cheapest of three loans

Which of the following 3 people, do you think, has borrowed money in the cheapest manner: A, B or C?



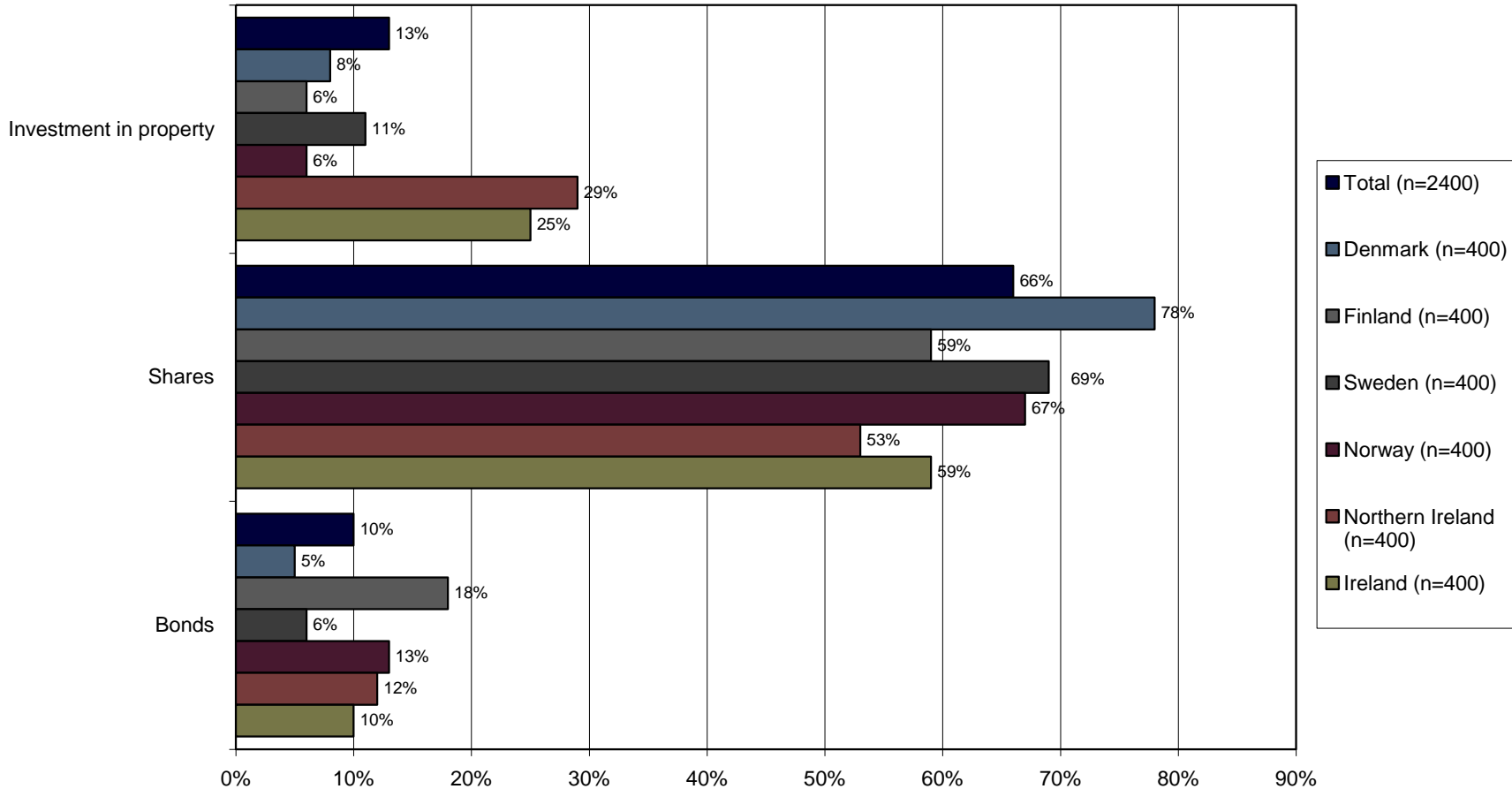
Denmark and Norway know to a higher degree the correct answer.

4.4

66% consider shares to be the most risky investment

Which of the following forms of investment/ saving, do you think is associated with the greatest risk, second greatest risk and third greatest risk?

Rank 1



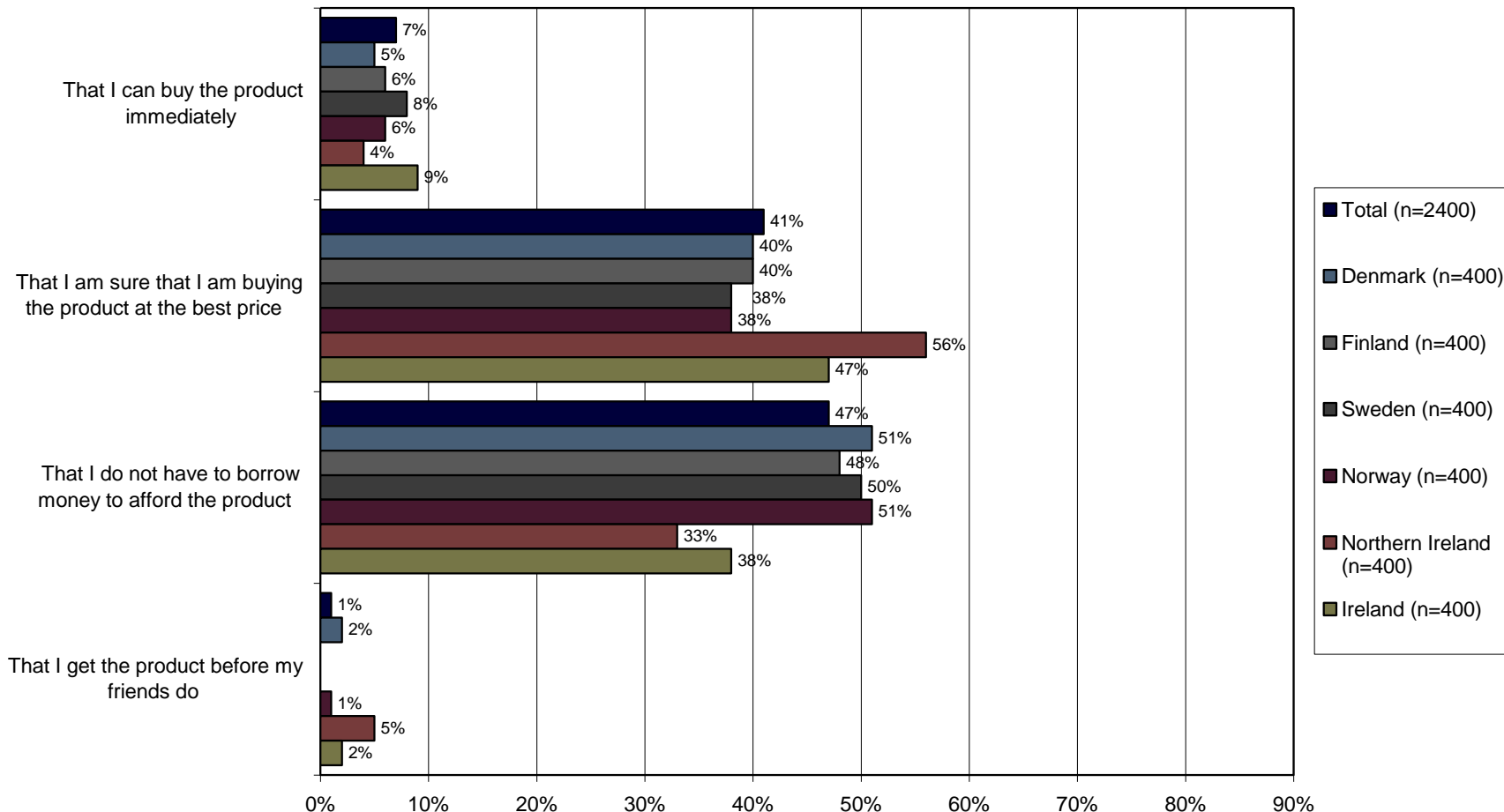
In total only 13% consider investment in property to be the most risky investment, but in Northern Ireland and Ireland 29% and 25% think property is the most risky investment.

4.4

47% find it most important that they do not have to borrow money to afford the product

How important are the following factors when you want to buy an item, which costs more than 200€?

Rank 1



In Northern Ireland and Ireland it is more important to find the best price than not having to borrow money to get the product.



4.5

Young peoples interest in personal finances

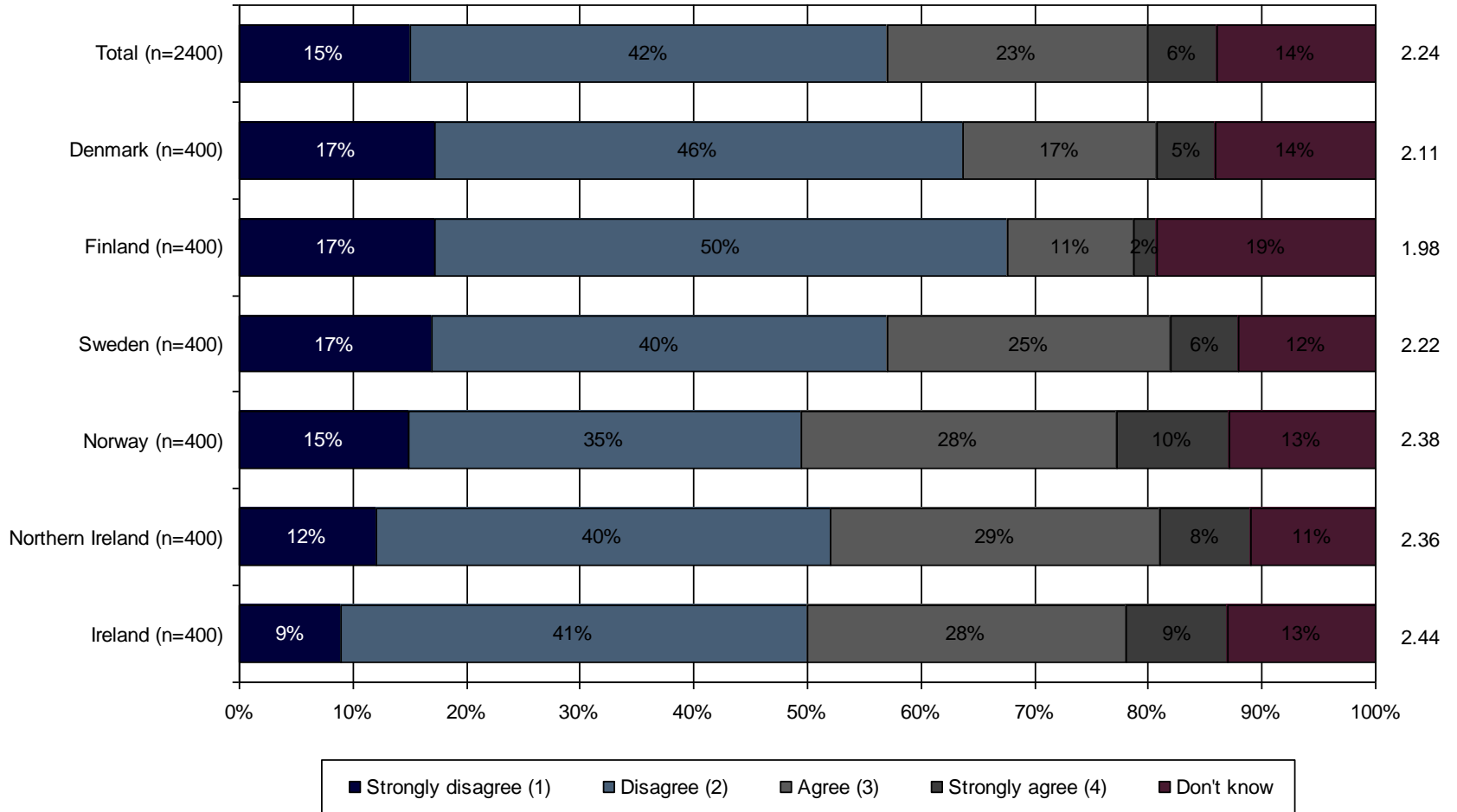


4.5

29% believe they would be able to afford more if they had their personal finances reviewed

How much do you agree or disagree with each of the following statements?
I think I would be able to afford more if my personal finances were reviewed

Mean: 1-4



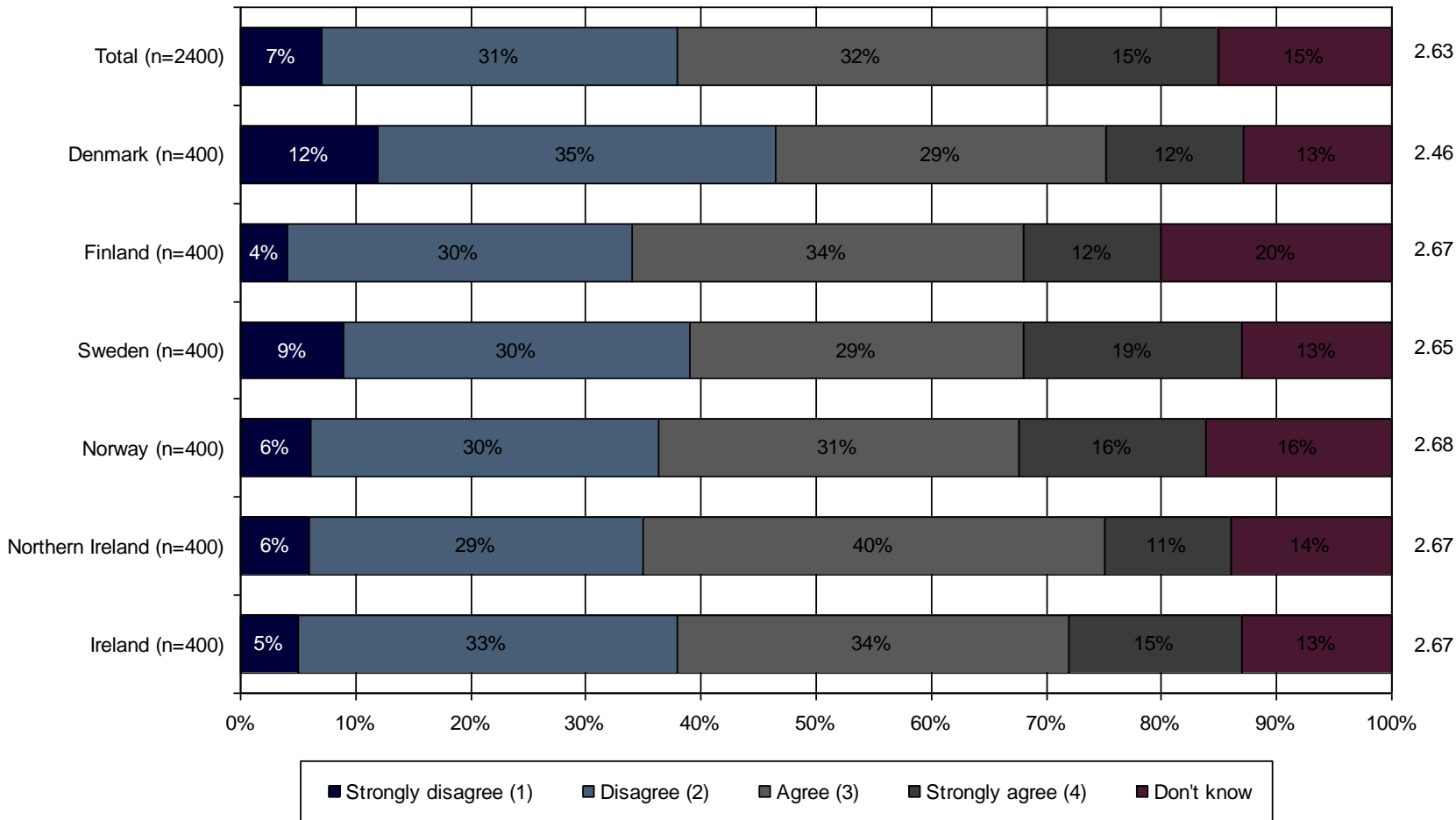
Only 13% in Finland agree or strongly agree that they would be able to afford more if they had their personal finances reviewed, as opposed to Ireland, where only 9% strongly disagree that they would be able to afford more if they had their personal finances reviewed.

4.5

38% do not think it would be a waste of time to get their bank to review their personal finances

How much do you agree or disagree with each of the following statements?
I think it is a waste of time to get my bank to review my personal finances

Mean: 1-4



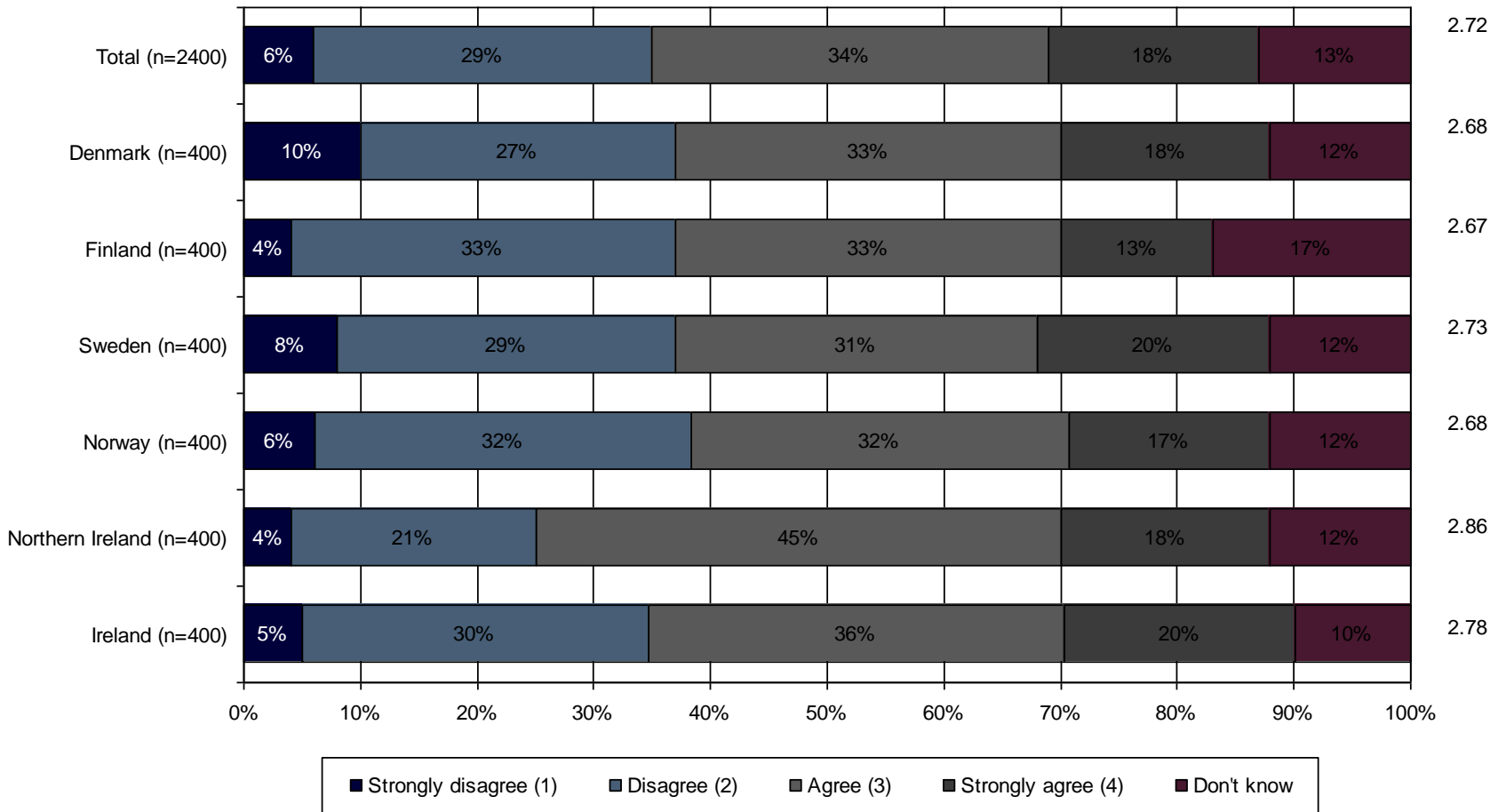
In Denmark we see the highest share of people, who disagree that it would be a waste of time to have their bank to review their finances. This corresponds to a previous question where we saw, that Denmark has the highest share of people, who have had help from their bank to make a budget. Sweden is more skeptical than Denmark, Finland and Northern Ireland, when it comes to having their finances reviewed by a bank.

4.5

35% think their bank can help them to improve their personal finances

How much do you agree or disagree with each of the following statements?
I do not think my bank can help me to improve my personal finances (e.g. loans and budget)

Mean: 1-4



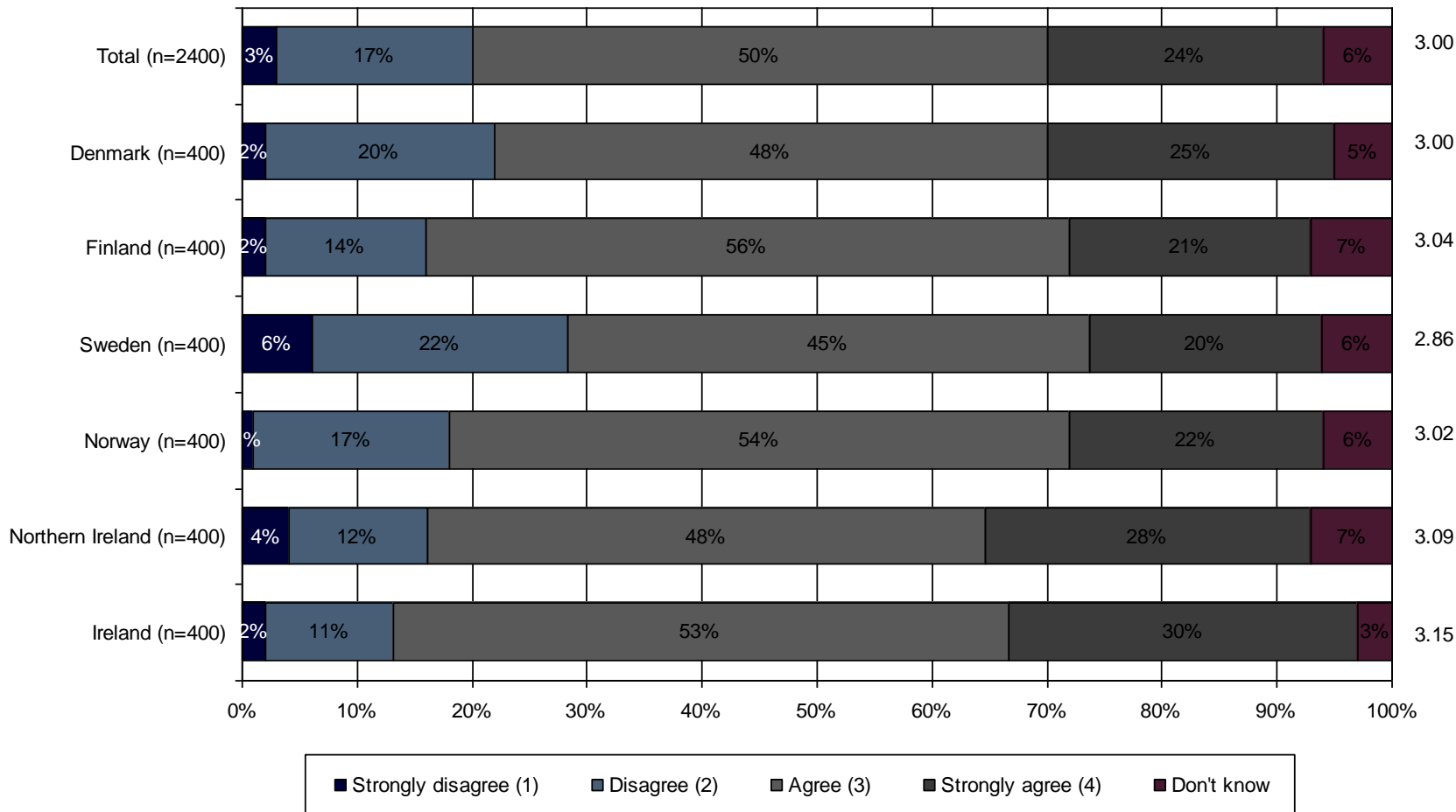
In Northern Ireland 63% agree or strongly agree that they do not think their bank can help them to improve their personal finances.

4.5

74% have interest in personal finances

How much do you agree or disagree with each of the following statements?
I am very interested in my personal finances

Mean: 1-4



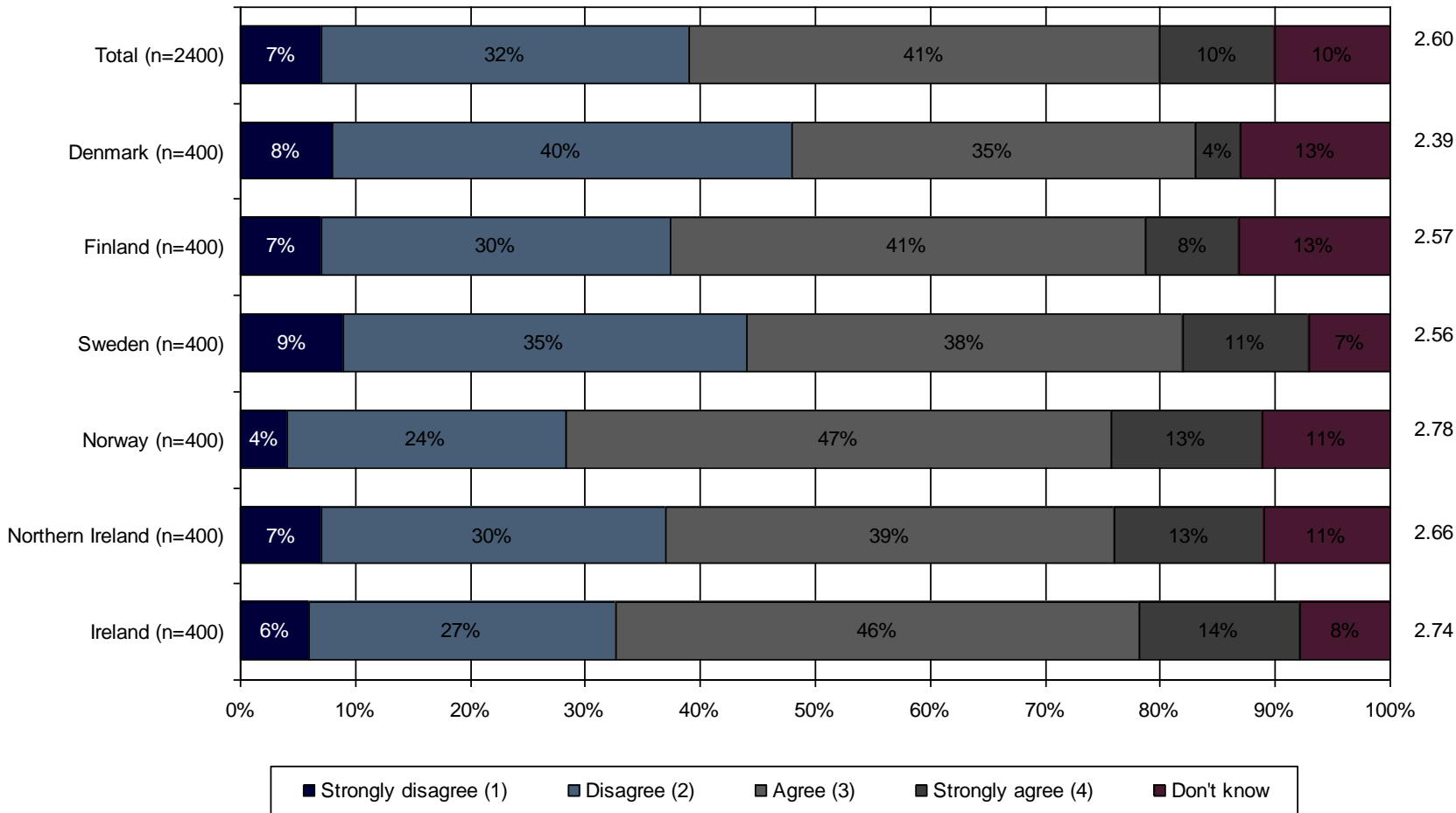
Sweden has the smallest share of people, who do not find their personal finances interesting.

4.5

51% would like to learn much more about personal finances

How much do you agree or disagree with each of the following statements?
I want to learn much more about personal finances

Mean: 1-4



Only 7% do not want to learn much more about personal finances. The young people in Denmark are those, who are the least interested in learning much more about personal finances – as opposed to especially Norway and Ireland.



4.6

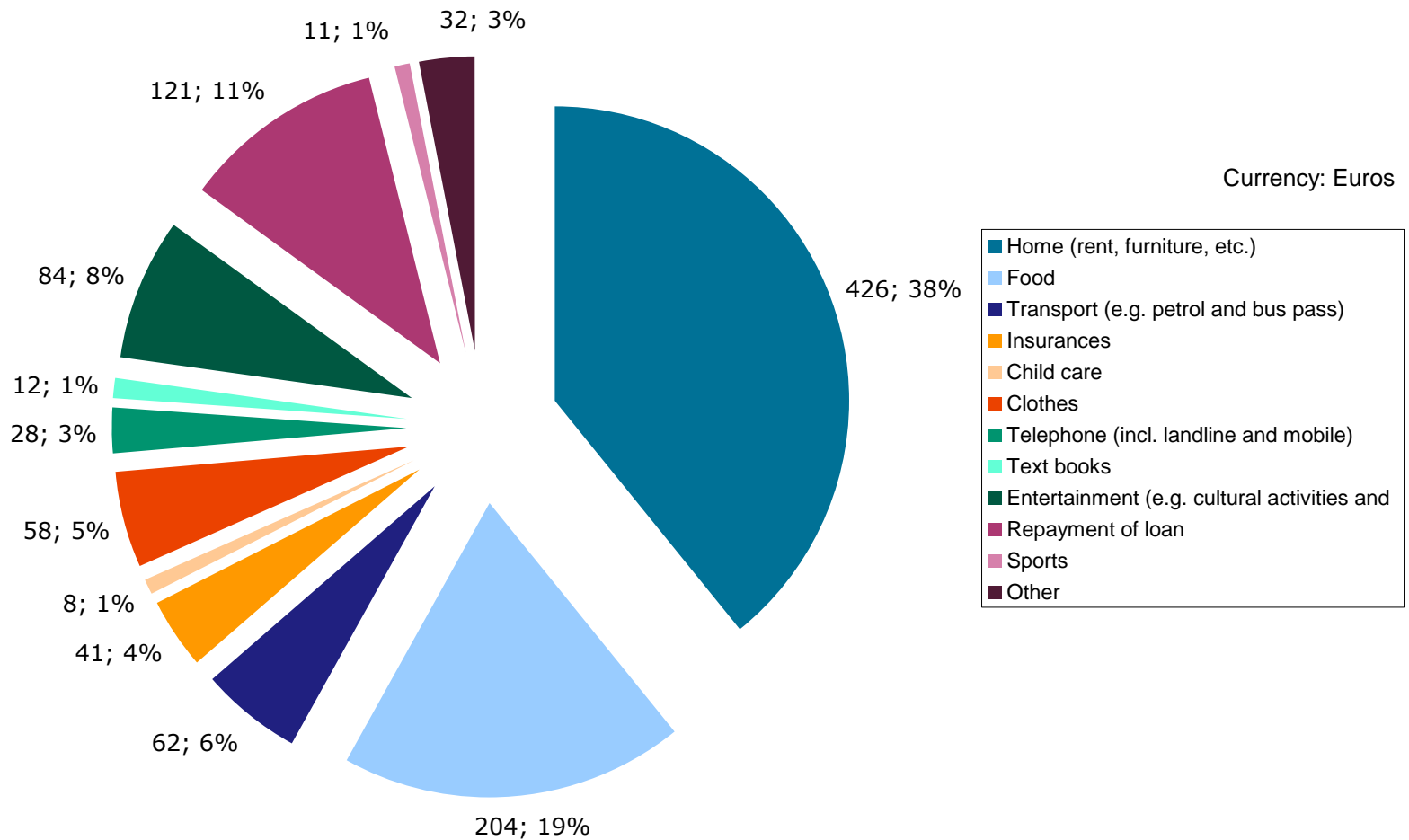
Expenses



4.6

57% of all expenses go to home and food in Denmark

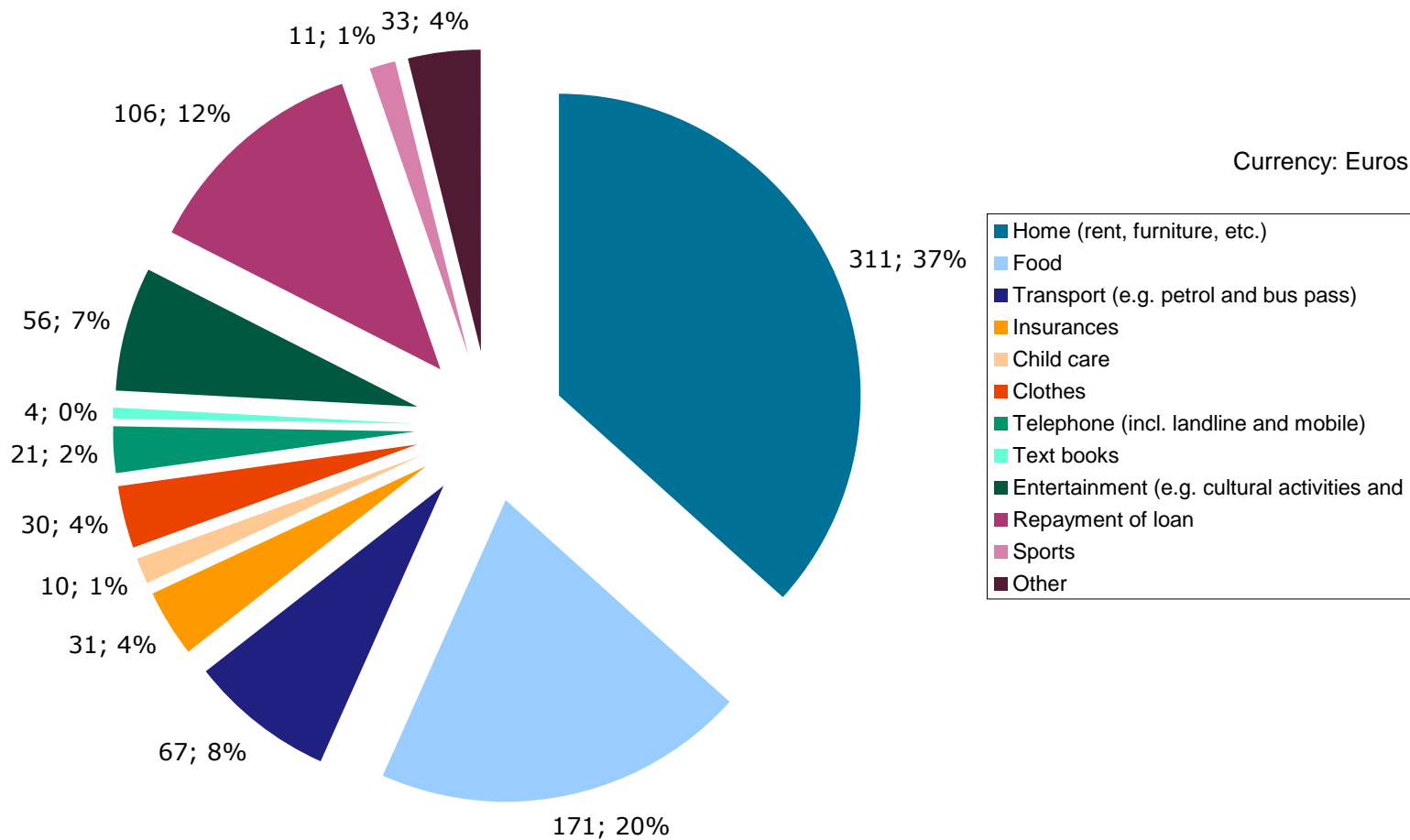
How much money do you spend on average each month on the following items?
Denmark



4.6

57% of all expenses go to home and food in Finland

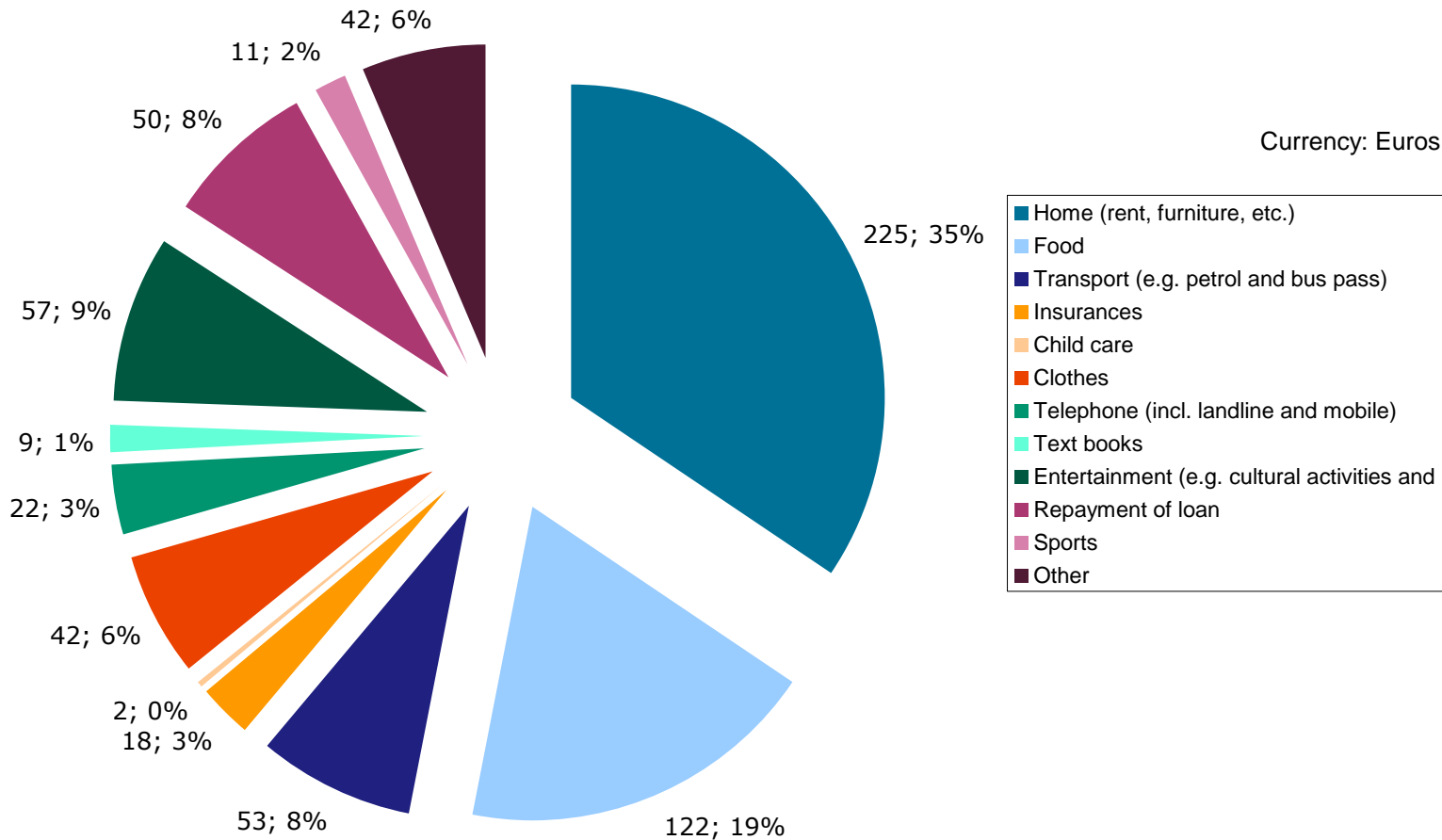
How much money do you spend on average each month on the following items?
Finland



4.6

54% of all expenses go to home and food in Sweden

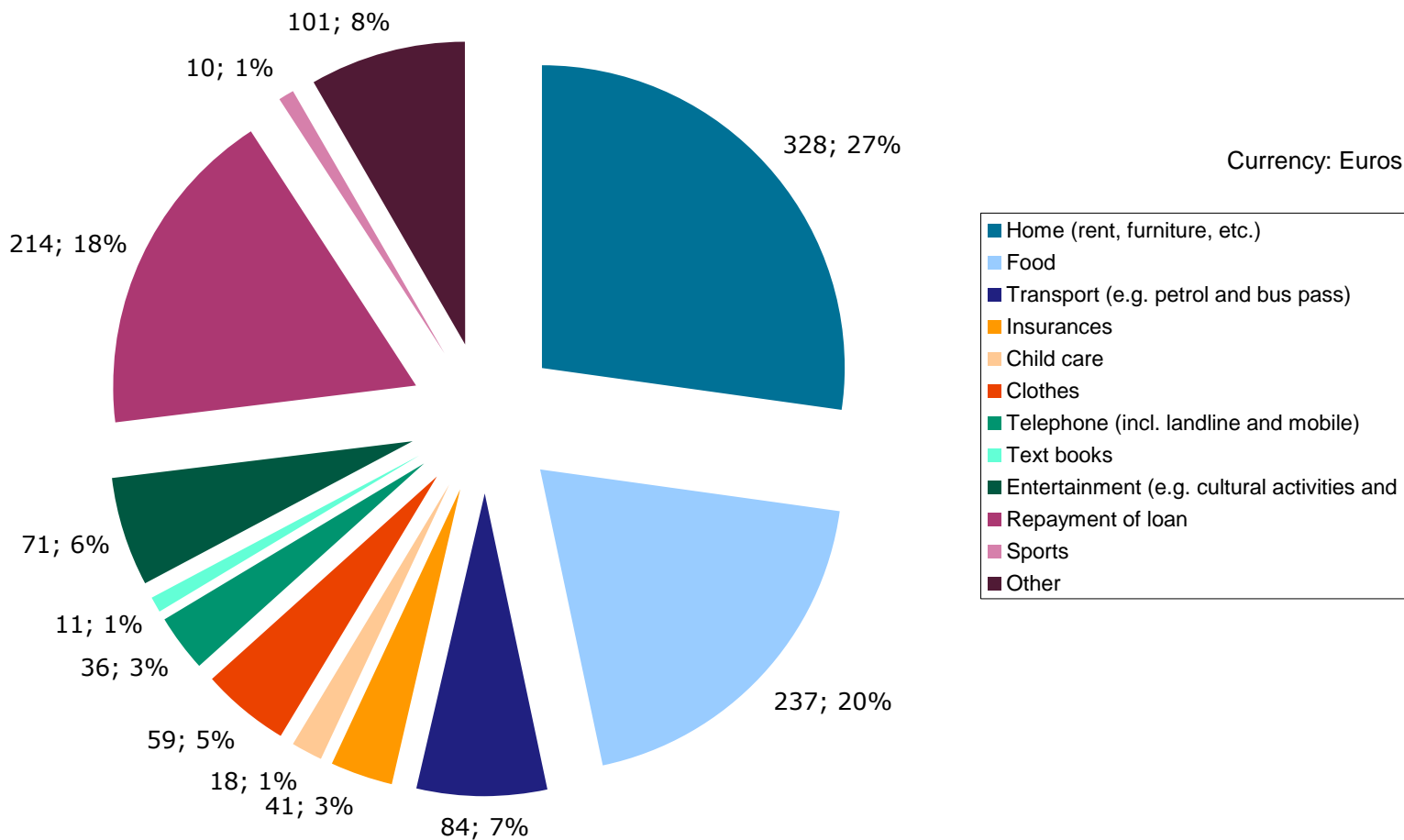
How much money do you spend on average each month on the following items?
Sweden



4.6

47% of all expenses go to home and food in Norway

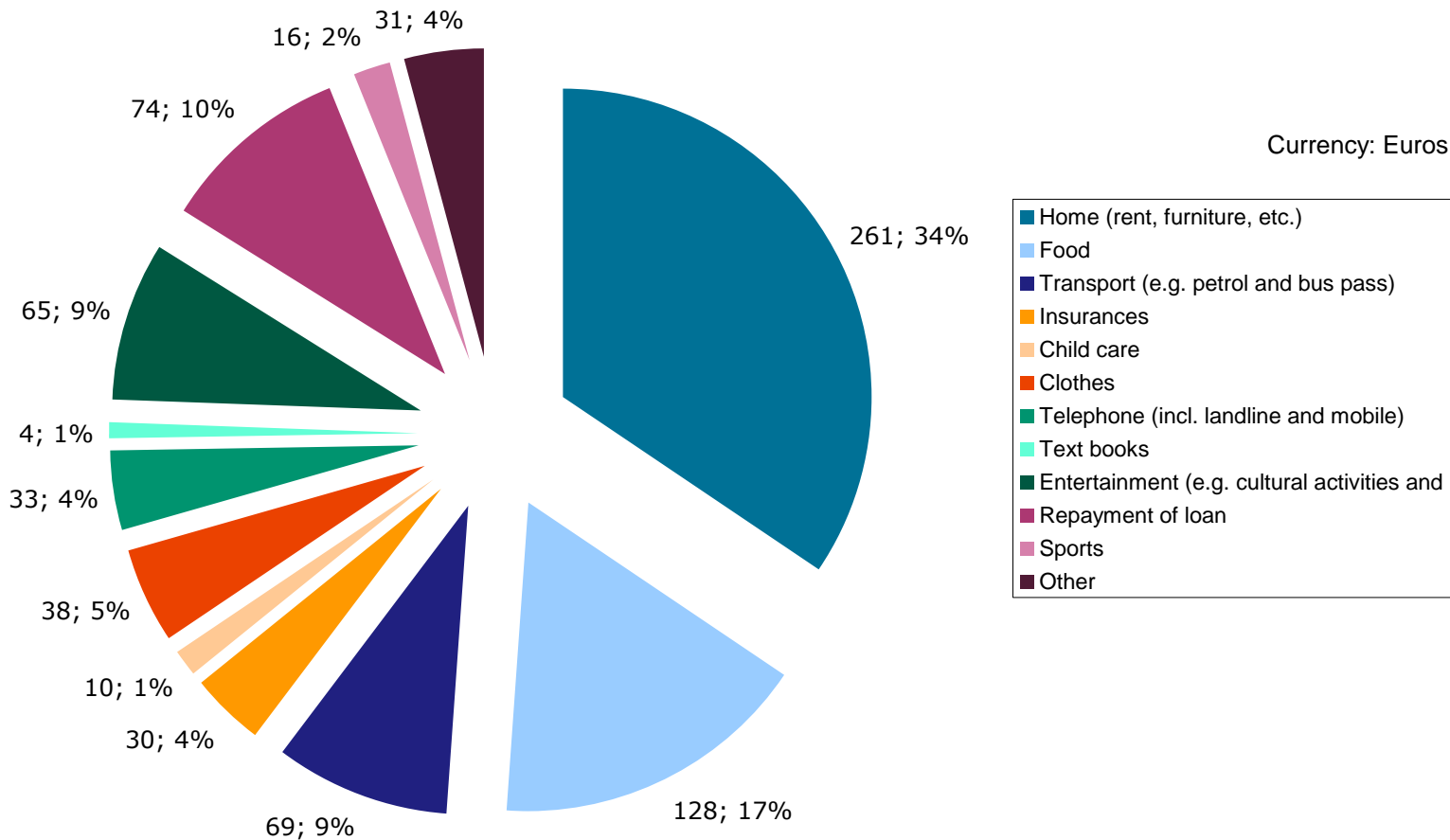
How much money do you spend on average each month on the following items?
Norway



4.6

51% of all expenses go to home and food in Northern Ireland

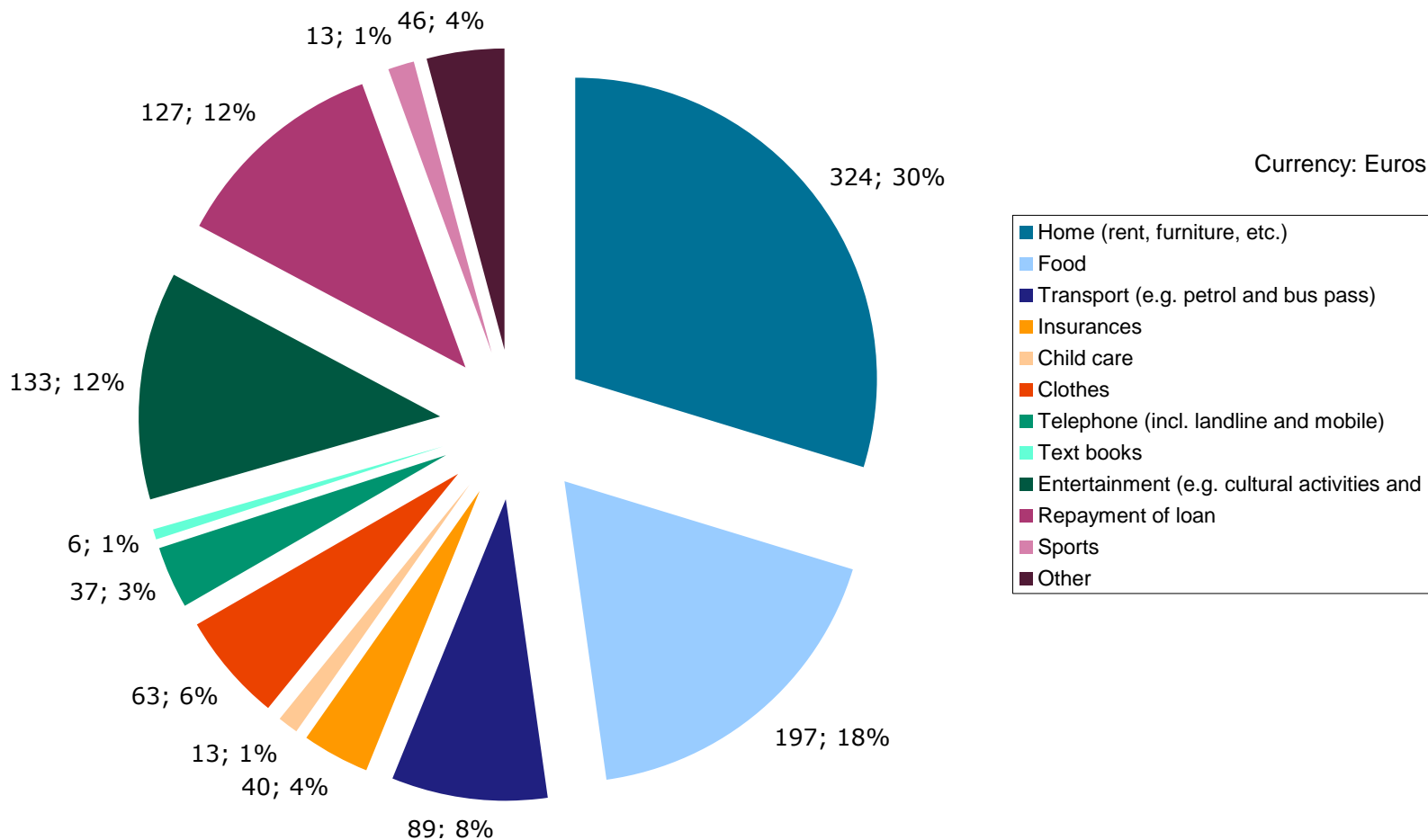
How much money do you spend on average each month on the following items?
Northern Ireland



4.6

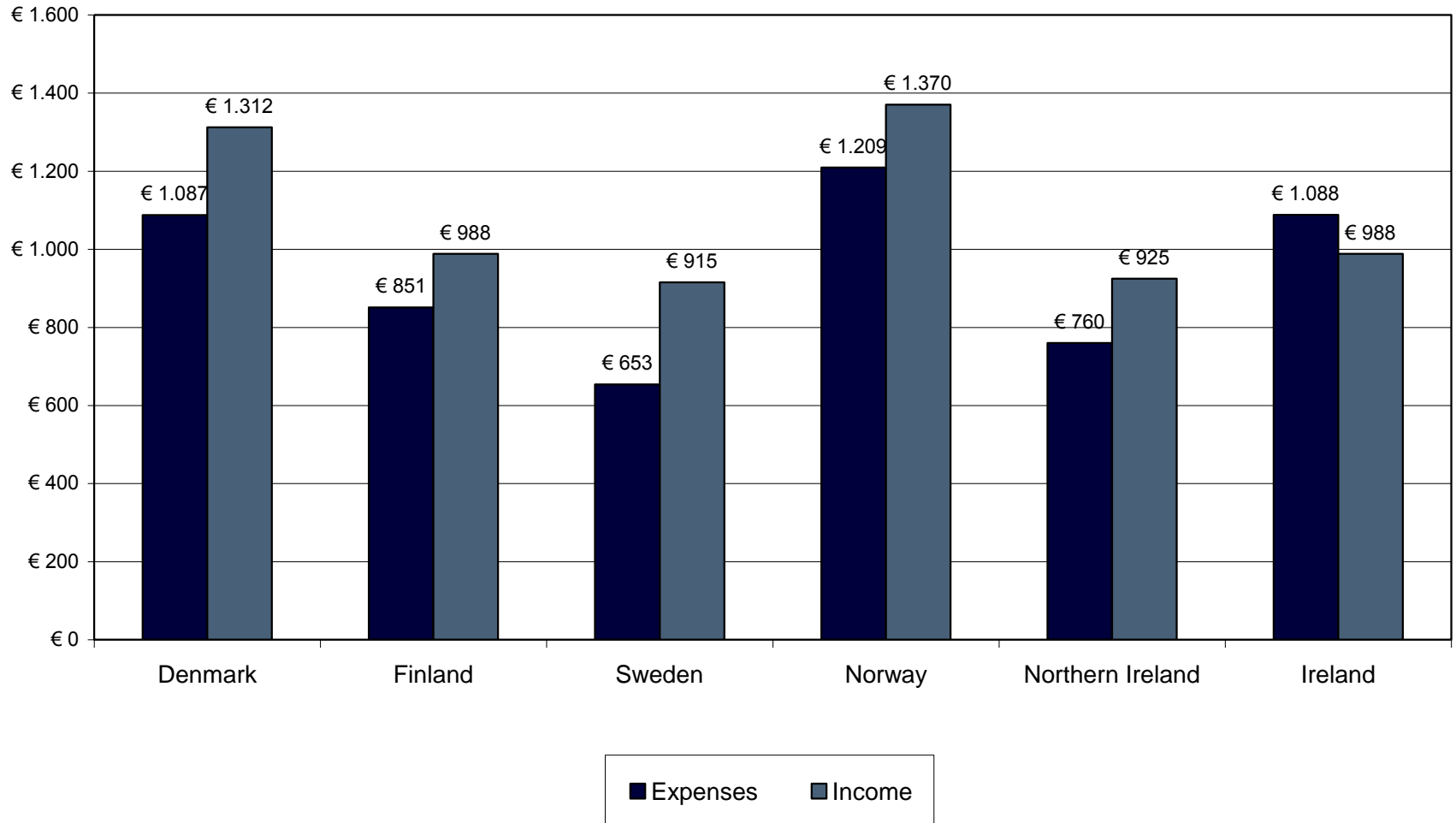
48% of all expenses go to home and food in Ireland

How much money do you spend on average each month on the following items?
Ireland



4.6

Average income and expenses





4.7

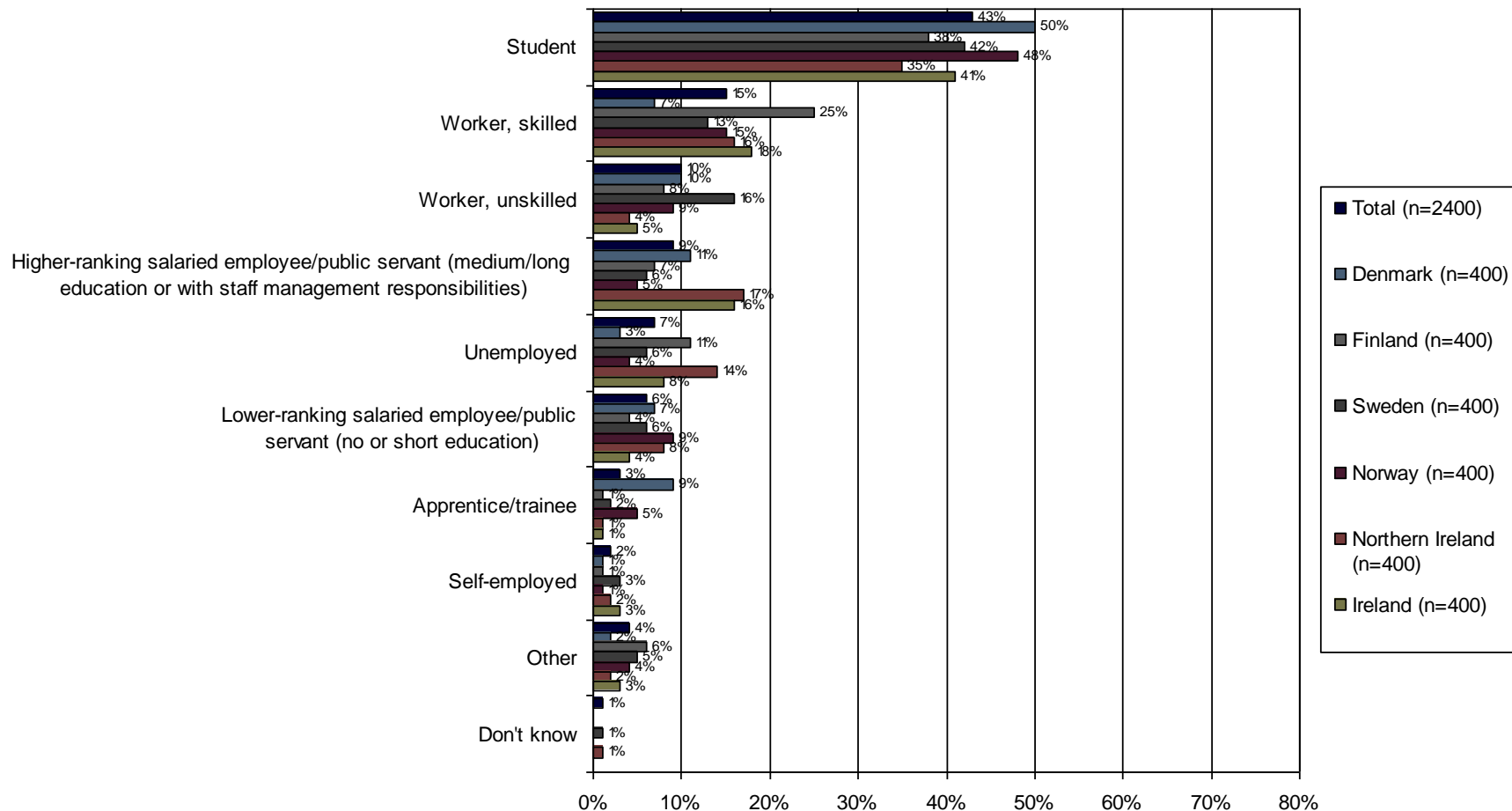
Background



4.7

Current profession

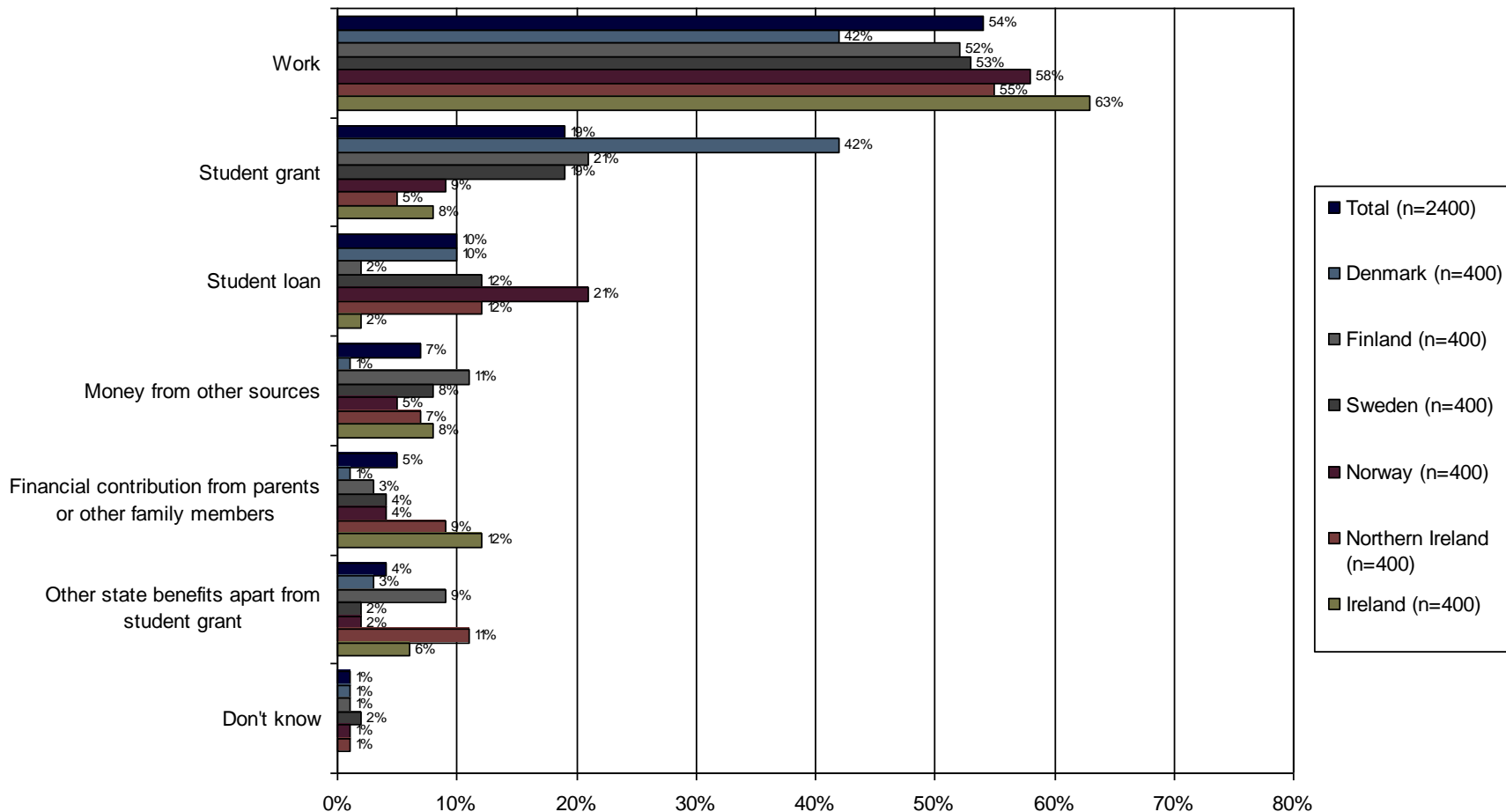
What is your current profession?



4.7

Primary source of income

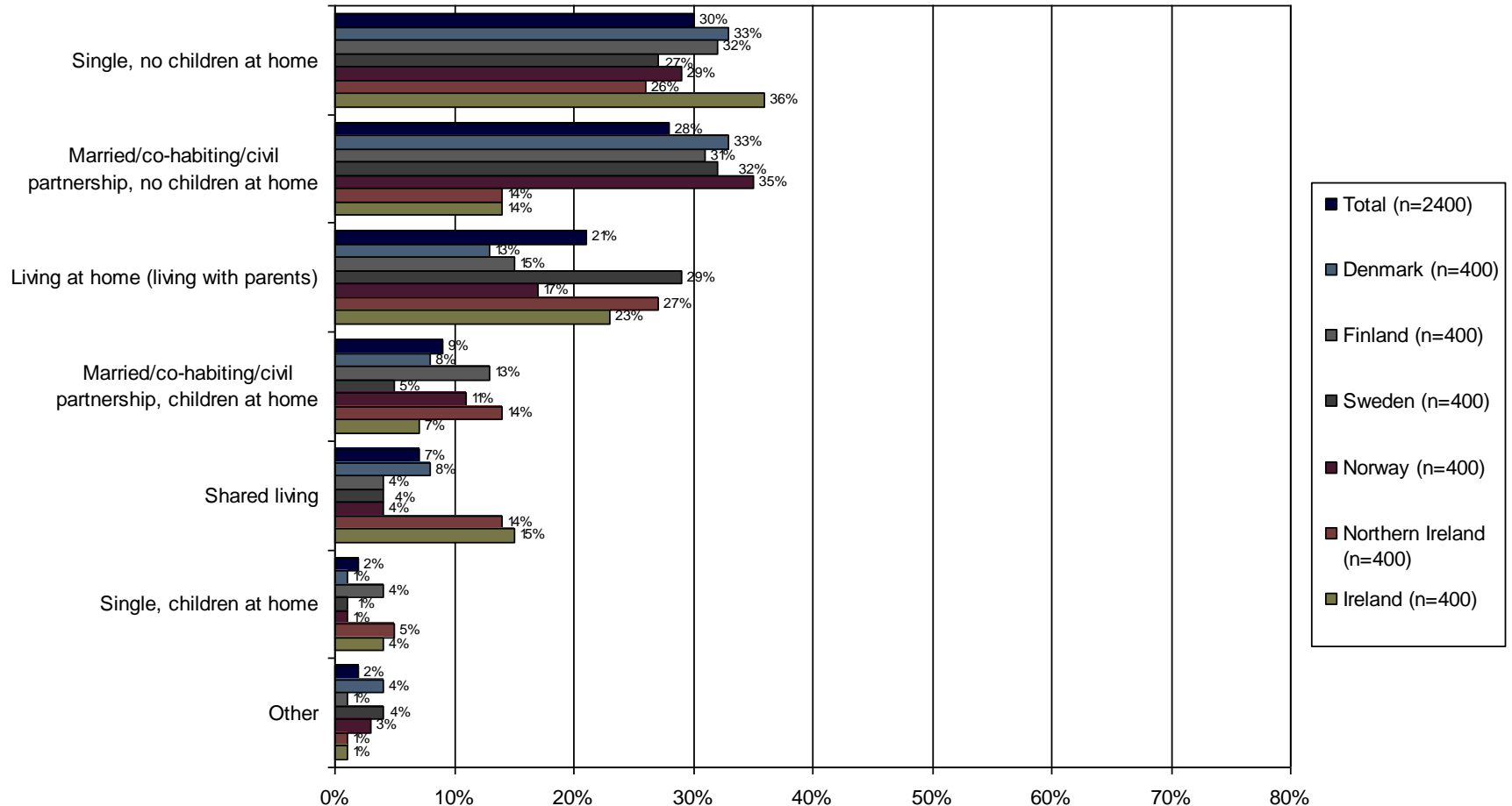
Which of the following is your primary source of income?



4.7

Civil Status

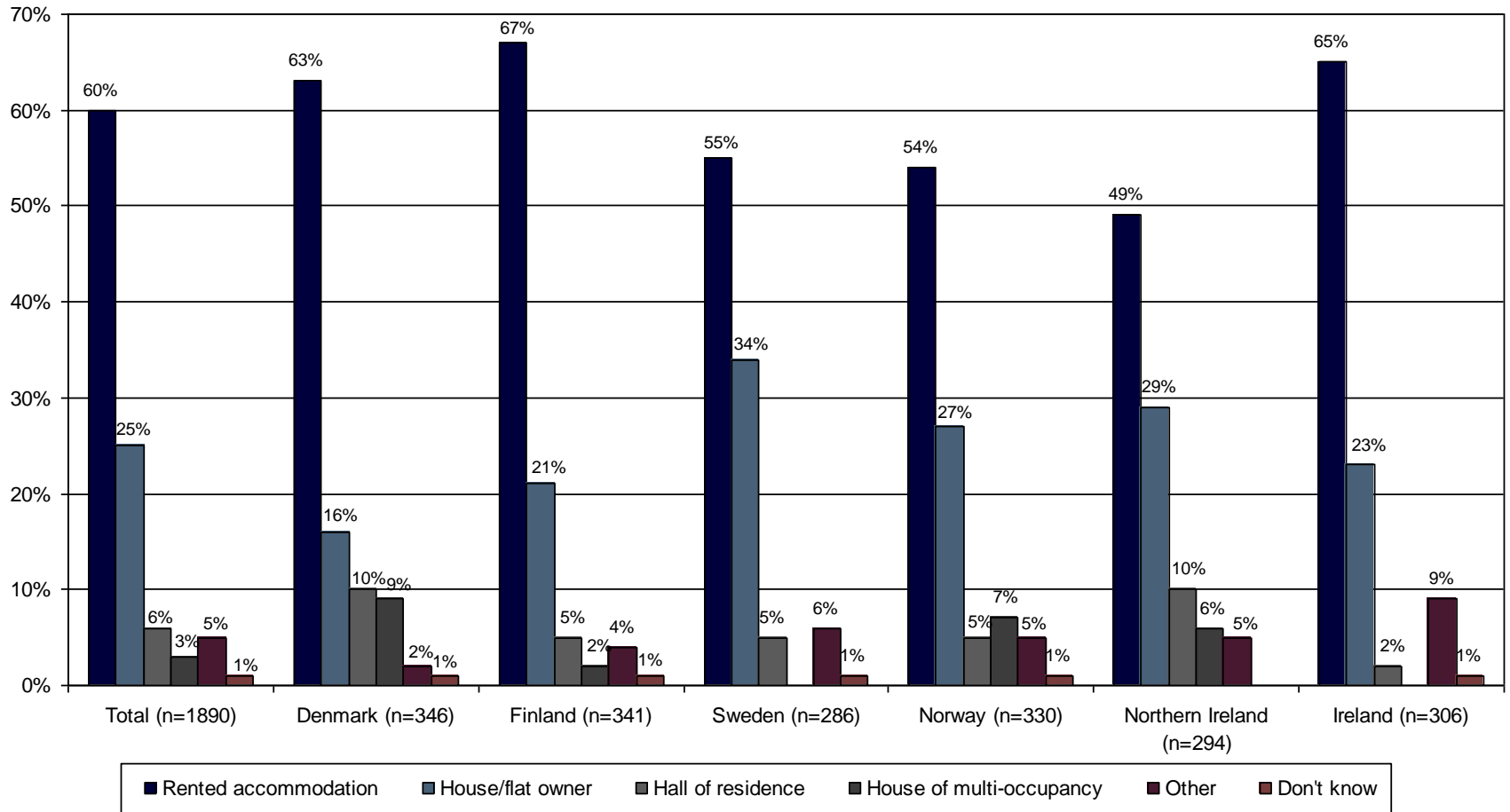
What is your status?



4.7

Where do you live

Where do you live?





4.8

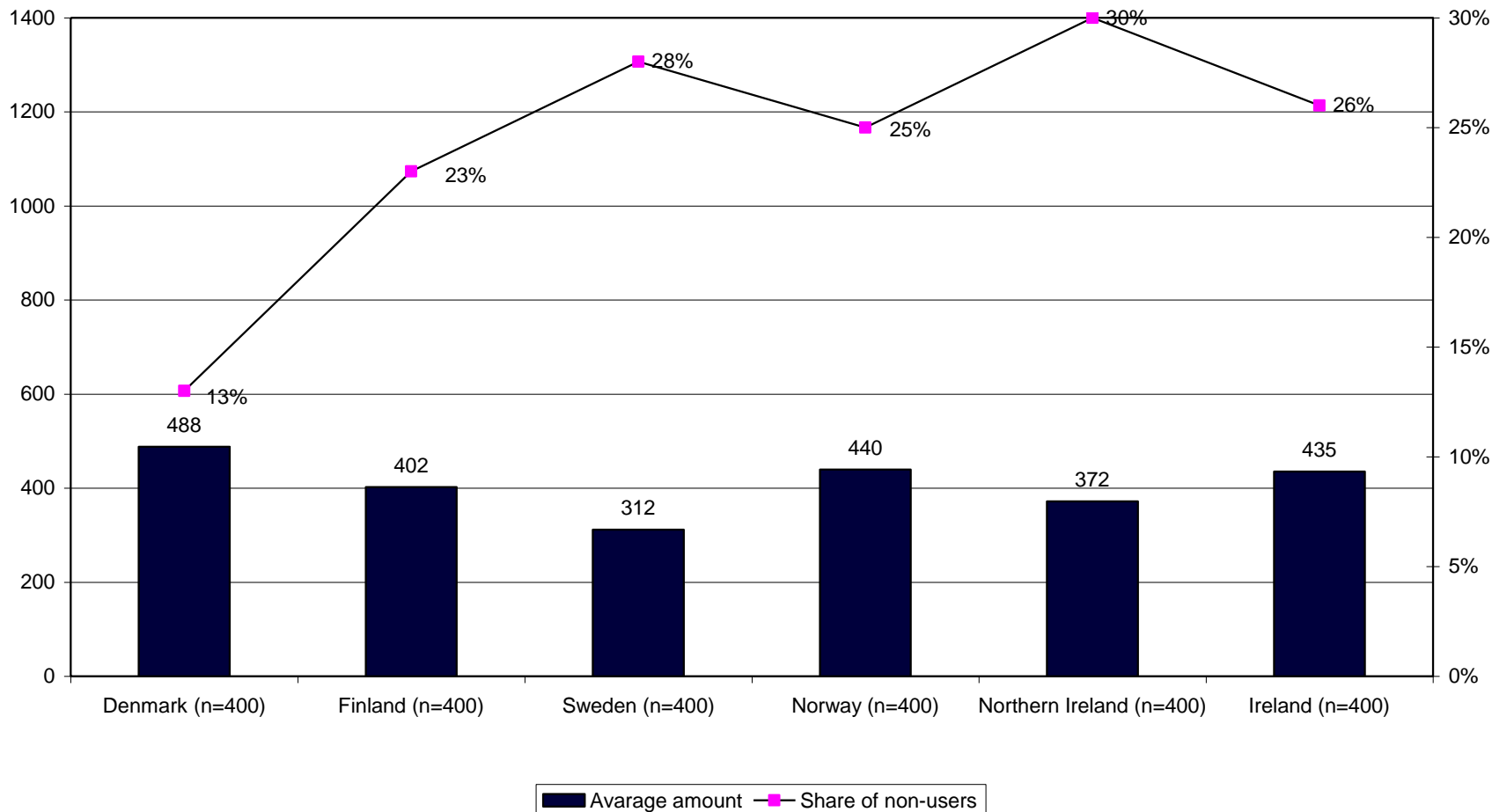
Appendix



4.8

Average amounts spend on home (rent, furniture, etc.)

How much money do you spend on average each month on the following items?
Home (rent, furniture, etc.)



The blue pillars show average amounts spend on home, by those who pay rent, furniture, etc. All currencies are in Euros.

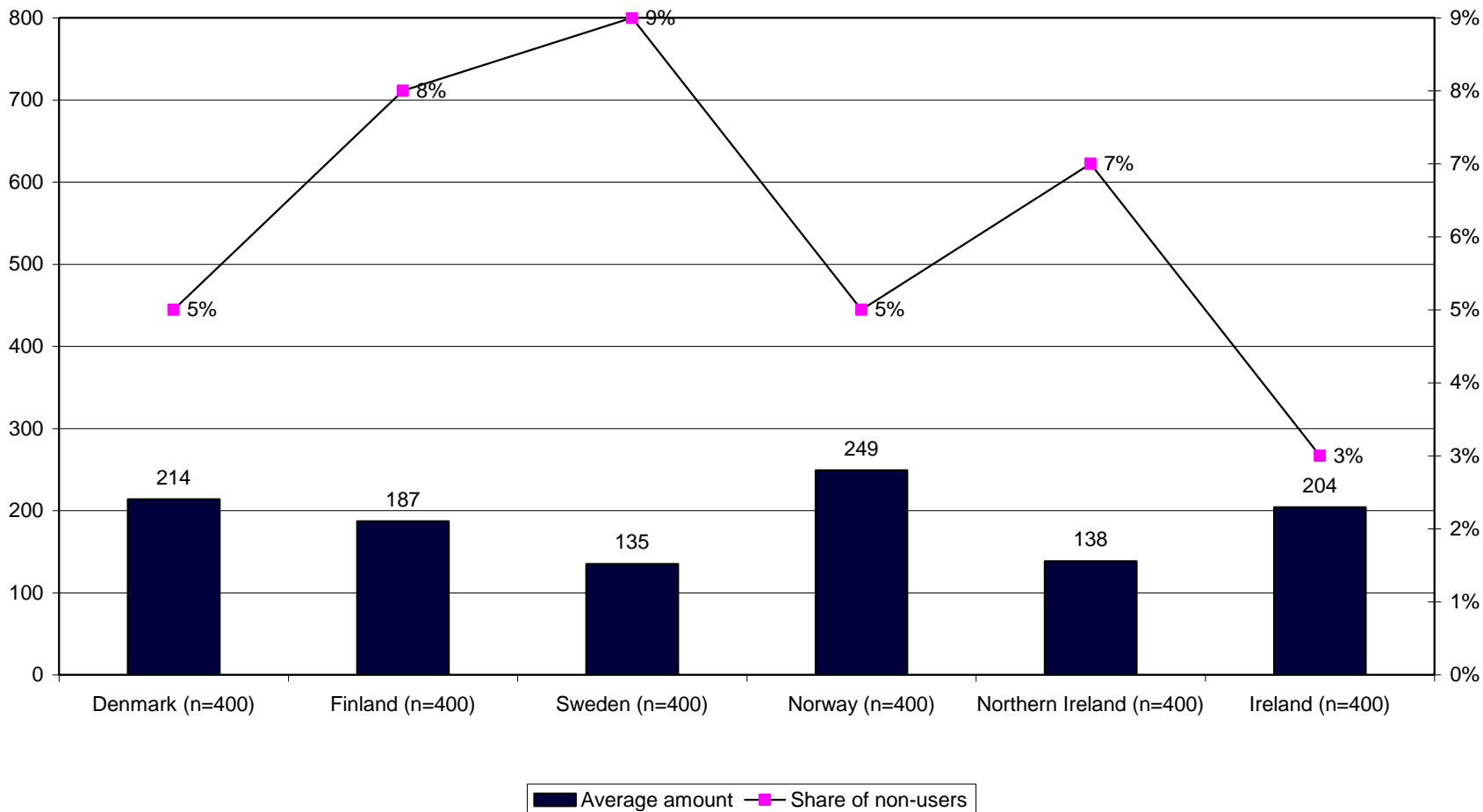
The pinks dots indicative how many who don't pay rent, furniture, etc.

4.8

Average amount spend on food

How much money do you spend on average each month on the following items?

Food

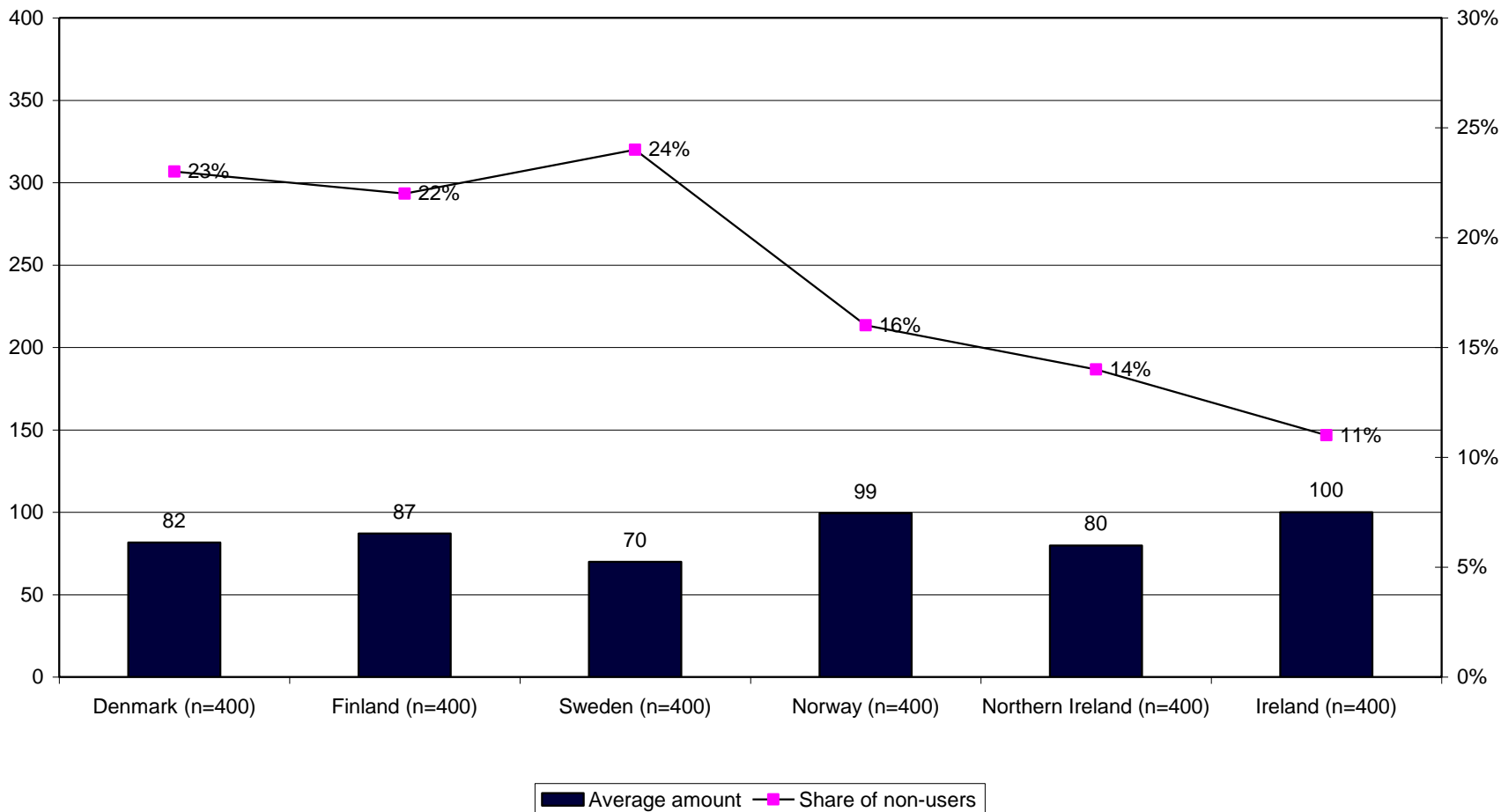


The blue pillars show average amounts spend on food, by those who buy food. All currencies are in Euros.
The pink dots indicative how many who don't buy food.

4.8

Average amount spend on transport

How much money do you spend on average each month on the following items?
Transport (e.g. petrol and bus pass)



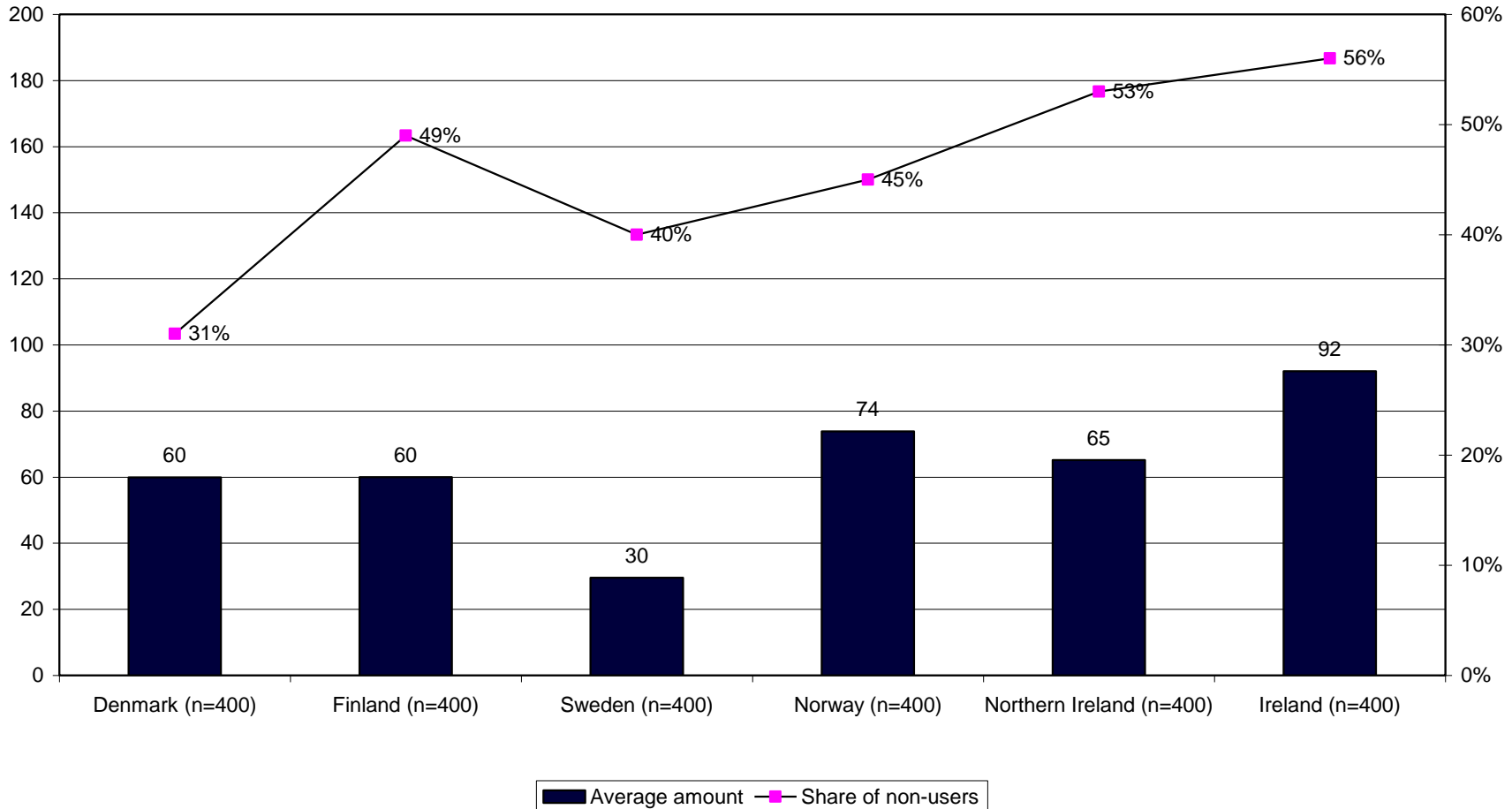
The blue pillars show average amounts spend on transport, by those who pay for transport. All currencies are in Euros.

The pinks dots indicative how many who don't pay for transport.

4.8

Average amount spend on insurances

How much money do you spend on average each month on the following items?
Insurances



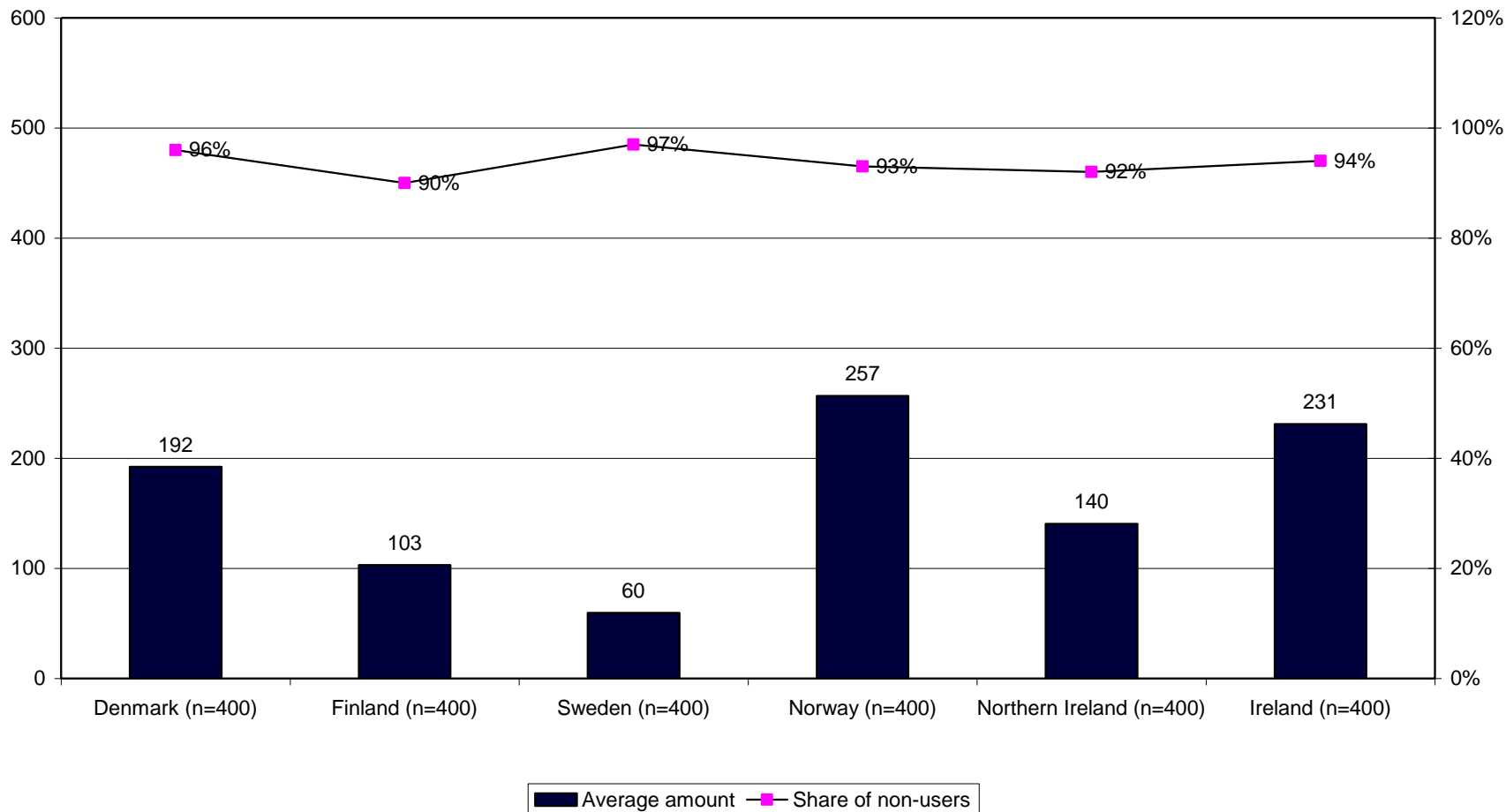
The blue pillars show average amounts spend on insurance by those who pay for insurance. All currencies are in Euros.

The pinks dots indicative how many who don't pay for insurance etc.

4.8

Average amount spend on child care

How much money do you spend on average each month on the following items?
Child care



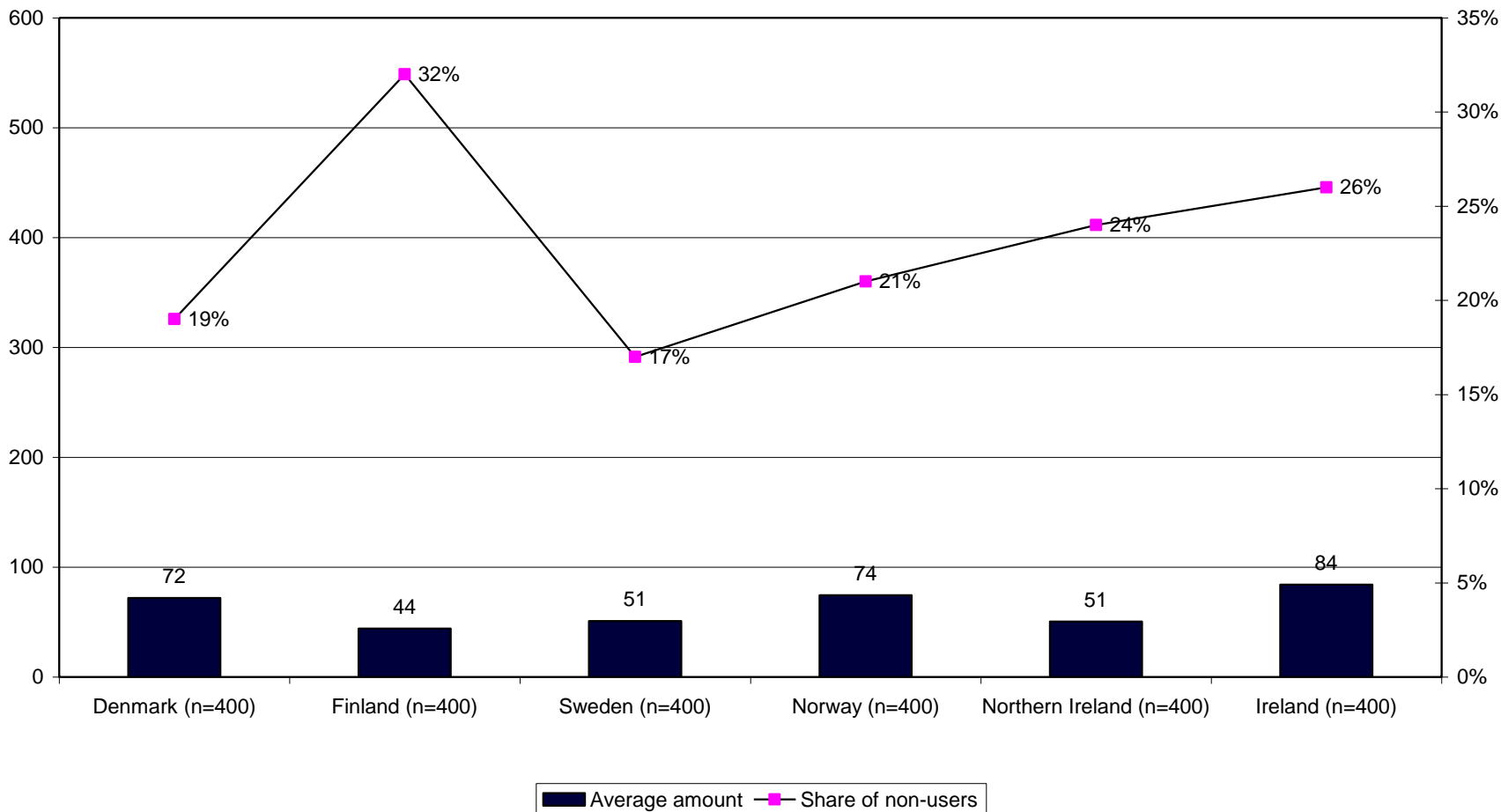
The blue pillars show average amounts spend on child, by those who pay for child care, furniture, etc. All currencies are in Euros.

The pinks dots indicative how many who don't pay for child care.

4.8

Average amount spend on clothes

How much money do you spend on average each month on the following items?
Clothes



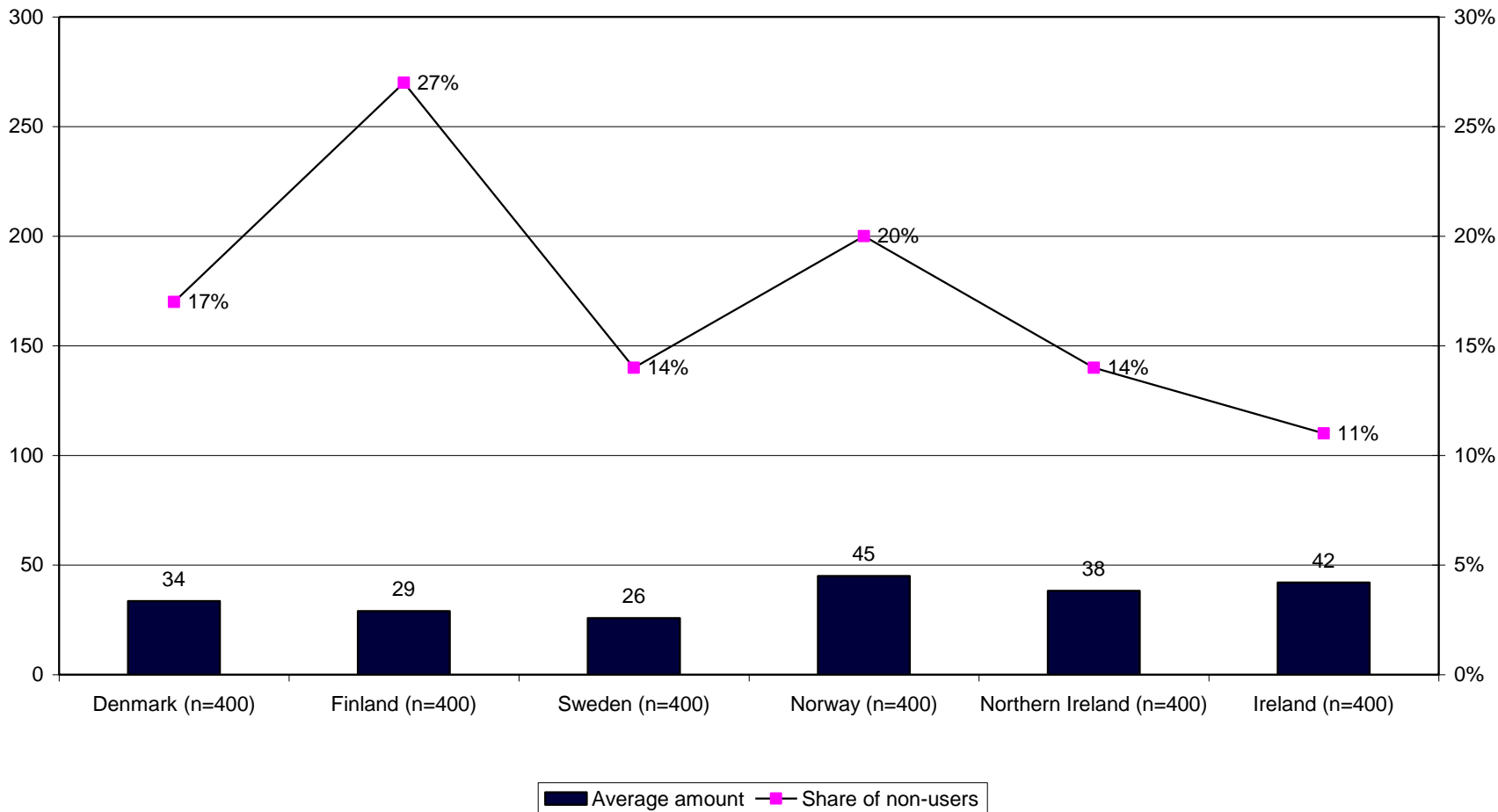
The blue pillars show average amounts spend on clothes, by those who buy clothes. All currencies are in Euros.

The pinks dots indicative how many who don't buy clothes.

4.8

Average amount spend on telephone

How much money do you spend on average each month on the following items?
Telephone (incl. landline and mobile)



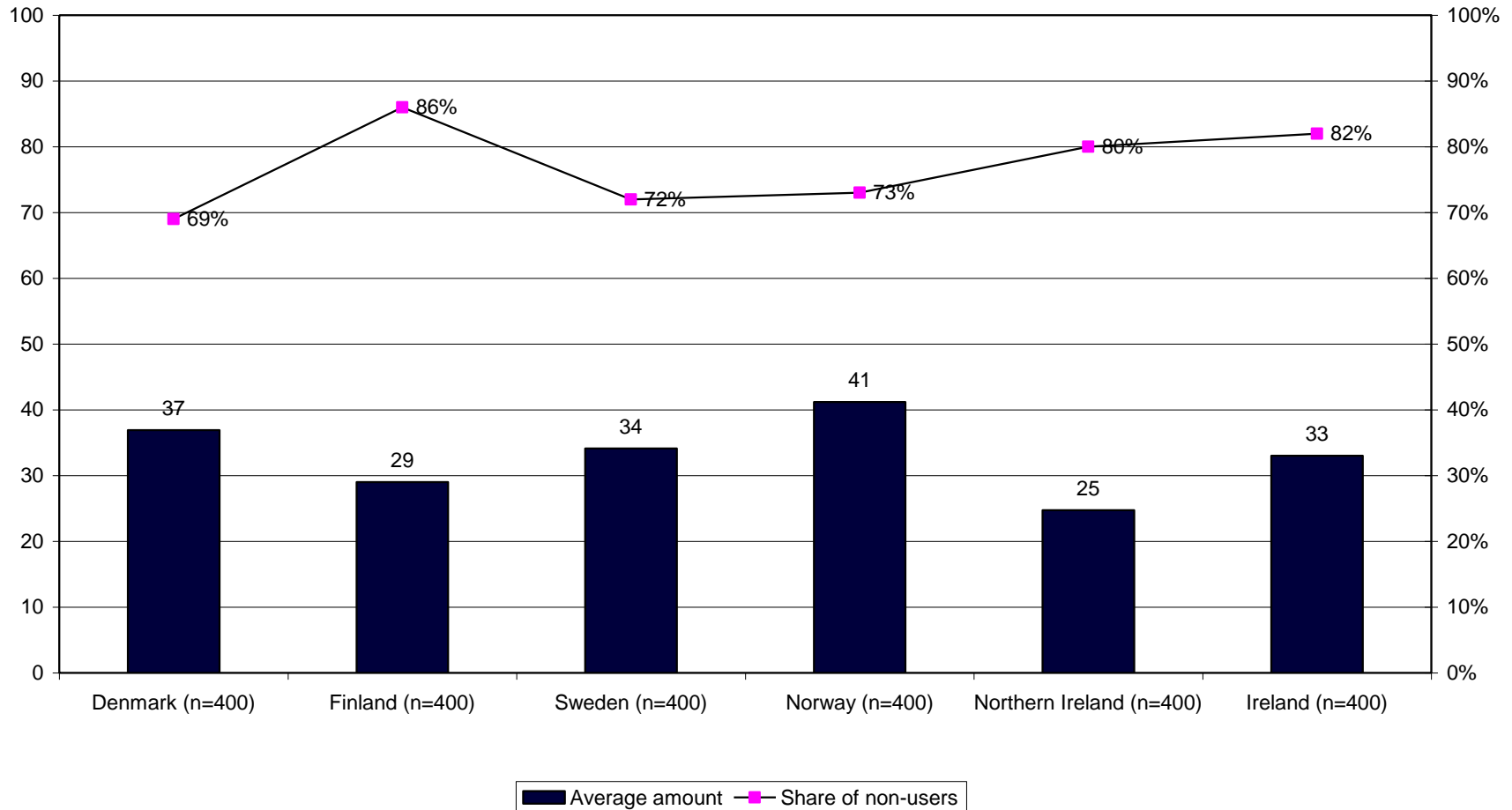
The blue pillars show average amounts spend on telephone by those who pay for telephone. All currencies are in Euros.

The pink dots indicative how many who don't pay for telephone.

4.8

Average amount spend on text books

How much money do you spend on average each month on the following items?

Text books

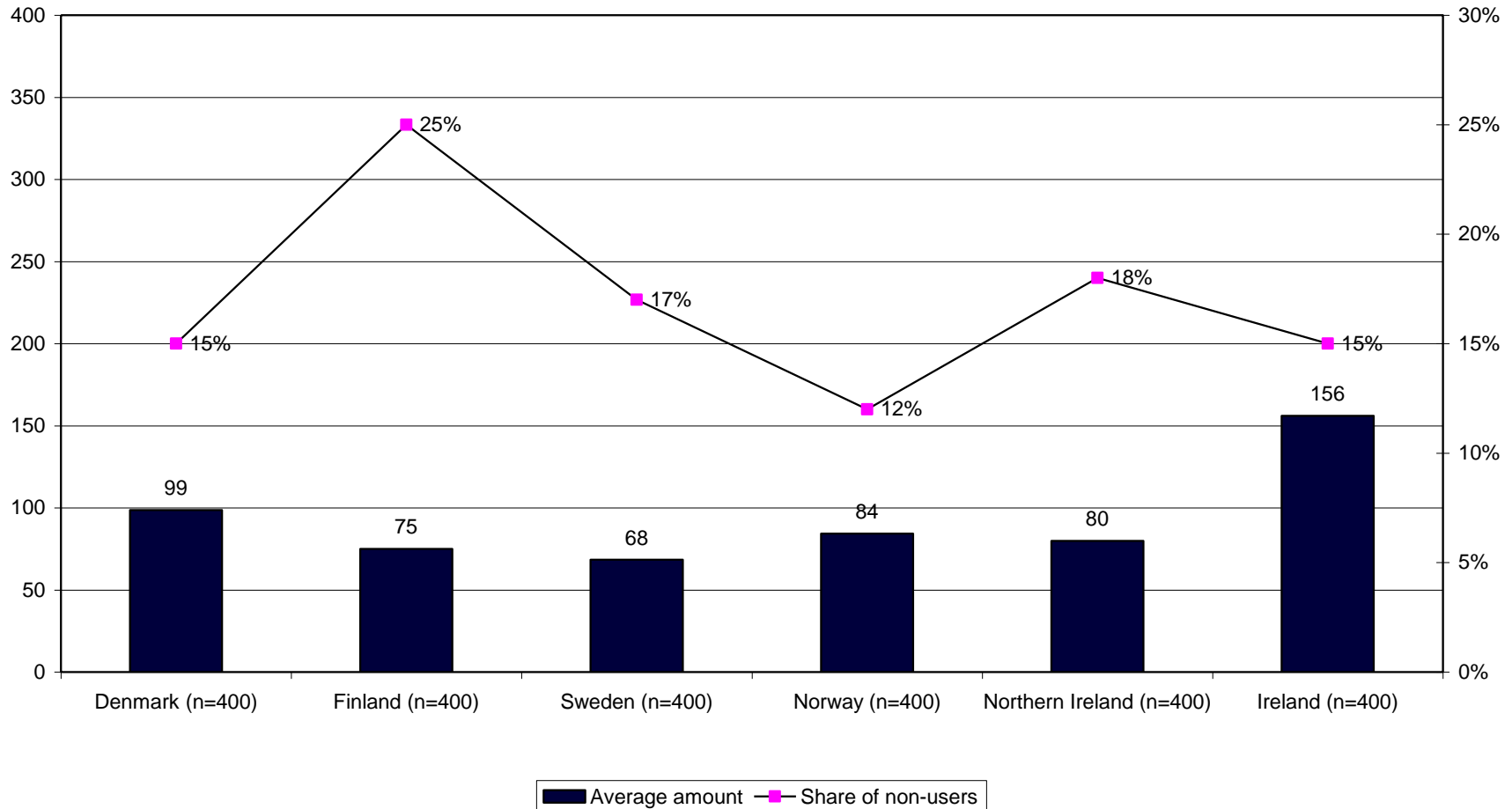
The blue pillars show average amounts spend on text books, by those who buy text books. All currencies are in Euros.

The pinks dots indicative how many who don't buy text books.

4.8

Average amount spend on entertainment

How much money do you spend on average each month on the following items?
Entertainment (e.g. cultural activities and going out)



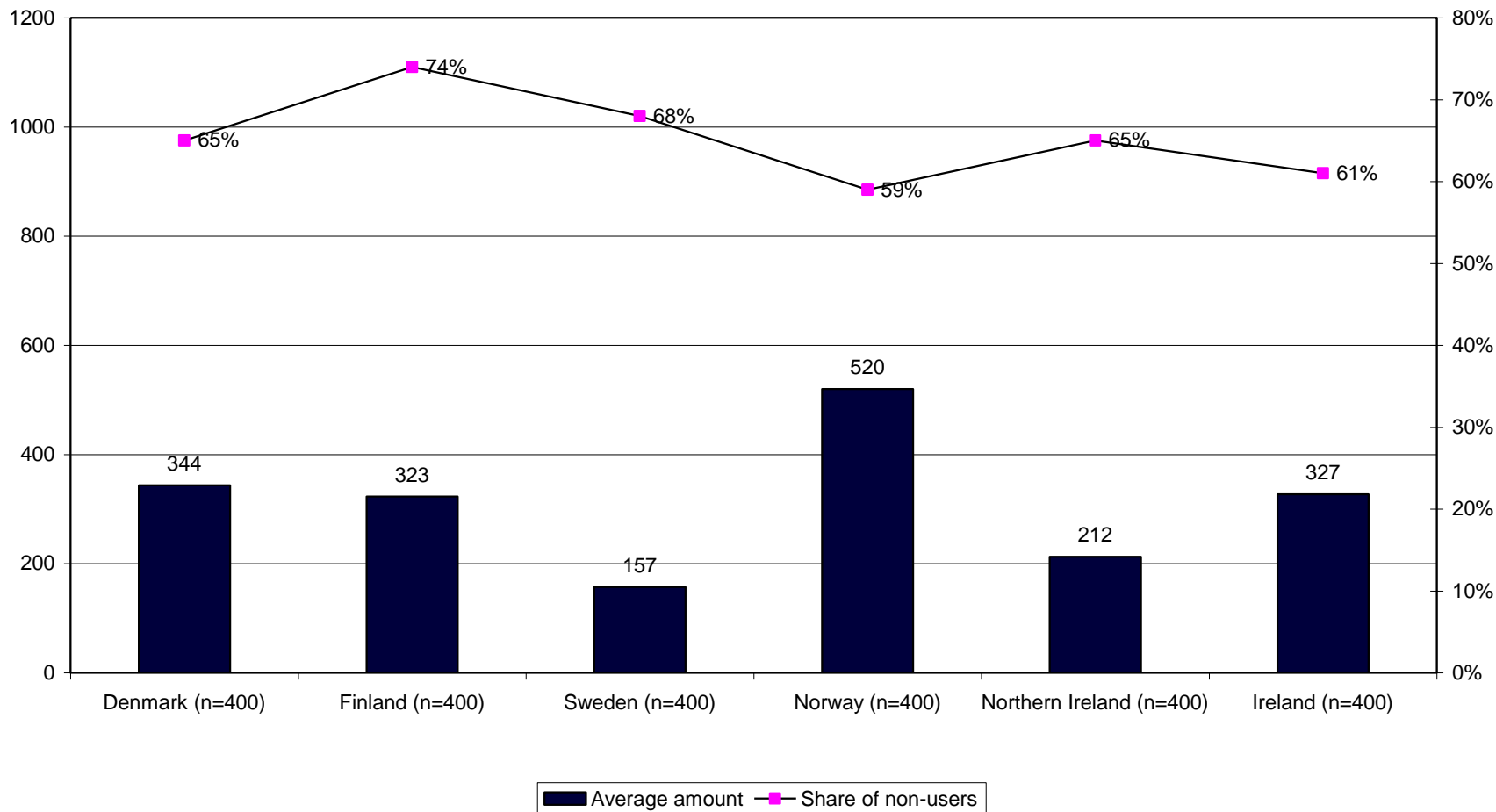
The blue pillars show average amounts spend on entertainment, by those who pay for entertainment. All currencies are in Euros.

The pinks dots indicative how many who don't pay for entertainment.

4.8

Average amount spend on repayment of loans

How much money do you spend on average each month on the following items?
Repayment of loan



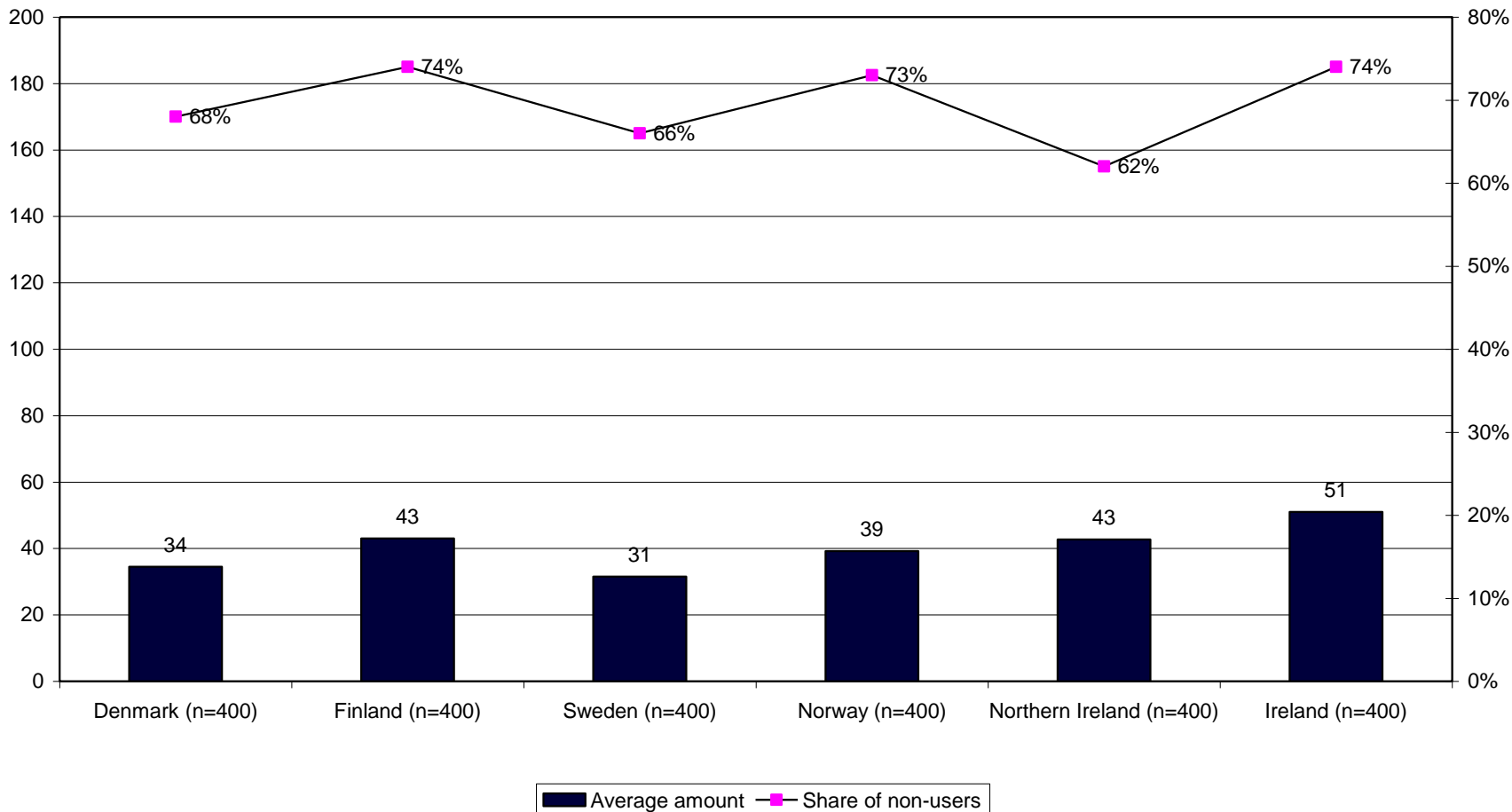
The blue pillars show average amounts spend on repayment on loans, by those who pay back their loan. All currencies are in Euros.

The pinks dots indicative how many who don't pay back their loan.

4.8

Average amount spend on sports

How much money do you spend on average each month on the following items?
Sports



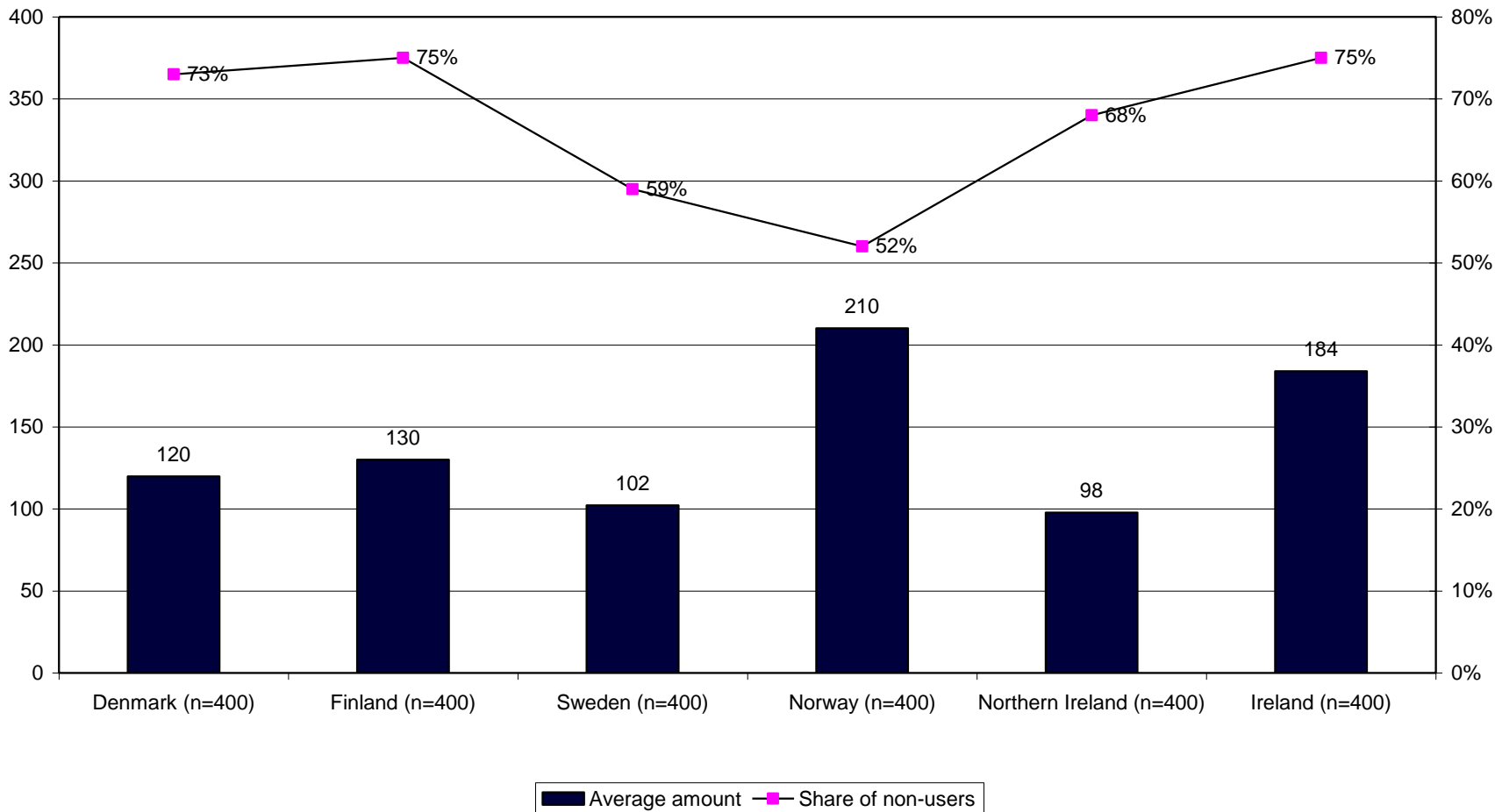
The blue pillars show average amounts spend on sports, by those who pay for sports. All currencies are in Euros.

The pinks dots indicative how many who don't pay for sports.

4.8

Average amount spend on other

How much money do you spend on average each month on the following items?
Other



The blue pillars show average amounts spend on other things, by those who pay for other things. All currencies are in Euros.

The pinks dots indicative how many who don't pay for other things.