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Financial literacy: A comparative study across four countries

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Abstract

This study analysed differences in financial literacy across four countries: Canada, Italy, the UK and the US. The purpose was to understand whether factors associated with financial literacy in one country can be generalized to other countries as well or whether unique national characteristics make it necessary to examine financial literacy in each country individually. A financial literacy index, based on the number of correct answers to four multiple-choice questions, was used to test the relevance of country of origin to financial literacy. Results suggest significant differences among countries indicating that there are national and cultural differences in what households know and need to know about their personal finances. Policy makers should consider these differences when developing financial literacy assessment tools for their respective countries.

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