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Numeracy, Financial Literacy and Participation in Asset Markets

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Abstract

We measure levels of numeracy and financial literacy in the Swedish population and link these to participation in two key asset markets: stocks and housing. Many adults have low levels of both numeracy and financial literacy, with large differences between demographic groups. Numeracy is positively correlated with participation in both markets, also when controlling for other individual characteristics, whereas financial literacy is correlated with stock ownership but not with homeownership. Our results corroborate the view that non-participation is a common response to deficiencies in numeracy and financial literacy, and also point to important differences between the stock and housing markets.

Keywords: Numeracy, financial literacy, household finance, market participation

JEL Classification: A2, D14, I22

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