

Measuring Up: Canadian Results of the OECD PISA 2022 Study

The Performance of Canadian 15-Year-Olds in Financial Literacy

Highlights



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Canada 

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Policy-makers around the world increasingly view financial literacy as essential for their countries' economic strength and the well-being of their citizens. Given the importance of financial literacy skills, many countries have developed and implemented national financial literacy strategies.¹ Financial literacy not only helps prepare people for economic decision making in their adult lives; it also consists of important financial knowledge and skills that enable young people to make informed decisions. Many youth already make financial decisions for themselves and are consumers of financial services. The PISA financial literacy assessment provides data on how 15-year-olds are already using money and are involved in financial decisions.

What is PISA?

The Programme for International Student Assessment (PISA) was initiated by the member countries of the Organisation for Economic Co-operation and Development (OECD) to measure the skills and knowledge of 15-year-old students. Data gathered through PISA allow for a thorough comparative analysis of the performance of students near the end of their compulsory education. In addition to student performance data, the contextual data collected as part of the assessment provide insight into the ways in which achievement varies across different social and economic groups, within and among countries. As a result, PISA provides policy-oriented international indicators to shed light on a range of factors that contribute to successful students, schools, education systems, and learning environments. In Canada, PISA is carried out through a partnership between Employment and Social Development Canada (ESDC) and the Council of Ministers of Education, Canada (CMEC).

The assessment has been conducted every three years since 2000 (due to the global pandemic, the cycle scheduled for 2021 was delayed by a year). PISA assesses mathematical, reading, and scientific literacy and provides a more detailed look at one of those domains in the years when it is the major focus. The major focus of PISA 2022 was mathematics, while reading and science were tested as minor domains, with creative thinking as an innovative domain and financial literacy as an optional minor domain. As part of the assessment, students and their school principals completed questionnaires that were designed to provide contextual information to aid in the interpretation of the performance results.

Out of the 81 countries that participated in PISA 2022 for the three core domains, 20 countries took part in the financial literacy component. Canada participated in the financial literacy assessment in 2015, 2018, and 2022. In 2015 and 2018, seven Canadian provinces (Newfoundland and Labrador, Prince Edward Island, Nova Scotia, New Brunswick, Ontario, Manitoba, and British Columbia) participated in the assessment. In 2022, in addition to these provinces, Alberta joined the assessment, bringing the total number of participating provinces to eight.

In the context of PISA, “financial literacy” is defined as “knowledge and understanding of financial concepts and risks, as well as the skills and attitudes to apply such knowledge and understanding in order to make effective

¹ Organisation for Economic Co-operation and Development (OECD), *PISA 2022 results (Volume IV): How financially smart are students?* (OECD Publishing, 2024) (<https://doi.org/10.1787/5a849c2a-en>).

decisions across a range of financial contexts, to improve the financial well-being of individuals and society, and to enable participation in economic life.”²

The PISA financial literacy cognitive test was designed using an assessment framework to ensure adequate coverage in three key main categories or subscales: content, processes, and contexts. The *content* of financial literacy is defined as the areas of knowledge and understanding that are essential for financial literacy. The *process* categories relate to cognitive processes such as recognizing and applying relevant concepts; understanding and analyzing information; and reasoning about, evaluating, and suggesting solutions. The *context* categories refer to the situations in which financial literacy knowledge, skills, and understanding are applied. In addition, PISA collects data on non-cognitive factors related to context, behaviours, attitudes, and opportunities to explore the potential relationship between such factors and financial literacy.

Canadian results in financial literacy in international context

Canada performed well in the PISA 2022 financial literacy assessment. The proportion of 15-year-old Canadian students who performed at Level 2 (the baseline level of proficiency in financial literacy) or above was 87 percent, compared to the OECD average of 82 percent. Inversely, 13 percent of Canadian students did not reach Level 2, which is considerably less than the OECD average of 18 percent. Internationally, Canada, Denmark (89 percent), the Flemish community of Belgium (88 percent), and Poland (85 percent) had the highest proportion of students performing at or above Level 2. At the higher end of the PISA financial literacy proficiency scale, 15 percent of Canadian students performed at Level 5, compared to 11 percent on average across OECD countries (Figure 1).

Canadian students achieved an average score of 519 points in the financial literacy assessment, which is 21 points above the OECD average. Canadian students performed as well as students in Denmark and the Netherlands, and only students in the Flemish community of Belgium achieved higher scores than those in Canada. Students in the remaining 16 countries had scores lower than the Canadian average.

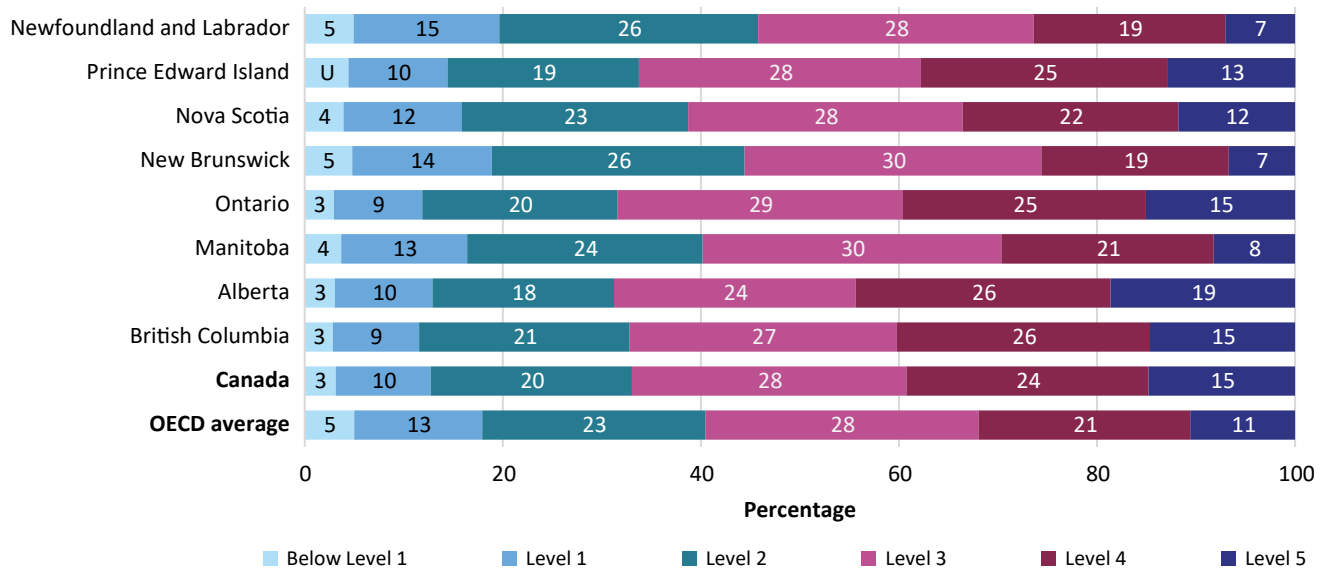
Provincial results in financial literacy

Within Canada, the percentage of students at or above the baseline level of performance ranged from 80 percent in Newfoundland and Labrador to 88 percent in Ontario and British Columbia. At the higher end of the proficiency scale, the proportion of top-performing students (Level 5) varied across provinces, ranging from 7 percent in Newfoundland and Labrador and New Brunswick to 19 percent in Alberta (see Figure 1).

² Organisation for Economic Co-operation and Development (OECD), *PISA 2022 assessment and analytical framework* (OECD Publishing, 2023), p. 112 (<https://doi.org/10.1787/dfc0bf9c-en>).

Figure 1

Percentage of students at each proficiency level in financial literacy



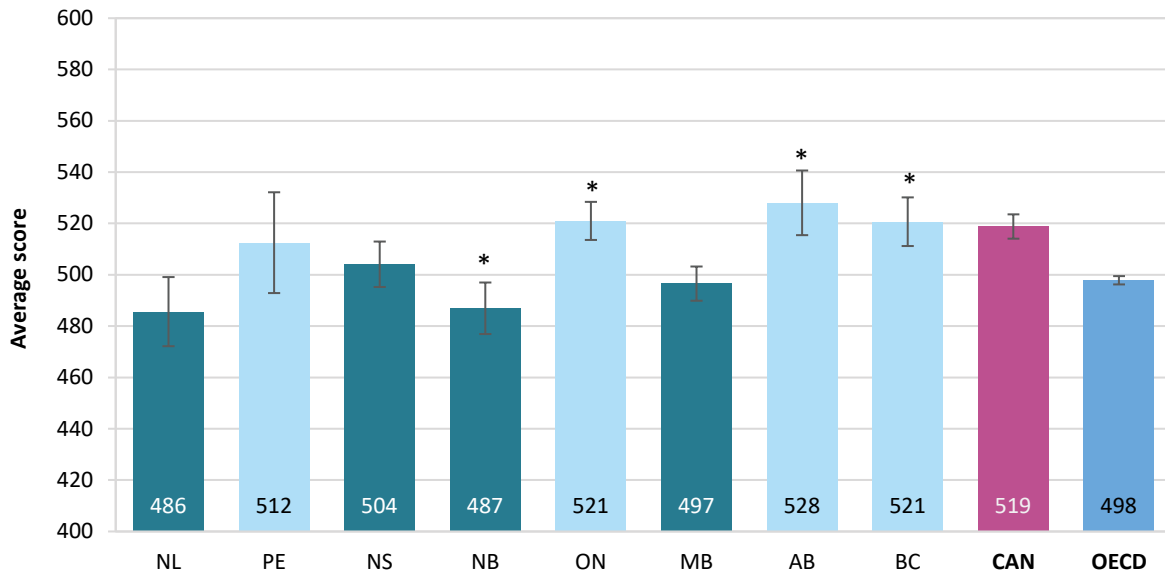
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Note: Results for Canada and most provinces (except Prince Edward Island and New Brunswick) should be treated with caution because one or more PISA technical standards were not met (see Appendix A of Elez et al. [2023] and the Reader's Guide section of OECD [2023b] for further details).

Figure 2 illustrates the average achievement scores across provinces, along with the OECD and Canadian averages. Students in Canada overall and three provinces (Ontario, Alberta, and British Columbia) had scores above the OECD average, and students in four provinces (Newfoundland and Labrador, Prince Edward Island, Nova Scotia, and Manitoba) had scores at the OECD average. Students in New Brunswick scored below the OECD average. Students in Prince Edward Island, Ontario, Alberta, and British Columbia achieved scores that were at the Canadian average, while students in the remaining four provinces scored below the Canadian average.

Figure 2

Achievement scores in financial literacy



* Denotes significant difference compared to the OECD average.

Note: Darker shade denotes significant difference compared to the Canadian average. Results for Canada and most provinces (except Prince Edward Island and New Brunswick) should be treated with caution because one or more PISA technical standards were not met (see Appendix A of Elez et al. [2023] and the Reader’s Guide section of OECD [2023b] for further details).

Achievement in financial literacy by language of the school system

On average across Canada, there was a greater proportion of high achievers and a smaller proportion of low achievers in anglophone school systems (15 and 12 percent, respectively) compared to francophone school systems (5 and 25 percent, respectively). Students in anglophone school systems also achieved a higher average score in financial literacy than students in francophone systems (520 points and 469 points, respectively).

Achievement in financial literacy by gender

In PISA 2022, a higher proportion of Canadian girls than boys achieved at or above the baseline level of performance. On average, in Canada, 89 percent of girls attained Level 2 or higher, compared with 86 percent of boys; a similar trend was observed in Ontario. No gender differences were observed in any of the other provinces among students achieving at or above the baseline level.

When achievement was measured by average score, there was no gender gap in financial literacy on average in Canada or in the participating provinces. This is consistent with the PISA findings in 2015 and in 2018.

Students’ behaviours and financial literacy

In Canada, most 15-year-olds are already consumers of financial services. They have experience with a variety of payment options and banking products. Most of them already demonstrate responsible financial behaviours, such as checking how much money they have or verifying that they have been given the right change when

they buy something. The majority also compare prices and wait until a product gets cheaper before buying it. As expected, students who engaged in these behaviours performed better, on average, in financial literacy than those who never or rarely engaged in these behaviours. Many of these young people save money, both at home and in an account in a financial institution, although these saving behaviours had limited relationships with their achievement in financial literacy.

Slightly less than half of Canadian students reported that they learned how to manage their money in classes at school in a subject/course specifically about managing their money or in out-of-school activities (compared to the OECD average of 38 percent for both categories). At the same time, 57 percent of students in Canada reported that they learned these skills at school as part of another subject/course (compared to the OECD average of 41 percent).

Along with learning that takes place outside the home, parents play an important role in helping their children develop financial literacy. Although students discussed information on financial matters with their parents, the frequency of these conversations depended on the topic. While at least 40 percent of 15-year-olds discussed the topic of money for things they wanted to buy and their spending and saving decisions with their parents once a week or more, only about 30 percent of them discussed topics such as the family budget or news related to economics or finance. It is interesting to note that, on average, Canadian students who discussed money matters with their parents once or twice a week scored 12 to 29 points lower on the financial literacy assessment, depending on the topic, than students who discussed such matters once or twice a month. Moreover, students who never or hardly ever discussed with their parents the family budget and how to use their allowance or pocket money achieved higher scores than their counterparts who had these conversations once or twice a month.

Looking forward

Results from PISA 2022 indicate that Canadian students demonstrate strong levels of financial literacy. Despite these strong results, there is cause for some concern, as more than one in 10 students do not possess the baseline level of financial literacy that would enable them to participate fully in modern society.

The PISA data provide an opportunity for policy-makers, educators, and researchers to gain further understanding of the factors at home and at school related to financial literacy. The present and future well-being of today's 15-year-olds depends to a large extent on their understanding of the financial mechanisms affecting their choices on a daily basis.

Further Canadian results are available in the report *Measuring Up: Canadian Results of the OECD PISA 2022 Study – The Performance of Canadian 15-Year-Olds in Financial Literacy*.

This publication is available electronically without charge, at www.cmec.ca.