

Financial Education and the New Italians

Knowledge needs and integration: the results of the 2018 MdR-ISP survey conducted by IPSOS



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GIOVANNA PALADINO

1. Financial education as empowerment to become active citizens

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- ❑ **UNESCO GEM 2019 Report** finds that migrants need an educational offer that responds both to the needs **of those who leave and the needs of those who remain**.
- ❑ Migrants also **need financial education**, the lack of which makes immigrants and refugees **more vulnerable to fraud** and forms of financial exploitation.
- ❑ The **financial, welfare and social security systems** of host countries, as well as remittance channels, may initially appear **opaque**.
- ❑ But even those who have good financial skills **may not know the terms** of financial language and the specific **characteristics** of financial products. **The products available** may **not be suitable** for their needs.



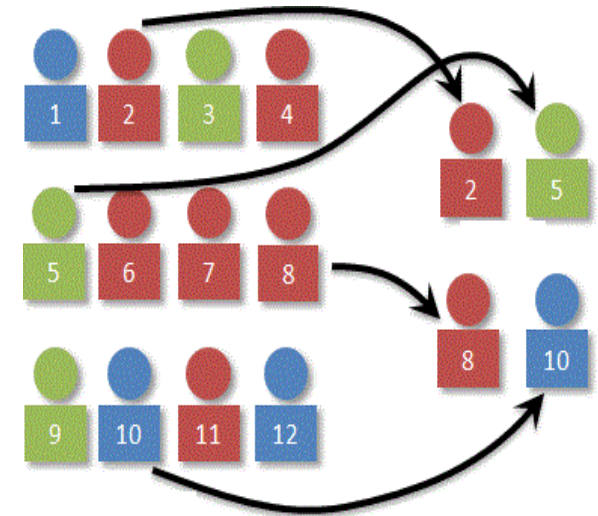
1. Needs and expectations of new Italians towards the financial world

❑ Why do a sample survey?

- ❑ **There was a lack of investigation** on the topic in Italy and it was important to begin the Savings Museum's training offer for migrants by having their needs and expectations clear.

❑ Why a quantitative and qualitative investigation?

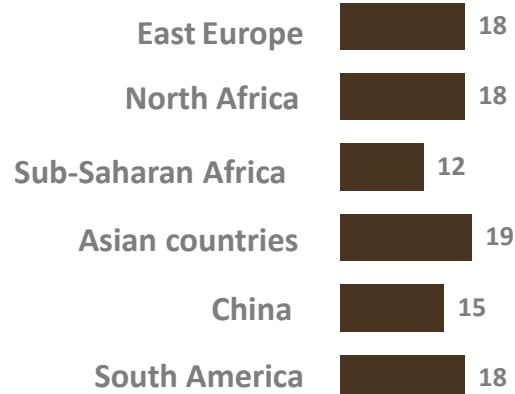
- ❑ **Focus groups (5-7 people)** necessary to take into account specific cultural and ethnic aspects..
- ❑ Quantitative part relating to interviews with **200 people resident in Italy for more than 3 years/less than 10 years**, coming from the following geographical areas: China, Asian countries, South America, Eastern Europe, North Africa, Sub-Saharan Africa..



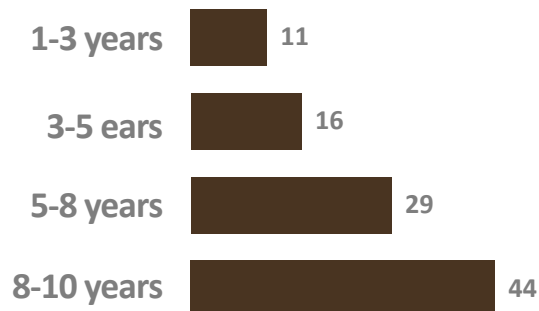
2. The sample: Socio-demographic profile in line with official data

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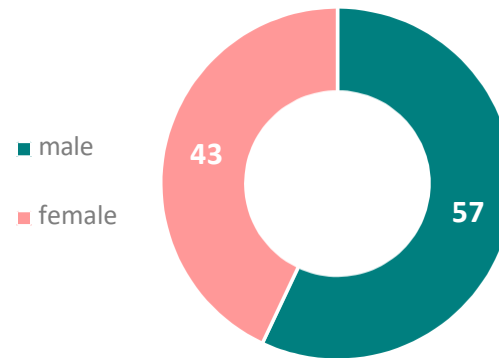
Nationality %



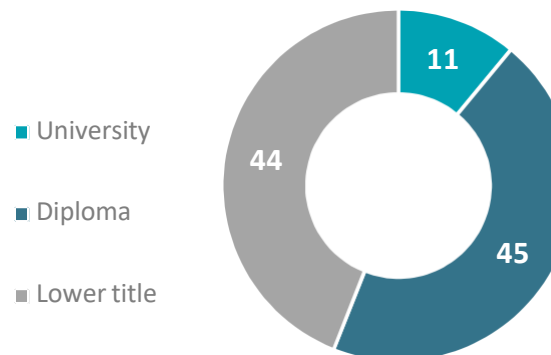
Permanence in Italy %



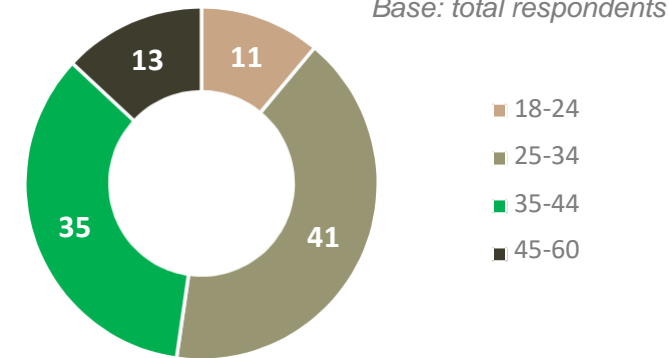
Sex



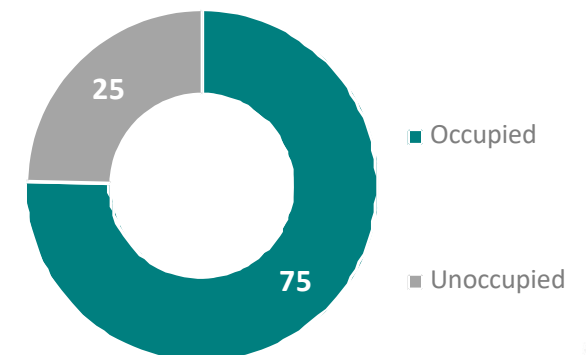
Education



Age

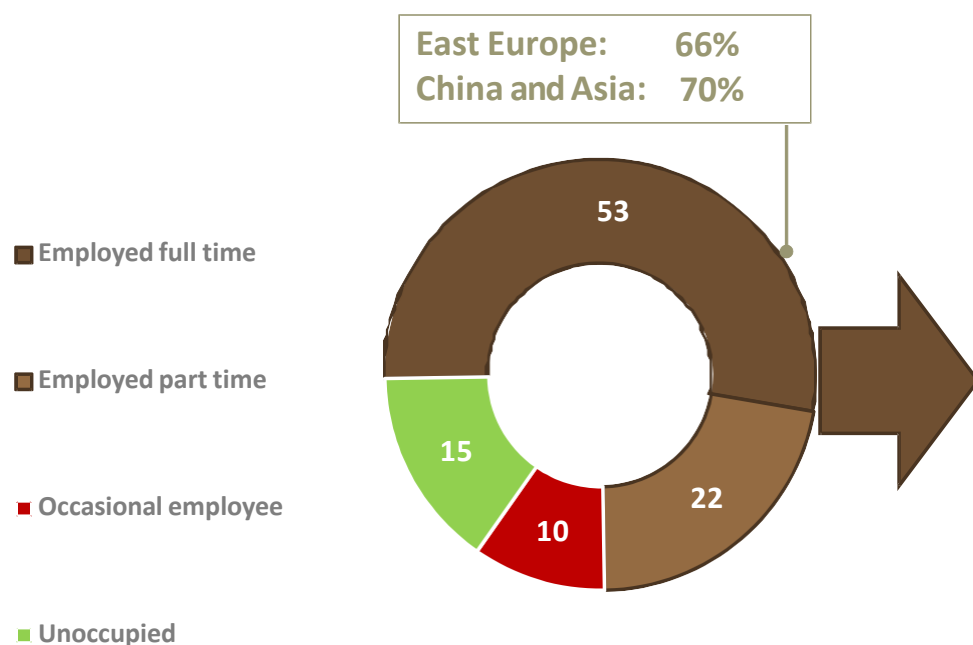


Occupation

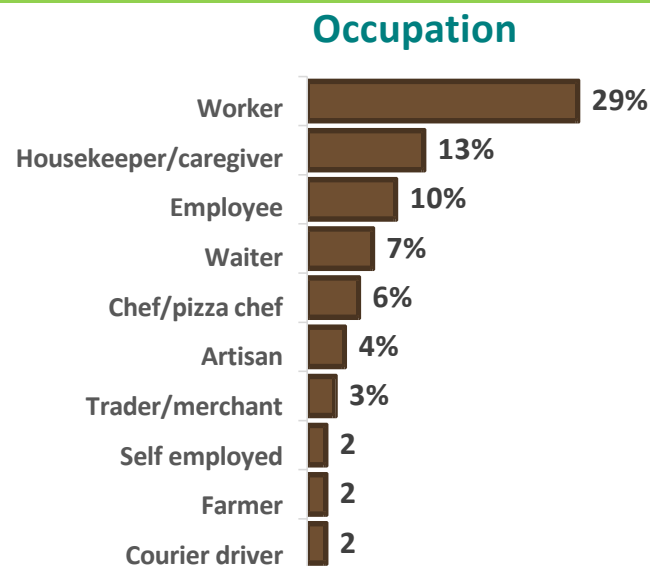


2. Working conditions are generally regular, with some differences based on individual ethnic groups.

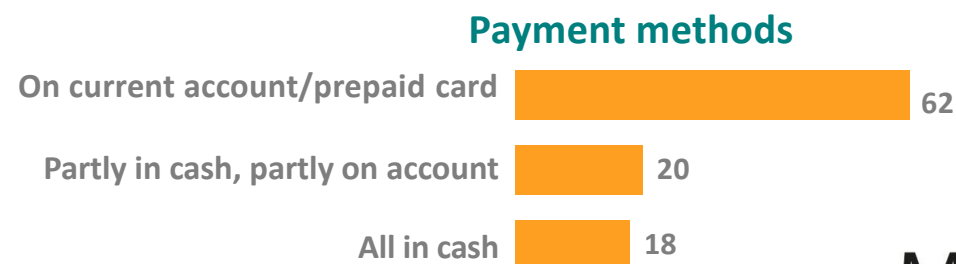
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Base: total respondents



Base: occupied



2. The level of perceived integration

- ❑ **63% feel quite integrated**, especially if they have a qualification. Full integration is achieved by 13% of the sample. Eastern Europeans and South Americans are more integrated.
- ❑ Integration depends on **educational qualifications** and **social relationships**. The level of integration is also related to planning capacity and aspirations, which however remain the basic ones of the working classes (in particular "regular work").
- ❑ Those who are **more integrated** are **more familiar** with basic financial products.
- ❑ **Renting** is the most widespread and transversal housing condition among the sample (75%). Sharing a home with friends and acquaintances is widespread, especially among Africans. Home owners are very rare (13%).
- ❑ **Knowledge of Italian** is generally widespread at at least a **sufficient level (86%)**. A higher linguistic level favors integration. Few attend courses.

2. The reasons for the arrival

- ❑ Searching for a **better job** 32% and **family reunification** 30% (especially for women, 50% do not work).
- ❑ To facilitate integration:
 - ❑ **Family and friends** who have been in Italy for several years
 - ❑ **Induction programs** (rare)
 - ❑ Solidity and size of the **ethnic community**. The ethnic community is an important reference - in different ways - for South Americans, Africans and Asians. Those coming from Eastern Europe tend to move away almost immediately.
- ❑ These are people who have chosen Italy to seek new opportunities for economic and social emancipation, even if **many say they are disappointed by what our country offers**, since they live in precarious conditions and with incomes often sufficient for mere survival.



3. Measurement of the level of financial literacy

- ❑ The vast majority have **little financial knowledge**. There is a difference between men and women, but often not in the expected sense.
- ❑ The majority are **unaware of financial products and services** that are perceived as unattractive to those on low incomes. Only 19.5% own three financial products (women are at 24% but the percentage of totally excluded is higher).
- ❑ **Distrust** towards banks as a place for training.
- ❑ 45.5% of the sample **does not feel the need for more information** because they have simple money management.
Harmful self-exclusion.



3. Measurement of the level of financial literacy

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- ❑ The **focus groups** reveal an interest in learning more about **very specific things**. They are not aware of any financial training activities and have the problem of finding the time.
- ❑ **The lack of perception of relevance** could also be due to specific **environmental factors** linked to the tutor and the formulation of the questions.
- ❑ They think they don't have the time because they work all day but would like to have a **counter service**. Answers to specific questions..
- ❑ **Lack of interest** often **linked to lack of knowledge**. In the focus groups, when financial concepts were introduced, they were interested in learning more.



3. The key questions of the survey

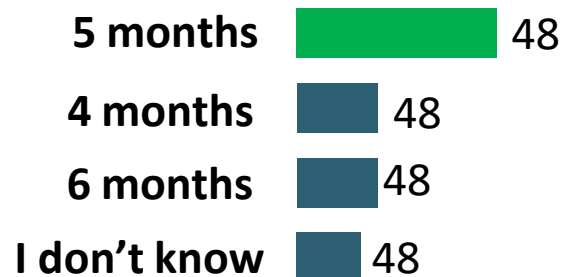
Base: total responding values as a percentage of the total

10

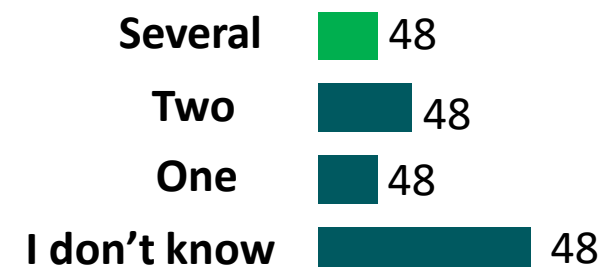
B1. Suppose the bank lends you €900 and asks you to choose between paying back €1000 or €900 plus 10% interest. What would you choose?



B2. To buy a new phone that costs €150, with a monthly income of €800 and monthly expenses of €780, and already saving €50, how long would you need?



B3. In general, do you prefer/would you prefer to invest your savings in the publicly traded shares of a single company, two companies or several companies?



Correct answers:

M= 45.7% W=50%

M=48.2 W=44.2

M=14% W=15.1%

The best:

East Europe e South America

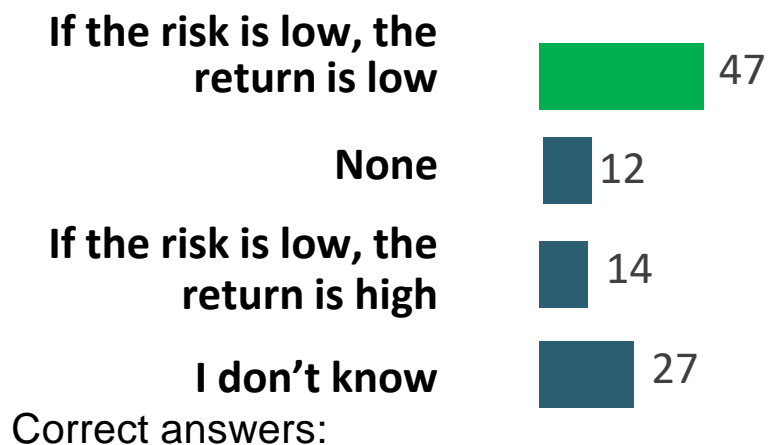
East Europe e China

East Europe e North Africa

3. The key questions of the survey

Base: total responding values as a percentage of the total

B4. In your opinion, what relationship is there between risk and return on an investment?

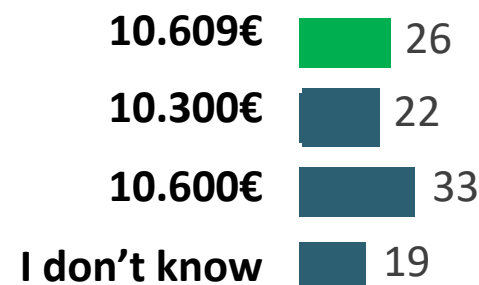


M= 49.1% W=44.2%

The best:

East Europe e South America

B5. If you leave €10,000 in the bank for 2 years, and at the end of each year the bank adds 3% to your money, how much will you have at the end of the second year?



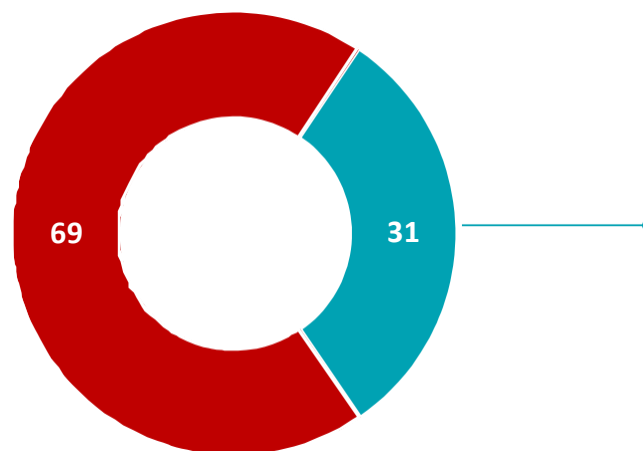
M=21.1% W=32.6%

East Europe e South America

3. Synthetic level of financial knowledge

31% have a high level of knowledge by **answering all 5 questions exactly**: these are people with fairly high profiles and well integrated in Italy, mainly **coming from South America and Eastern Europe**.

Level of financial knowledge



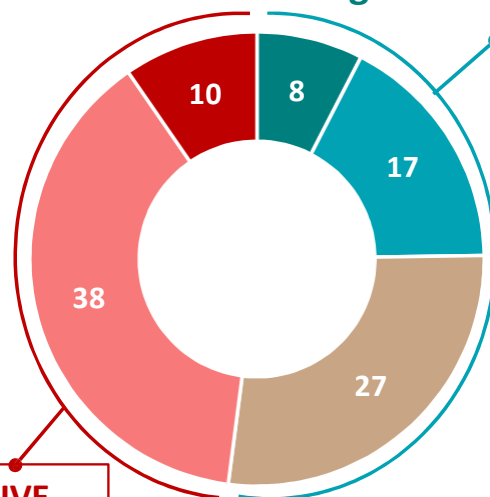
Concentration index for HIGH knowledge level

Degree or Diploma	126
Not workers	71
Workers	110
Africa	36
East Europe	136
South America	181
China and Asia	101
Integrated	121
Not integrated	60
In Italy for >5 years	90
In Italy for 5 – 8 years	82
In Italy for 8 – 10 years	119

Base: total respondents

3. Synthetic level of financial knowledge and self-assessment

Self-perception of level of financial knowledge



NEGATIVE self-assessment
48%

- Very prepared
- Fairly prepared
- Sufficiently prepared
- Not very prepared
- Not at all

POSITIVE self-assessment:
52%

Self-assessment Financial knowledge index	NEGATIVE Self-assessment	POSITIVE Self-assessment
LOW	40%	28%
HIGH	8%	23%

When we talk about topics related to money management, for example the costs of managing a current account, the conditions of a mortgage, requests for a loan, etc., how prepared do you feel, and how sure are you of understanding what we are talking about?

4. The attitude towards saving

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- ❑ **49% of the migrants** interviewed manage **to save**, **21% save more than 20%** of their income.
- ❑ Among the Chinese, savers are 65%, followed by Eastern Europeans 48.6% and South Americans 42.9%.
- ❑ Why do they save?

	Est Europa	Africa	Sudamerica	Cina e Paesi asiatici
«I can't live peacefully if I don't put aside some savings»	63	57	40	39
«I make some savings, but without too many sacrifices»	20	26	54	51
«I prefer to enjoy life without worrying too much about the future»	17	16	6	10

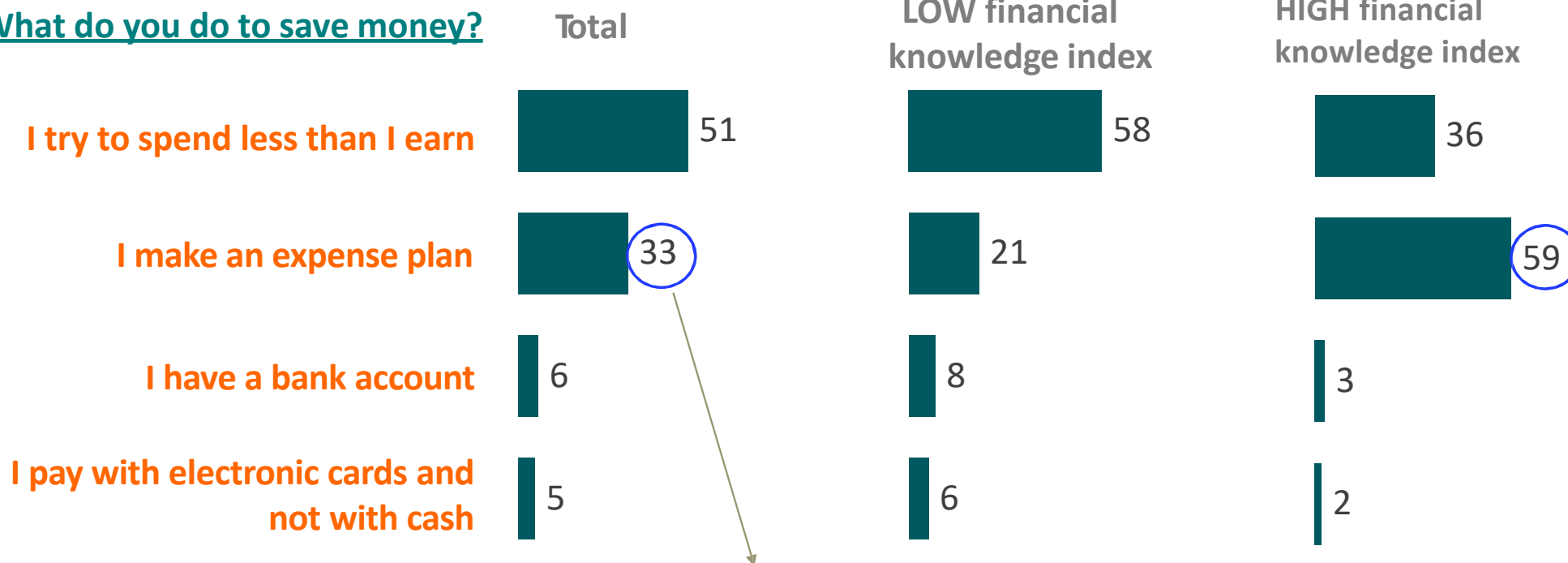


4. The attitude towards saving

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Base: total respondents

What do you do to save money?



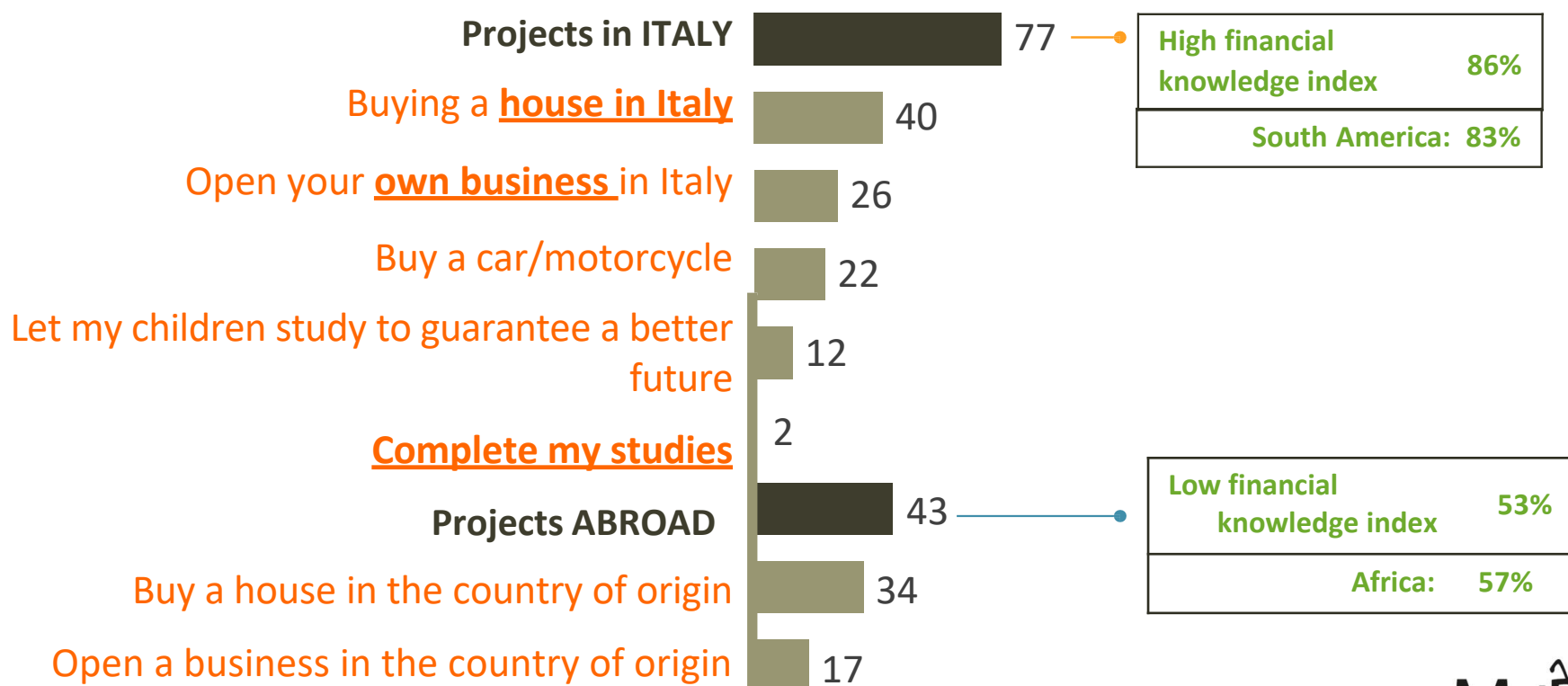
- 66% To understand what expenses to bear

4. The attitude towards saving

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Use of savings for personal projects

Base: total respondents



4. The attitude towards saving

- ❑ Investing in a **house** is perceived as a long-term investment by **42.5% of the sample** (46% of women vs 39% men).
- ❑ The money saved is **kept at home** with limited use of Postepay.
- ❑ The use of **cards** (75% vs 58%) and **loans/mortgages** (41% vs 18%) is more frequent in those with a high level of financial knowledge.
- ❑ **The financial investment is not significant** even in the insurance and social security component.
- ❑ Savings fuel **remittances**. **61%** of the sample sends money to their country of origin at least **once every 6 months** (65% men vs 55% women).

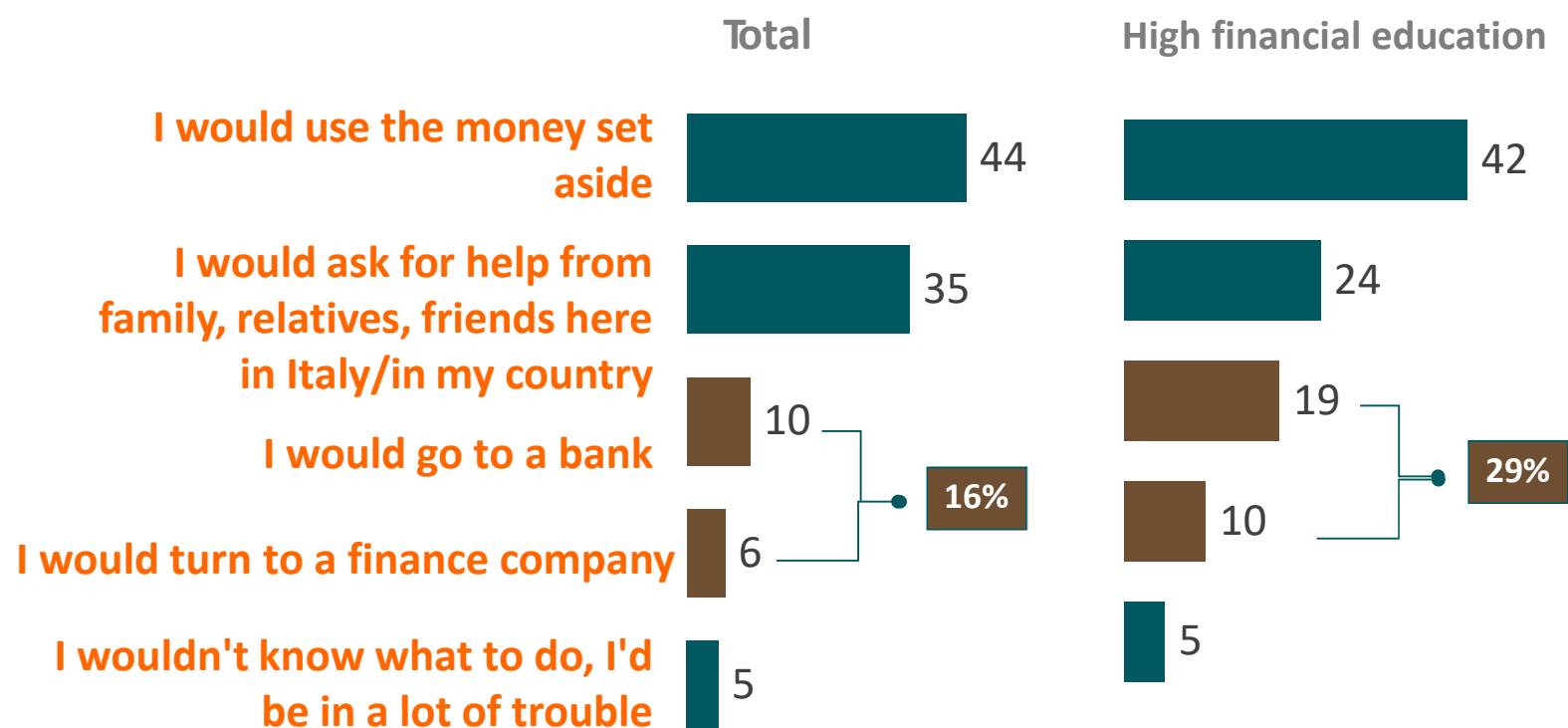


4. The attitude towards saving

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Base: total respondents

☐ In case of **sudden expense...**



5. Remittances to countries of origin

❑ Why are remittances sent?

❑ **Help for close family members**

Children - for school and health

Parents - for gratitude and subsistence

Relatives – solidarity act

❑ **Help for the community**

In some cases entire villages

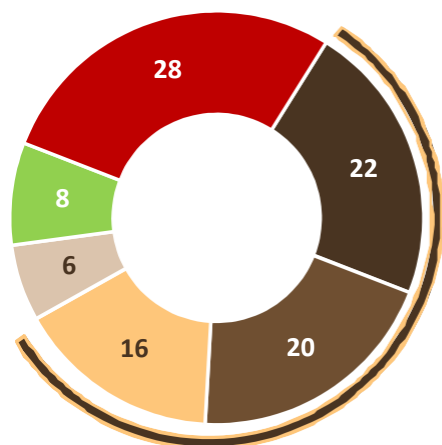
❑ **For local investment** (less frequent)

Purchase of houses and land



5. Remittances to countries of origin

I send money to my country of origin



- Every month
- Every 2 or 3 months
- Every 4 or 5 months
- Every 6 months
- less often, occasionally
- Never

male 65
female 55

18 – 34 years 49
>35 years 74

Work 70
Don't work 33

East Europe 54
Africa 67
South America 54
China and Asia 61

Base: total respondents

Average amount of monthly remittances by income bracket

Income €	Remittance in €
0 – 700	51
700 – 1200	250
1200 – 1800	230
over 1800	360

6. What emerges from the survey?

- ❑ For some ethnic groups, **financial knowledge** is equivalent to or superior to that of Italians, but for others it is very poor.
- ❑ The majority look for **opportunities to improve** their economic condition but are disappointed, earning less than they expected.
- ❑ They declare that they have **little need for contact** with the financial context because their money management is simple and the products are not suited to their needs. They don't know the products and don't know how to evaluate any associated risk.
- ❑ In some cases there is a tendency **to overestimate** one's management skills.
- ❑ **They don't seem interested in delving** into anything other than very practical things because they don't have time.



6. What to do?

- ❑ **Associate** financial education initiatives with school or with initiatives aimed at teaching the language.
- ❑ **Make** the importance of having tools to avoid passively relying on someone's advice more evident to everyone.
- ❑ Practically **show** how some budgeting and planning techniques are useful for people with low incomes.
- ❑ **Involve** the school and associations in the initiatives, also extending the project to teachers and sector operators so that they can feel at ease with the subject.

