

Women, confidence, and financial literacy

Bucher-Koenen, Alessie, Lusardi and van Rooij

Discussion by

Federica Teppa

(De Nederlandsche Bank & Netspar)

Netspar International Pension Workshop

Amsterdam, January 2015

1. Summary of paper

Object:

- Development of a methodology to consistently estimate whether survey respondents truly know the correct answers to financial literacy questions.
- Use of two survey waves (May vs July 2012), repeated questions with same wording, but different options to answer (DK vs self-assessed confidence)

Main findings:

- Women know less than men but they know more than they think they know.
- Women are very likely to give correct responses to the FL questions when DK is dropped.
- Women appear to be less confident in their answers.
- Overall, gender gap in FL = f(lower knowledge, lack of confidence)

Implications:

- Policy - Tailor financial education programs to women.
- Methodology - when measuring FL in surveys, systematic bias induced by heterogeneity in response behavior should be considered seriously.

2. Comments - General

Very interesting paper!

① *Relevance of the paper*

- The importance/role of FL is well established in a world increasingly demanding for individual responsibility in financial field
- Women are a focus group for policy makers (potentially at higher risk of poverty than men due to adverse shocks)
- Value added of the paper: The role of confidence (as additional dimension of individual choice) and the methodological approach to in trinsic financial knowledge and confidence levels.

2. Comments - Your methodology

Modeling true financial knowledge and confidence

- (+) A step further to current literature on FL
- (?) (Over)confidence is typically “male”: doesn't your measure suffer from endogeneity?
- (-) Not easy/cheap to be replicated in other (CAPI) surveys

2. Comments - Your methodology

Alternative measures of FL

- May vs. July vs. May-July
- How they relate to background characteristics and to stock market participation/retirement preparation
- Can you rank them? Which one would you rate the best one?

2. Comments - Conclusions

- Paper is very interesting, very well written, very pleasant to read
- Generalization of this methodology to other fields? e.g. school tests, or anything else?