



# **The ECCU's Financial Literacy and Financial Inclusion**

**Report on Survey Results  
2022/2023**

**Volume I**

Eastern Caribbean Central Bank

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# Acknowledgement

The Eastern Caribbean Central Bank (ECCB), in collaboration with the OECS Commission and the World Bank, launched the Financial Literacy and Financial Inclusion Survey (FLFI) in 2022. This report on the survey results provides an insight into financial literacy and awareness in the Eastern Caribbean Currency Union (ECCU).

The project was led by the ECCB's Research Statistics and Data Analytics Department (RSDAD), headed by Director C Terésa Smith, with Dr Leah Sahely as the main liaison. The OECS Team members were comprised of Mr Imran Williams and Ms Claudia McDowell, while the Survey was executed by Data Point Solutions headed by Mr Edwin St Catherine.

The ECCB also acknowledges the input, guidance, support and contributions of the Central Statistical Offices in each of the ECCU member countries. Their input into this process was invaluable and aided in the successful completion of this exercise. Of note, are the contributions of the survey managers, supervisory teams, data collectors and respondents in each of the ECCU member countries.

The primary contributor to this report was Dr Sahely. The editorial team was comprised of Dr Sahely, Ms Shervone Alexander and Mr Shernel Thompson, ECCB.

# List of Acronymns

CARDTP	Caribbean Digital Transformation Project
ECCB	Eastern Caribbean Central Bank
ECCU	Eastern Caribbean Currency Union
FLFI	Financial Literacy and Financial Inclusion Survey
OECS	Organization of the Eastern Caribbean States
OECD	Organization of Economic Co-operation and Development
RSDAD	Research Statistics and Data Analytics Department – ECCB

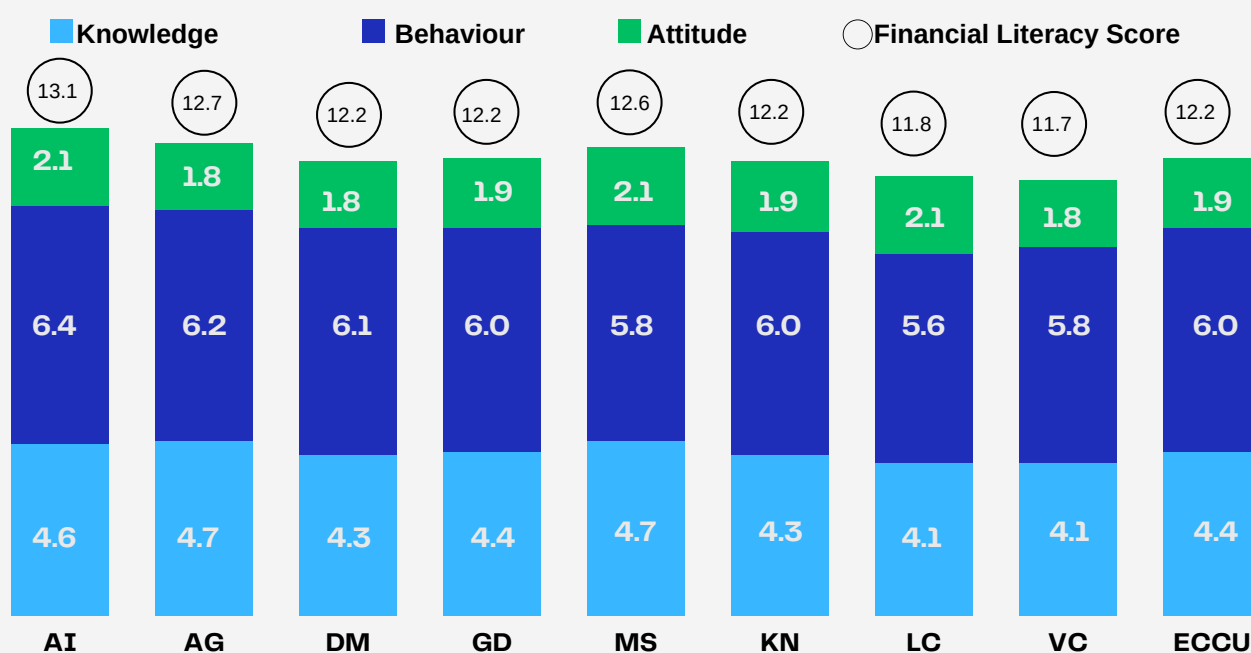
## **ECCU Country Codes**

AI	Anguilla
AG	Antigua and Barbuda
DM	Commonwealth of Dominica
GD	Grenada
MS	Montserrat
KN	Saint Christopher (St Kitts) and Nevis
LC	Saint Lucia
VC	Saint Vincent and the Grenadines

# Summary of Key Findings

## Financial literacy was low across the ECCU with an average score of 12.2 out of 20

Chart 1: Overall financial literacy score and its components



The financial literacy score is obtained by adding the scores of financial knowledge (range from 0 to 7), financial behaviour (range from 0 to 9) and financial attitude (range from 0 to 4). The derived financial literacy score ranges from a minimum value of 0 to a maximum of 20. Scoring the maximum of 20 suggests that an individual has acquired a basic level of understanding and use of finance.

**Financial Literacy was low across all ECCU Countries.** The overall financial literacy score was 12.2 out of a maximum of 20 or 61 per cent. In the ECCU, the financial literacy score ranged from 11.7 to 13.1. The highest score was achieved by Anguilla and the lowest score was achieved by Saint Vincent and the Grenadines. The other six countries scored between 11.8 (Saint Lucia) and 12.7 (Antigua and Barbuda). These scores suggest room for improvement across all territories in financial knowledge, behaviour and attitude.

## There is a need for improvement in financial knowledge, behaviour and attitude in the ECCU.



The ECCU financial behaviour score was 4.4 out of 7, representing 62.2 per cent of the maximum possible score. **3 in 5 adults met the minimum target score of 6 out of 9 for financial behaviour.**



The ECCU financial knowledge score was 6.0 out of 9, representing 66.5 per cent of the maximum score possible. **1 in 2 adults met the minimum target score of 5 out of 7 for financial knowledge.**



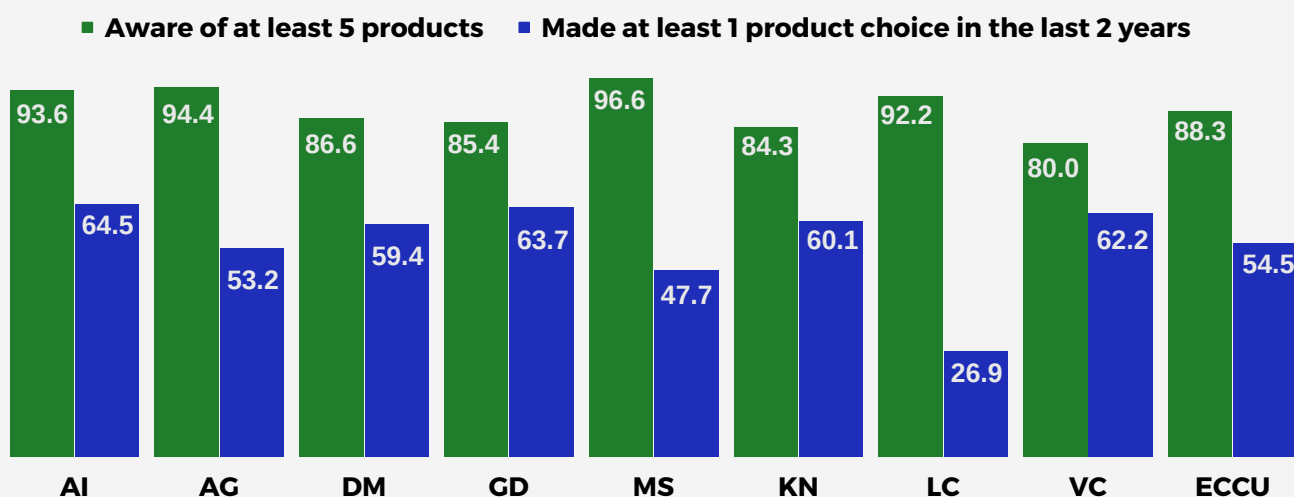
The ECCU financial attitude score was 1.9 out of 4, this represented 47.6 per cent of the maximum score possible. **1 in 5 adults met the minimum target score of 3 out of 4 for financial attitude.**

## Financial product awareness was relatively high while use was relatively low across the ECCU.

**Financial Inclusion provides insights into the extent to which respondents are active financial consumers.** In this exercise, financial inclusion is measured by Respondents' awareness, holding/choice and use of financial products.

Product awareness was relatively high across all countries; however, the use of these products was relatively low. The survey results show that 88.3 per cent of respondents were aware of at least 5 of 18 financial products, while 54.5 per cent chose at least one of these products in the two years preceding the survey. Product awareness was highest in Montserrat and lowest in Saint Vincent and the Grenadines. Meanwhile, Anguilla had the largest number of persons who recently bought a financial product (see chart 2).

Chart 2: Indicators of product use and awareness – % of positive responses



# Introduction

The Eastern Caribbean Central Bank (ECCB) is a quasi-currency board arrangement, serving eight countries comprising the Eastern Caribbean Currency Union (ECCU). The member countries are Anguilla, Antigua and Barbuda, Commonwealth of Dominica, Grenada, Montserrat, Saint Christopher (St Kitts) and Nevis, Saint Vincent and the Grenadines and Saint Lucia.

Consistent with its strategic objectives, the ECCB aims to increase the availability and access to financial services for individuals in the ECCU, while promoting and maintaining financial stability. The ECCB commissioned a Financial Literacy and Financial Inclusion (FLFI) survey in the ECCU to ascertain the extent to which the general public are aware of and have access to financial products and services that meet their needs. The firm, Data Point Solutions, whose principal is Mr Edwin St Catherine was contracted to conduct the survey in the ECCU.

The ECCB partnered with the OECS Commission to utilize technical and financial resources available through the World Bank's Caribbean Digital Transformation Project (CARDTP) to conduct a joint survey of Financial Literacy and Financial Inclusion (FLFI). The objective of this initial survey was to have a baseline analysis relevant to the ECCU that is internationally comparable and: (a) capture information about financial behaviour, attitudes and knowledge of individuals; (b) ascertain financial awareness and access to financial services and products and (c) help define realistic targets that can be monitored to measure progress over time.

The CARDTP is financed by the World Bank with the OECS commission as the implementing agency. The project is focused on building five key foundations of the digital economy – digital infrastructure, platforms, skills, financial services, and entrepreneurship with an objective to “increase access to digital services, technologies and skills by governments, businesses, and individuals”.

This report highlights a summary of the key findings of the ECCB's first FLFI survey of 7,037 individuals 18 years and older in the ECCU. The survey captured key FLFI characteristics across various subgroups, including, financial awareness, knowledge, skills, attitudes and behaviors necessary to make sound financial decisions. The results presented in this summary report provide the basis for further targeted interventions in relation to financial education and financial inclusion.

This report consists of a general overview of financial literacy summarized at the ECCU level. Next, a more detailed description of financial literacy and inclusion in the ECCU with country specific examples are presented. Finally, the report concludes with a brief assessment of financial resilience in the ECCU.

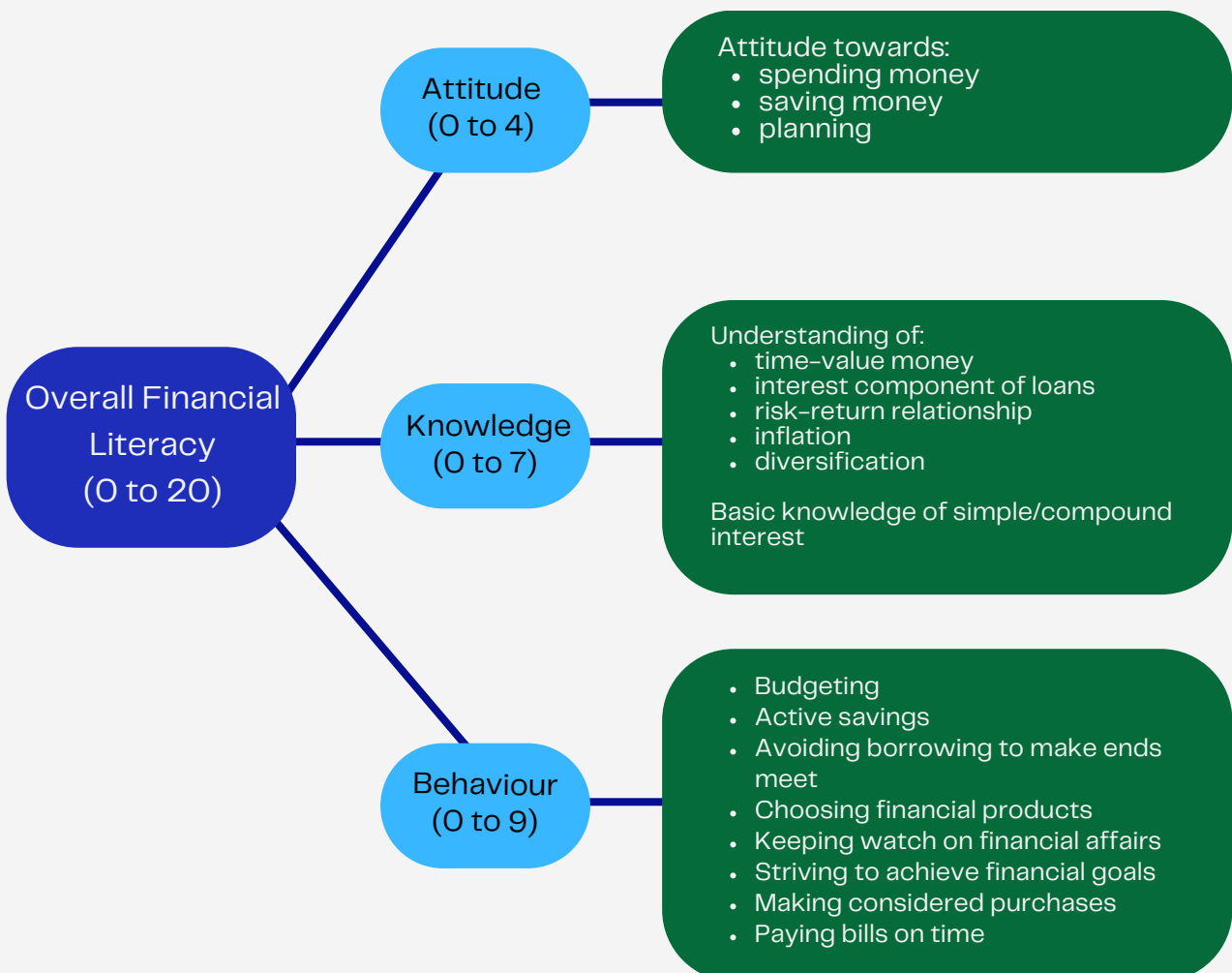
# Financial Literacy

## Overall Financial Literacy and its Components

The components of financial literacy are depicted as financial attitude, financial behaviour and financial knowledge. Each component of financial literacy is measured based on responses to questions set to ascertain their attributes. The financial knowledge score takes the range of 0 to 7, the financial behaviour score takes the range of 0 to 9 and financial attitude score ranges from 0 to 4.

The financial literacy score which is generated following the methodology described in the OECD/INFE toolkit for Measuring Financial Literacy and Financial Inclusion, is the sum of financial knowledge, behaviour and attitude. The financial literacy score therefore ranges from a minimum of 0 to a maximum of 20. Figure 1 demonstrates the overall financial literacy score (out of 20) and its components.

Figure 1: Overall financial literacy and its components.





## Financial literacy was low across all ECCU countries.

Individuals across the ECCU, on average, scored 12.2 out of 20 or 61.2 per cent of the maximum financial literacy score, which represents a basic set of knowledge concepts and financially prudent behaviours and attitudes. Across the countries, financial literacy score ranged from 11.7 in Saint Vincent and the Grenadines to 13.1 in Anguilla. The other six (6) countries scored between 11.8 (Saint Lucia) and 12.7 (Antigua and Barbuda). The overall financial literacy scores suggest room for improvement across all elements of financial literacy, that is, financial attitude, knowledge and behaviour.

Chart 3: Overall Financial Literacy Score



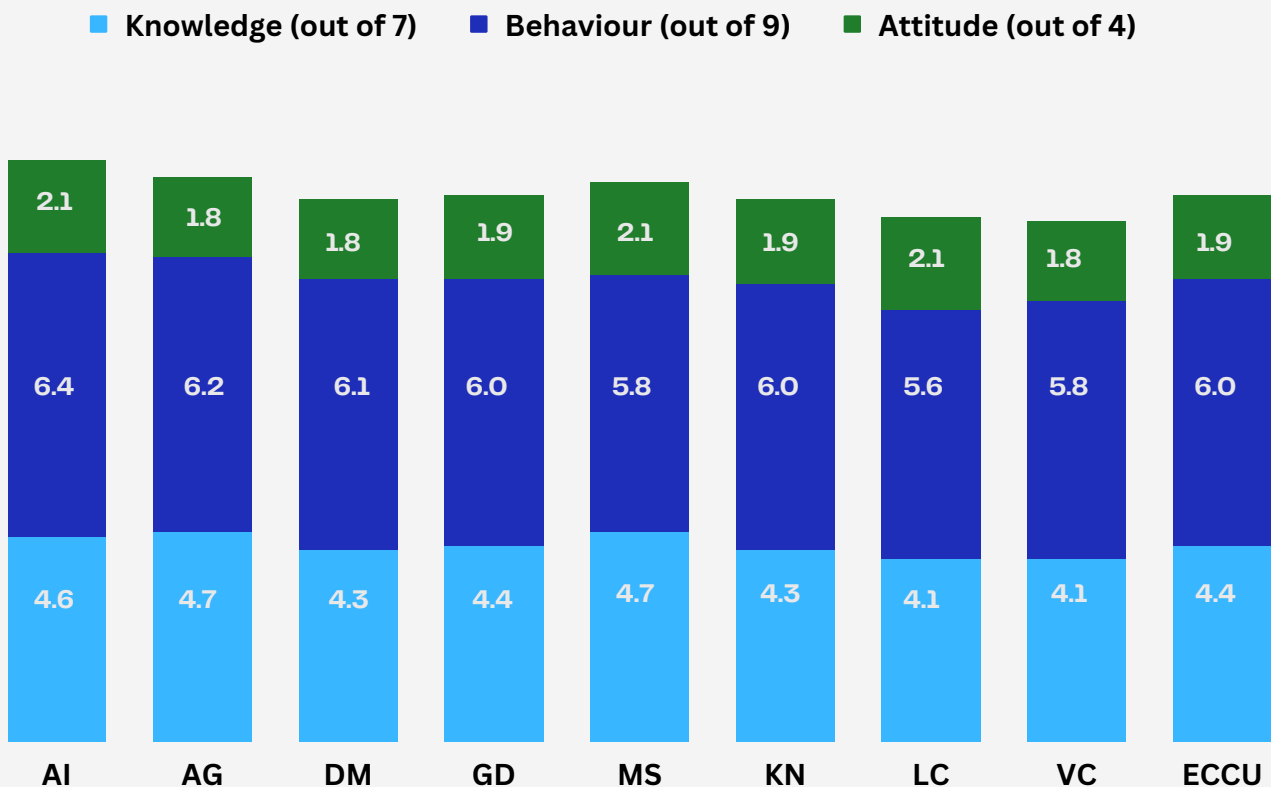
## ECCU Financial behaviour score was 6.0 out of 9 or 66.7 per cent – the highest percentage of the three components of financial literacy.

The average financial attitude score in the ECCU was 1.9 out of 4 or 47.5 per cent. Across all countries, the financial attitude score ranged from 1.8 to 2.1. Saint Vincent and the Grenadines obtained the lowest score of 1.8 in financial attitude. Meanwhile, Anguilla, Montserrat and Saint Lucia registered the highest score of 2.1.

The average financial knowledge score obtained across all individuals in the ECCU was 4.4 out of 7.0 or 62.9 per cent. Financial knowledge scores ranged from 4.1 in Saint Lucia and Saint Vincent and the Grenadines to 4.7 in Montserrat.

The average financial behaviour score obtained across all individuals in the ECCU was 6.0 out of 9, or 66.7 per cent. Financial behaviour scores ranged from 5.6 in Saint Lucia to 6.4 in Anguilla.

Chart 4: Components of Financial Literacy

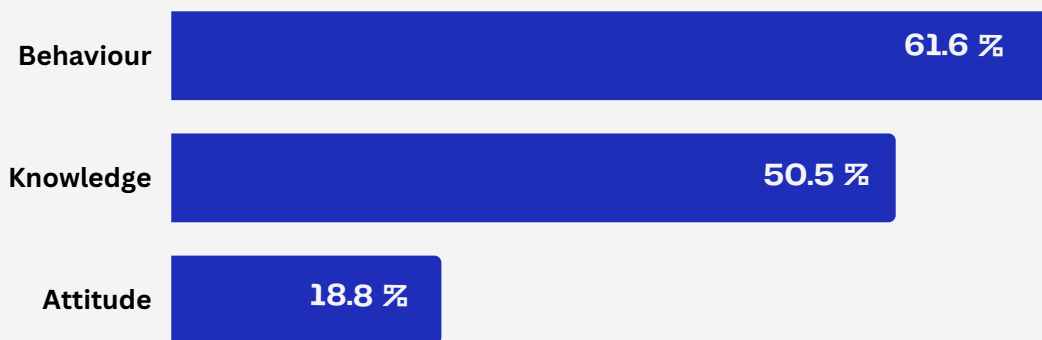


## Only 9 per cent of adults in the ECCU passed the minimum target score on all financial literacy components.

Minimum target scores were set for each component of financial literacy: 5 or more out of 7 in financial knowledge; 6 or more out of 9 in financial behaviour; and 3 or more out of 4 in financial attitude.

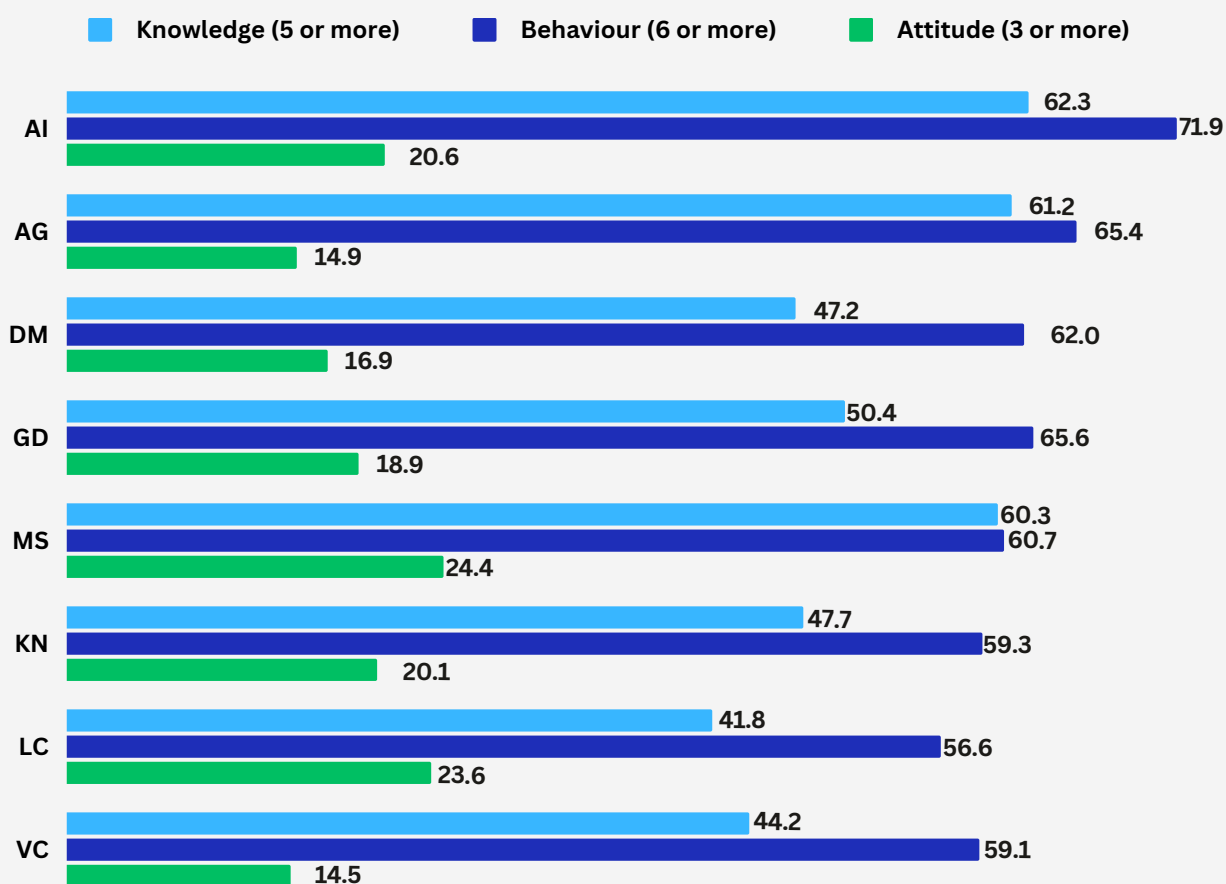
Notwithstanding low financial literacy scores across all ECCU countries, some components of financial literacy saw better results than others. For instance, 3 in 5 individuals or 61.6 per cent of respondents achieved the minimum target score for financial behaviour. Results deteriorated across the other two components of financial literacy as 1 in 2 individuals or 50.5 per cent of respondents achieved the minimum target score on financial knowledge, and a mere 1 in 5 individuals or 18.8 per cent of respondents achieved the minimum target score on financial attitude. Across all three components, 8.6 per cent of individuals achieved the minimum target score.

Chart 5: Proportion of respondents achieving minimum targets of the financial attitude, knowledge and behaviour.



At the country level, the proportion of respondents passing the minimum target financial behaviour score ranged from 56.6 per cent in Saint Lucia to 71.9 per cent in Anguilla. Similar results were seen for financial knowledge, where the proportion of respondents passing the minimum target was lowest in Saint Lucia (41.8 %) and highest in Anguilla (62.3 %). Contrary to the pattern seen for financial behaviour and knowledge, 14.5 per cent of respondents in Saint Vincent and the Grenadines passed the minimum target financial attitude score, while Montserrat had the highest proportion of persons (24.4 %) passing the minimum target financial attitude score (see chart 5).

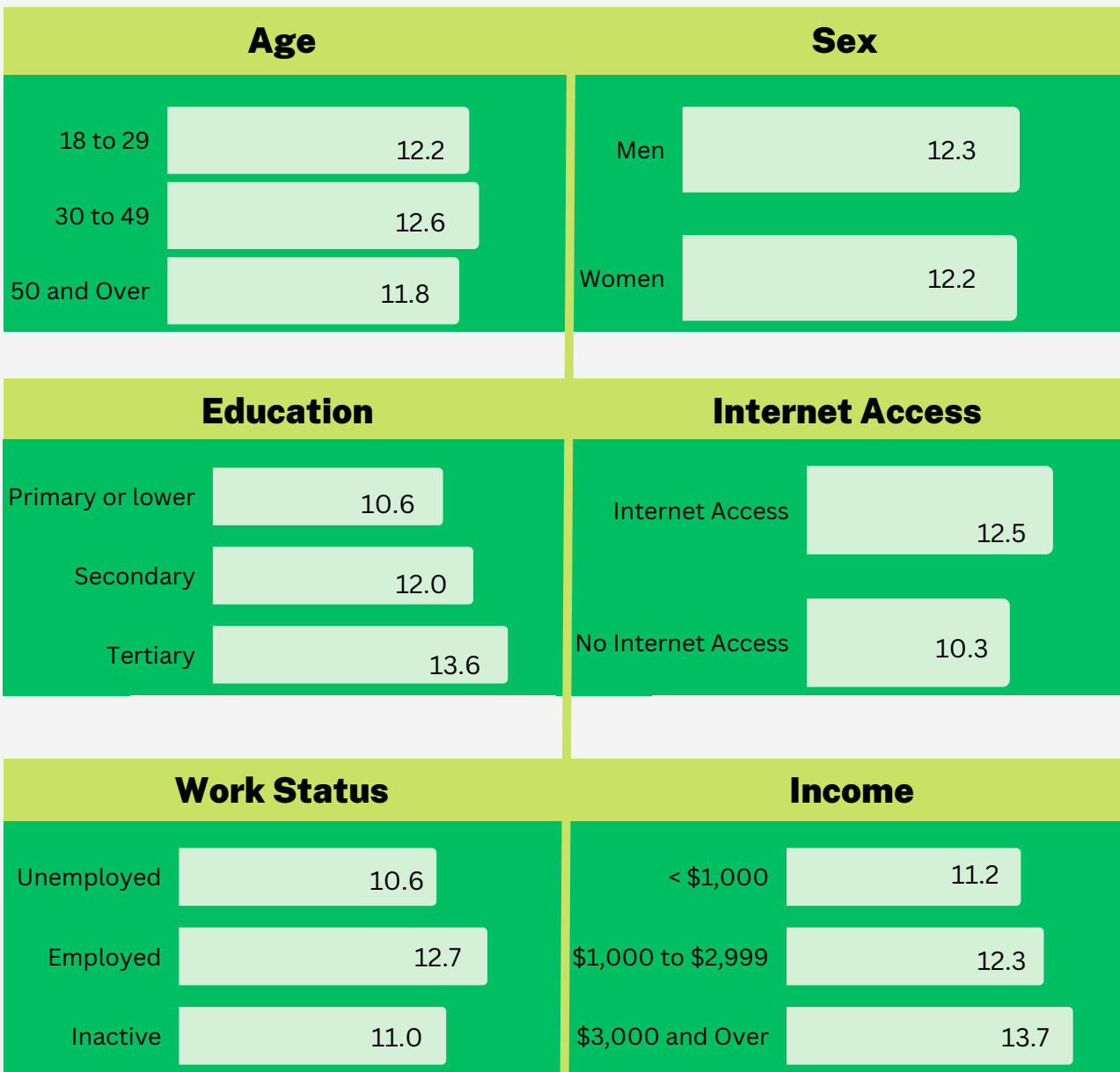
Chart 6: Percentage (%) of respondents achieving minimum target of financial attitude, knowledge and behaviour in each ECCU country.



# Financial Literacy

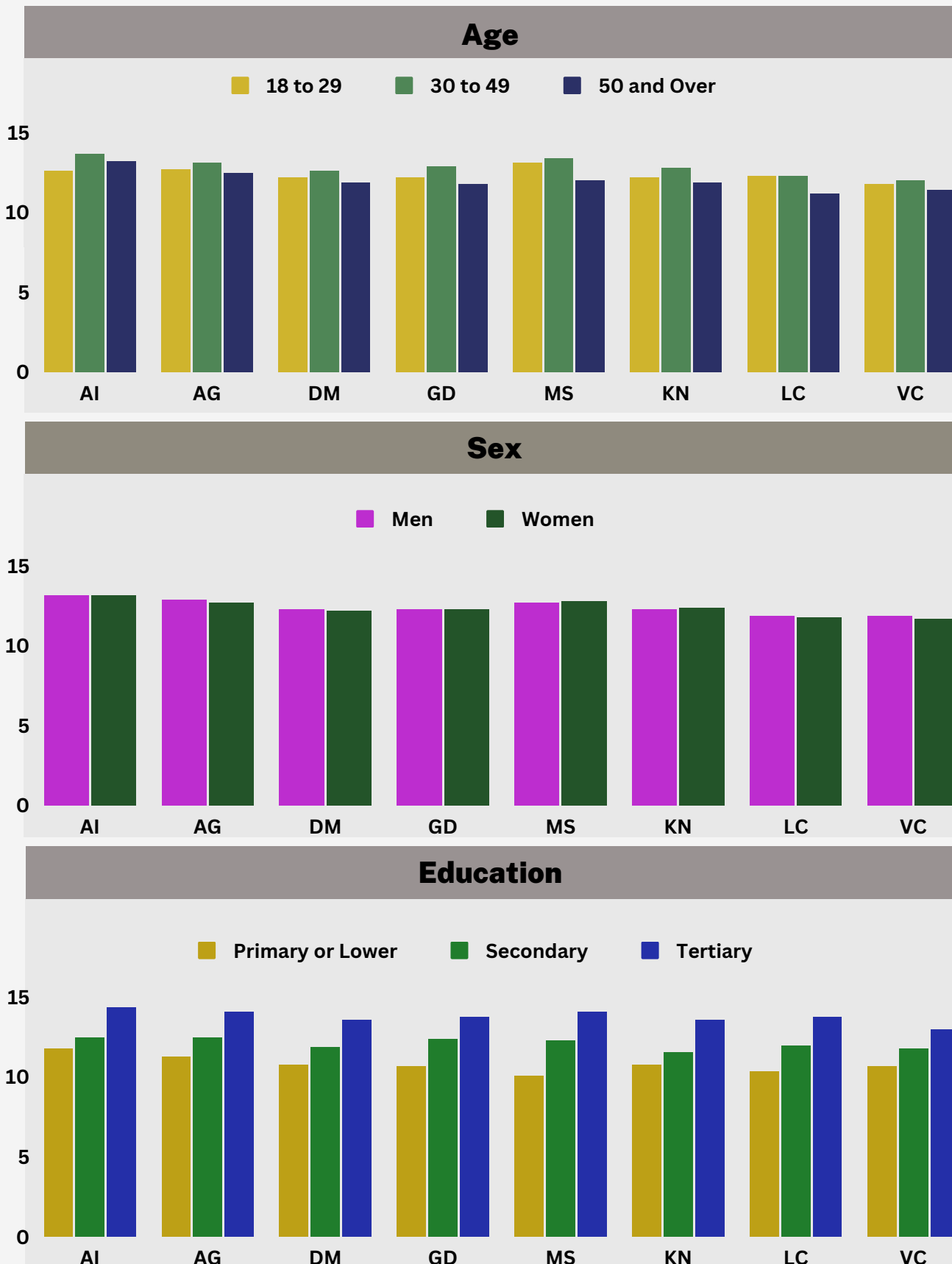
Demographic Features of the ECCU Financial Literacy Score

The highest financial literacy score (13.7 out of 20) was noted among ECCU residents making monthly income of \$3,000 or more.

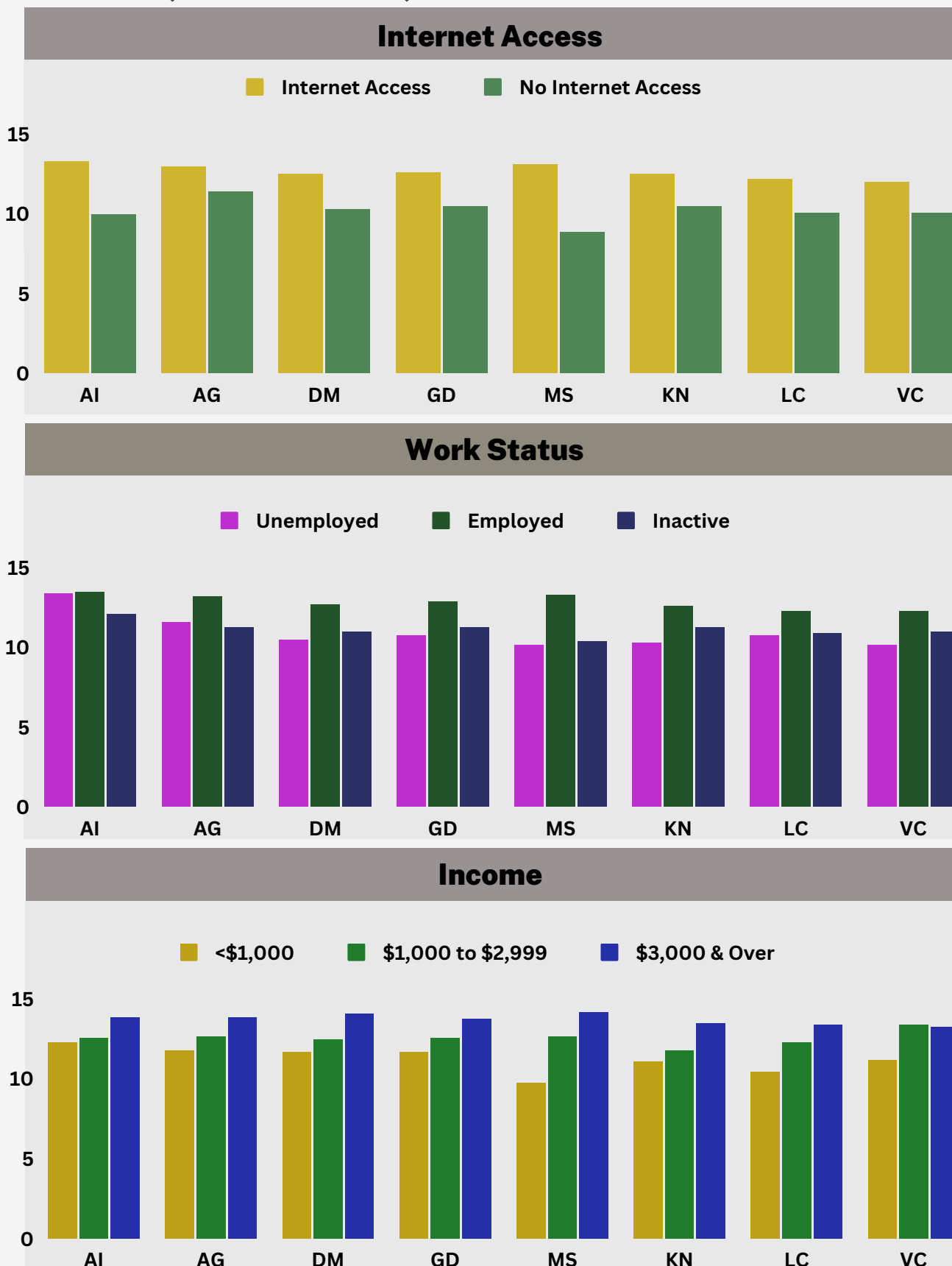


**10.3** The lowest level of financial literacy was among persons with no internet access.

While there are variations in financial literacy scores by age and education, there is virtually no gender gap in financial literacy scores across the ECCU countries.



Montserrat registered the widest gap in financial literacy scores between residents with internet access (13.0 out of 20) and those without internet access (8.8 out of 20).



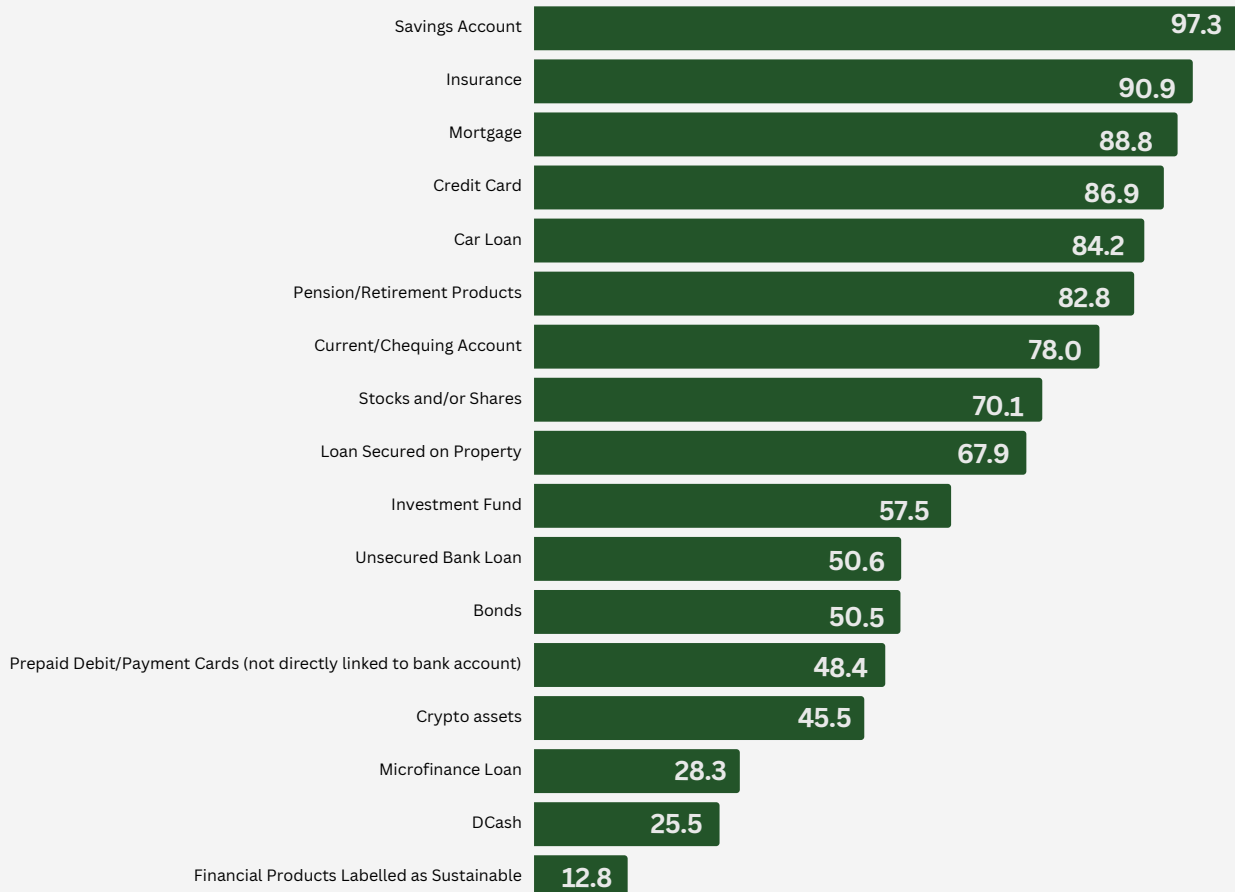
# Financial Inclusion

Financial Products Awareness, Holding/Choice and Use.

The OECD defines financial inclusion as “the process of ensuring access to appropriate financial products and services needed by vulnerable groups at an affordable cost – and in a fair and transparent manner.” These vulnerable groups may include low-income groups. In this study, financial inclusion focuses on several key factors. These are financial awareness, holding/choice and use.

Financial awareness is not an issue in the ECCU, as over 8 out of 10 (88.3 %) respondents were aware of at least 5 of the 18 products listed. On the other hand, just over 5 in 10 persons indicated they made at least one product choice in the two years preceding the survey. The top 5 products that ECCU residents were aware of were savings account, insurance, mortgage, credit card and car loans. Of note, was residents' awareness of ECCB's digital currency. On average, only 1 out of 4 individuals were aware of ECCB's DCash.

Chart 7: Awareness of financial products in the ECCU (% of respondents).





## Awareness of financial products varied slightly across ECCU countries.

Table 1: Individuals' awareness of financial products in the ECCU (% of respondents)

Awareness of financial products	AI	AG	DM	GD	MS	KN	LC	VC
A savings account	99.2	97.1	96.3	96.8	98.6	98.3	98.0	95.8
Insurance	91.4	94.4	88.6	87.7	96.4	91.5	93.3	86.9
A mortgage	94.0	94.4	86.5	83.4	97.0	90.6	88.2	83.0
A credit card	97.3	93.4	87.1	79.8	94.0	88.9	88.9	74.5
A car loan	99.2	92.5	81.2	76.0	96.2	87.0	86.0	71.5
A pension or retirement plan	86.8	90.1	80.1	74.0	89.7	86.4	78.6	82.0
A current/chequing account	93.4	85.3	78.3	74.0	87.1	82.7	78.4	57.3
Stocks and/or shares	82.8	70.5	61.9	69.5	82.0	72.4	70.7	63.3
A loan secured on property	83.7	76.2	71.1	66.1	74.9	66.0	68.6	47.9
An investment fund (e.g. unit trust)	71.2	66.0	57.1	56.1	65.9	54.1	55.7	45.0
An unsecured bank loan	77.9	60.9	47.3	42.8	52.1	67.2	39.9	31.5
Bonds	76.4	60.5	40.4	46.8	61.6	58.1	49.4	29.1
A prepaid debit card/payment card [not directly linked to a bank a/c]	56.7	59.5	45.6	43.3	62.9	61.1	34.9	34.5
Crypto-assets (Bitcoin, Ethereum, Bitcoin cash etc.)	70.3	59.2	44.3	35.0	56.6	51.4	36.9	28.4
A microfinance loan	24.0	30.3	23.8	36.4	20.8	26.6	38.8	19.2
DCash	52.7	25.5	18.4	20.2	60.5	25.0	16.1	17.2
Financial products labelled as sustainable, or ESG, or green	42.1	10.4	10.7	10.2	20.5	11.2	9.3	6.6

## Across the ECCU, nearly 9 in 10 persons hold an account with a financial institution.

In the ECCU, approximately 9 in 10 persons (86.0 %) hold an account with a financial institution. The top 5 financial products held were savings account, insurance, pension or retirement product, stocks and/or shares, and prepaid debit card/payment cards that are not linked to a bank account. Most ECCU individuals (83.2 %) hold savings, investment and retirement products (see chart 8).

Over 95.0 per cent of respondents in Montserrat, utilized savings accounts. In Anguilla, 70.1 per cent of respondents utilized insurance products. Retirement products and prepaid debit cards (not directly linked to a bank account), were most prevalent in Saint Kitts and Nevis. Meanwhile, 48.5 per cent of residents in Saint Vincent and the Grenadines reported holdings of stocks and/or shares (see table 2 below).

Chart 8: Percentage (%) of individuals with accounts at a financial institution.

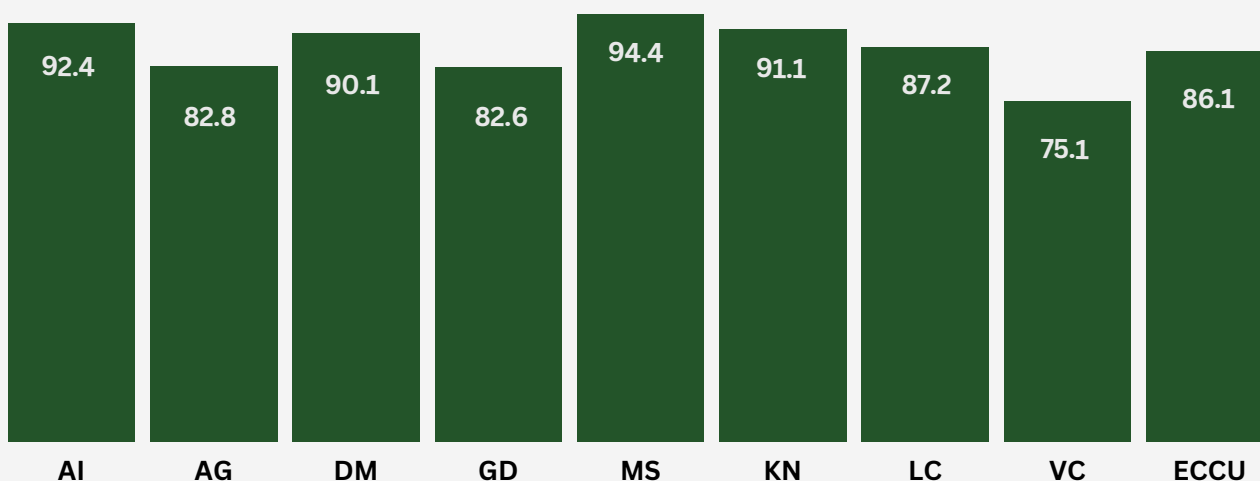


Table 2: Top 5 financial products held by individuals in the ECCU (% of respondents)

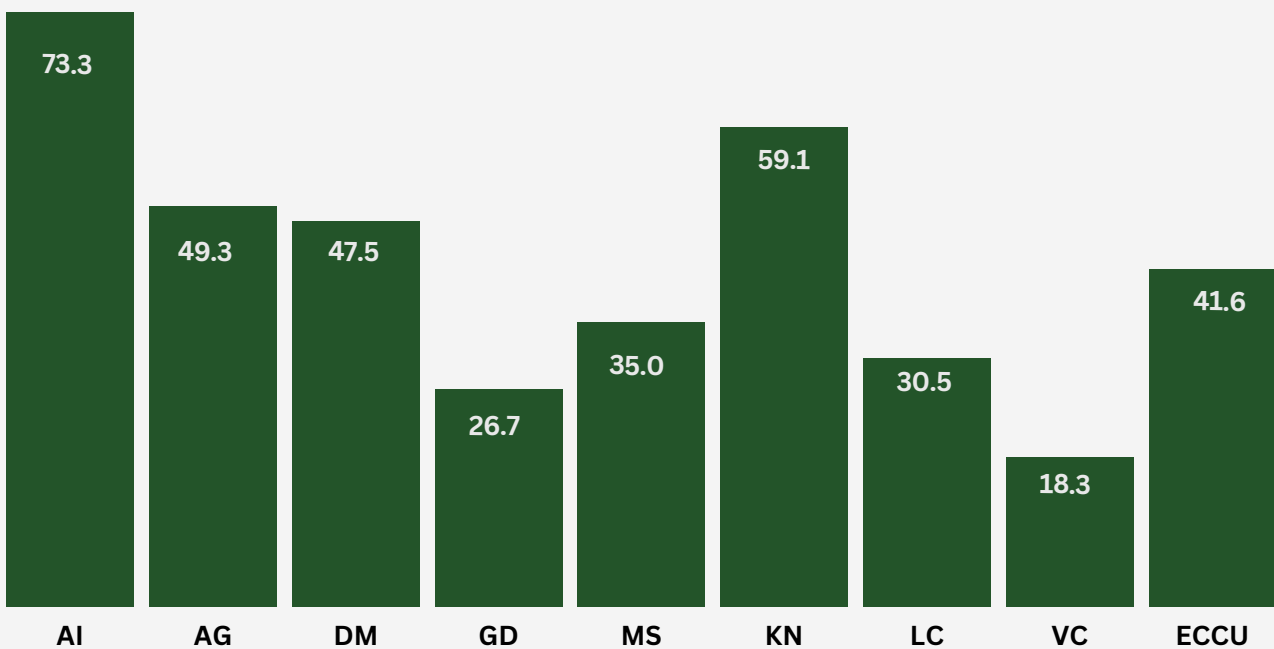
Top 5 Financial products	AI	AG	DM	GD	MS	KN	LC	VC
A savings account	81.9	81.7	87.7	79.7	95.7	91.6	84.1	75.9
Insurance	70.1	46.3	39.5	29.8	63.9	61.4	32.9	29.1
A pension or retirement product	42.2	41.0	33.5	26.8	51.1	51.1	36.4	31.7
Stocks and/or shares	24.7	16.4	24.2	24.3	26.8	39.9	29.2	48.5
A prepaid debit card/payment card [not directly linked to a bank account]	28.3	16.0	25.2	20.1	18.6	44.0	10.6	24.0

## Only 4 in 10 persons use accounts for electronic and debit card transactions.

Use of accounts to facilitate electronic and debit card transactions is low. Electronic payments include using a debit, credit, or prepaid cards and account transfer. Only 41.6 per cent of ECCU individuals made one (1) or more electronic payments in the 12 months preceding the survey (see chart 9).

In addition, 76.0 per cent of respondents made regular and recurring payments of electricity, water, and/or garbage collection during the 12 months preceding the survey. Of those persons, 89.0 per cent made payments mainly in cash, and 14.9 per cent paid through a bank/credit union account.

Chart 9: Percentage (%) of individuals who made one or more electronic payments in the 12 months preceding the survey.

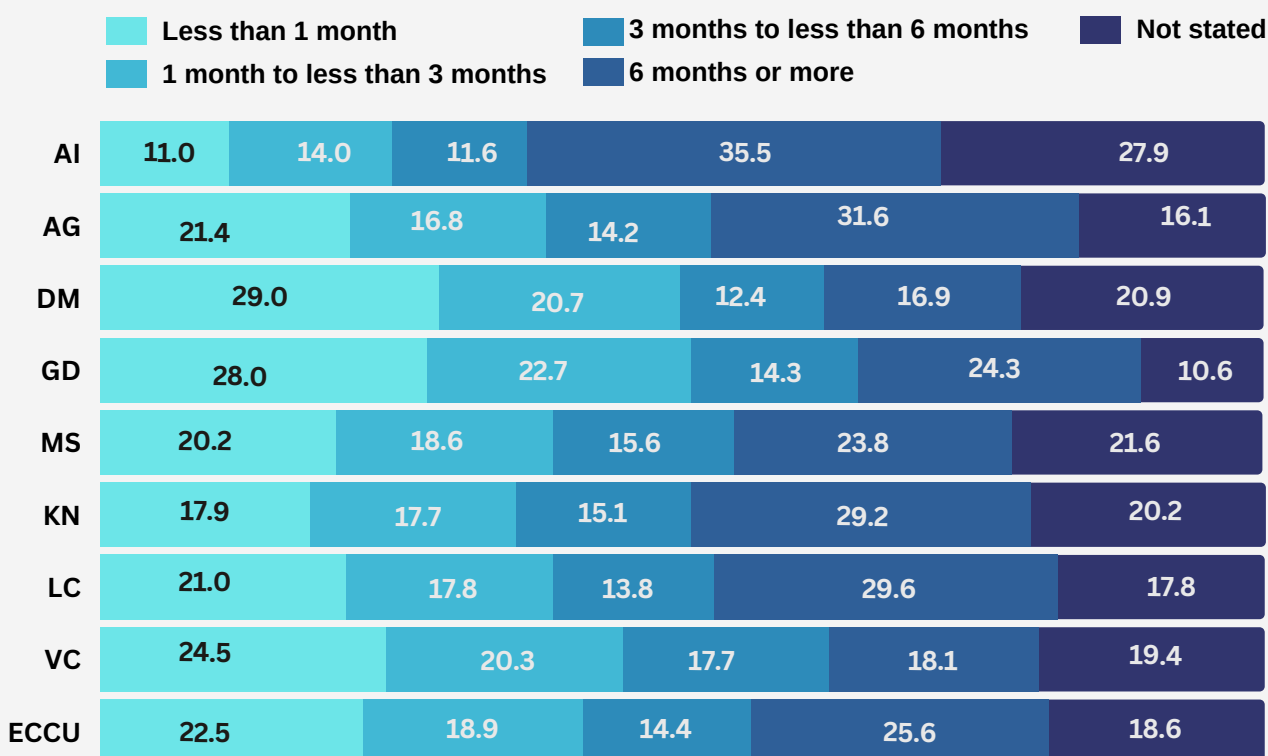


# Financial Resilience

## More than 2 in 5 individuals are not financially resilient.

Financial resilience is the ability of individuals or households to cope with and recover from negative financial shocks. These negative financial shocks can result “from various unexpected events, including changes in family composition, damage to household possessions, or other large, unexpected expenses (Salignac et al., 2019; McKnight, 2019; McKnight and Rucci, 2020)”. At an individual level, financial resilience depends on the availability of appropriate resources and the ability to mobilise them to face a negative financial shock.

Chart 10: Respondents (%) by length of time they can cover living expenses.



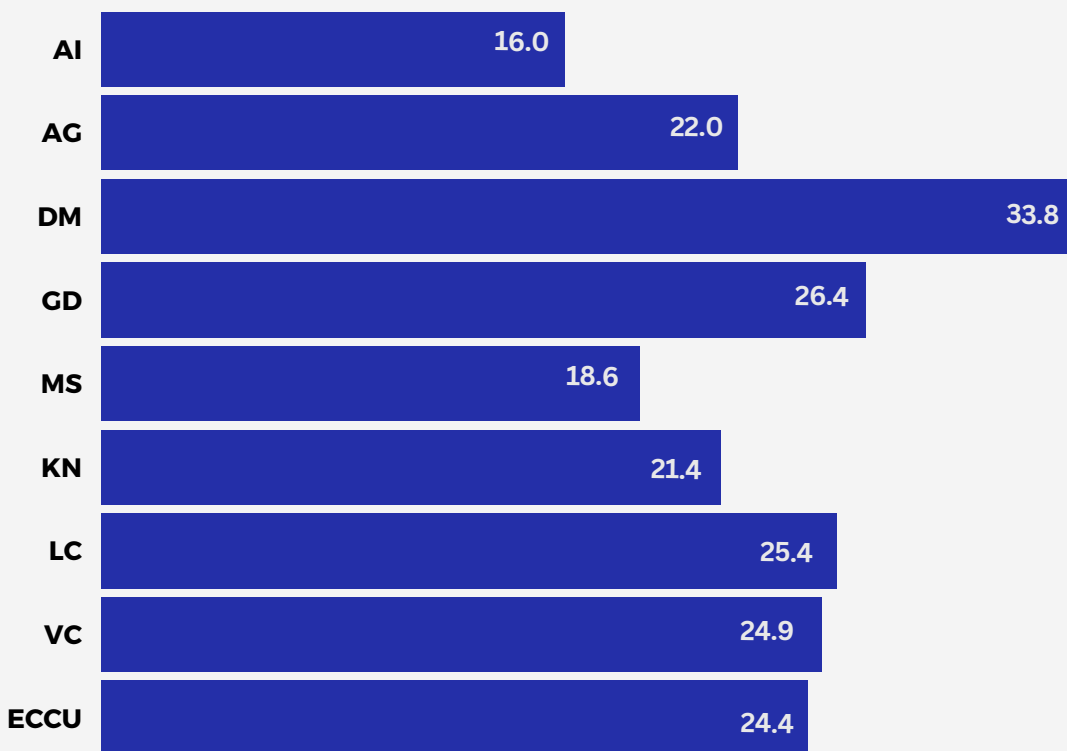
Over half of the individuals in the ECCU indicated that they were not able to meet their living costs in the past 12 months. Further, over 2 in 5 individuals (43.9 %) indicated that they will not be able to face a major expense today without borrowing from a financial institution or asking family or friends to help. However, to make ends meet, nearly half of the individuals surveyed cut back on spending, did without, or delayed a planned expense. Individuals also drew down on their savings or transferred funds from savings to chequing account, worked overtime, asked for help, or sold something they owned.

## Evidence of varying levels of informality in the financial sector of the ECCU countries

The survey also demonstrated the extent to which individuals have been turning to family and friends to provide services that are available from financial institutions – an indication of the level of informality in the financial sector.

Across the ECCU, 24.4 per cent of respondents turned to family or friends for assistance to save or borrow. The highest proportion involved in this practice is seen in the Commonwealth of Dominica (33.8 %), followed by Grenada (26.4 %) and Saint Lucia (25.2 %). The lowest proportion of respondents involved in this practice is seen in Anguilla (16.0 %).

Chart 11: Percentage (%) of respondents who turned to family or friends for assistance to save or borrow.



# Conclusion

An overall financial literacy score of 61.0 per cent highlights low levels of financial literacy across all ECCU countries. Financial literacy levels varied across socio-economic and demographic groups, with higher income earners recording the highest levels of financial literacy and those without internet access recording the lowest levels of financial literacy. Of note, is very little to no gender gap in financial literacy across the countries.

Notwithstanding the low levels of literacy in the sub region, nearly 9 in 10 respondents can be described as “financially aware” – evidenced by their knowledge of at least 5 of 18 financial products listed. In terms of financial holdings, the survey revealed that nearly 9 in 10 residents across the ECCU held an account with a financial institution, of which the most preferred were savings, investments and retirement products.

Worthy of note is low usage of the modern payment system across the ECCU. The survey revealed that 76.0 per cent of respondents made regular and recurring payments in the 12 months preceding the survey, yet 89.0 per cent of these respondents made payments mainly in cash. Moreover, some residents of the ECCU have also turned to family or friends for assistance to save or borrow – services that are available from financial institutions.