

# **Financial literacy for financial resilience: Evidence from Cyprus during the pandemic period**

**Panayiotis C. Andreou<sup>\*</sup>, Sofia Anyfantaki and Adele Atkinson**

## ***Abstract***

This study takes Cyprus as a case country to examine the role of financial literacy for financial resilience in the pandemic period. Responses to the survey questions to assess the level of financial literacy show that in 2021 less than 4 out of 10 respondents had a good financial knowledge proficiency level. The results also show that more than 1 out of 3 Cypriots are financial fragile, i.e., would not have been able to cover an unexpected financial need within a month without borrowing or asking for financial help. Moreover, about 6 out of 10 did not have a rainy-day fund to cover three months living expenses in case of losing their main source of income. The proportions are higher for young, not employed, low-income and larger households, indicating that these subgroups were the least resilient. These findings suggest that many Cypriot households were ill-prepared to face the economic consequences of the COVID-19 pandemic. Most importantly, the findings indicate that financial knowledge proficiency appears as a strong antecedent of one's proclivity of being financially resilient. An important policy implication of the study's conclusions is that financial education could help households to improve their financial resilience and prepare for future shocks.

**Keywords:** financial literacy; financial resilience; financial fragility; rainy-day funds; COVID-19; personal finance; financial education

---

<sup>\*</sup> Corresponding author. Address: Department of Commerce, Finance and Shipping, Cyprus University of Technology, Lemesos, Cyprus; e-mail: panayiotis.andreou@cut.ac.cy.