



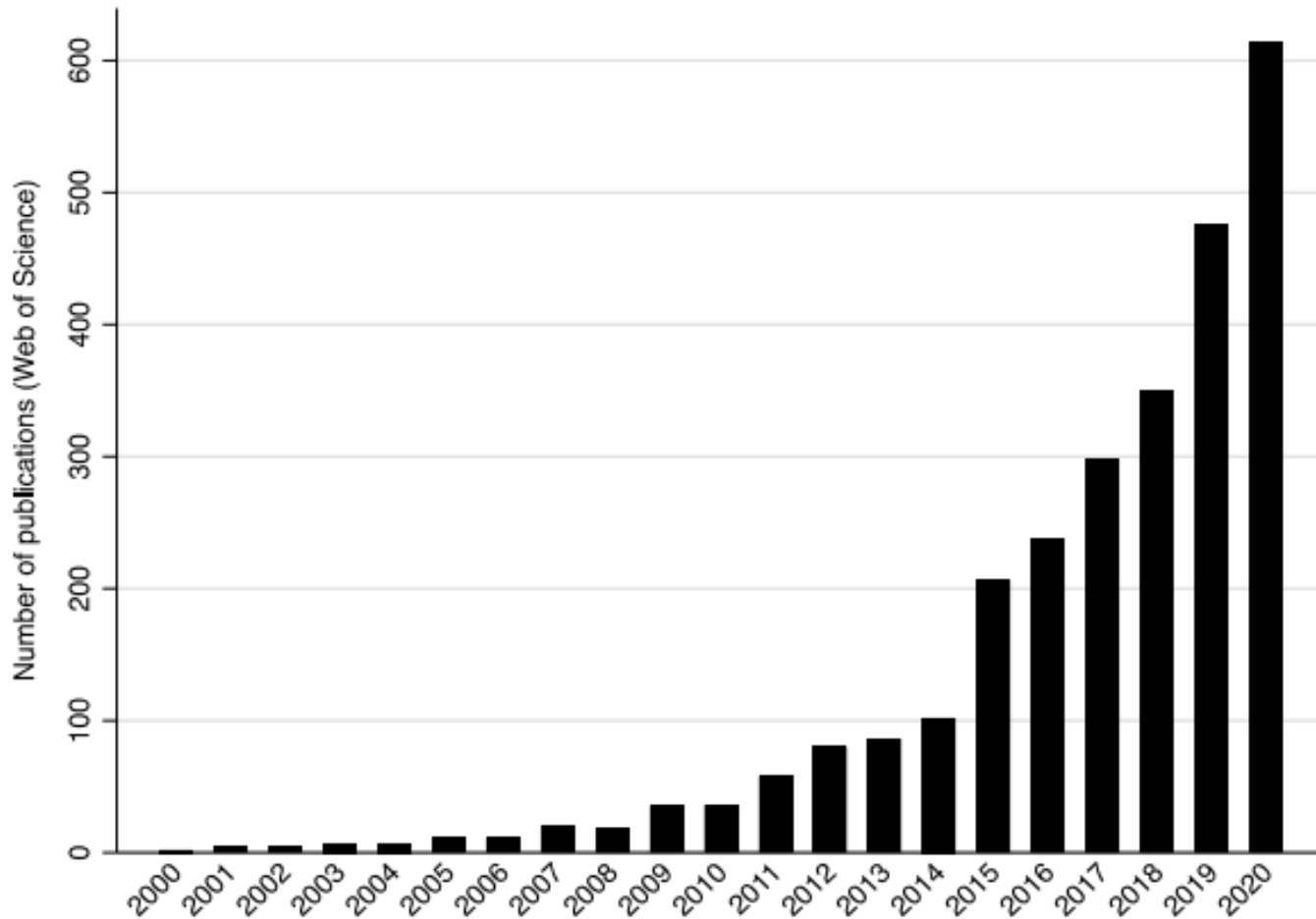
# Financial Education Matters

## Testing the Effectiveness of Financial Education

Wednesday, April 20, 2022

# Influx of Research

Figure 1: Number of journal articles on financial literacy in the Web of Science per year



Exponential growth of articles citing “financial literacy”.

Effectiveness of financial education still debated.

# Taking Stock of Financial Interventions

Meta-analysis of 76 RCTs, across 33 countries tested whether financial education<sup>1</sup>:

1. Increases financial knowledge
2. Improves financial behaviors
3. Is cost-effective

1. Kaiser, T., Lusardi, A., Menkhoff, L., & Urban, C. (2021). Financial education affects financial knowledge and downstream behaviors. *Journal of Financial Economics*. <https://doi.org/10.1016/j.jfineco.2021.09.022>.

# Characteristics of the Study

**Meta-Analysis:** Stringent statistical analysis analyzing results across independent research studies to produce one overarching conclusion.

**RCT (Randomized Control Trial):** Gold standard of experimental research.

# Findings and Implications

## Financial Education → Knowledge? **Yes!**

- Largest effect on knowledge, similar effect to math and reading interventions

## Financial Education → Behaviors? **Yes!**

- Positive effects on nearly all behaviors studied - improves budgeting, savings and credit
- Similar effect to tailored health interventions – like those for smoking

## Is Financial Education Cost-Effective? **Yes!**

- On average, a low cost for positive, overall medium effect