A review of youth financial education: Effects and evidence

Building personal financial capability early in life gives people a foundation for later-life financial well-being. Schools are an important channel to provide education to improve financial capability.

Financial educators and policymakers face many decisions about whether and how to implement financial education. Strong research can ground these decisions and inform stakeholders of the rigorous evidence that exists on financial education in schools.

Our report on effects and evidence can help

A Review of Youth Financial Education: Effects and evidence is designed to help education policymakers, program leaders, financial educators, and academic researchers make evidence-informed policy, programming, and resourcing decisions in school-based financial education.

For references and sources, please see the full report.

Well-implemented state financial education mandates led to a clear improvement in financial behaviors

Rigorously implemented financial education can lead to improved credit scores and decreased delinquencies. These improved effects are larger for the second and third graduating class affected by the financial education course requirement.

Financial education shifted students from high cost borrowing options, such as credit cards and private student loans, to lower-cost borrowing options, such as Stafford loans.

Financial literacy mandates increased the likelihood of having a credit file, and decreased the likelihood of having any outstanding debt and the likelihood of being delinquent on debt.

Many U.S. financial education programs improve financial knowledge for students, though success varies

A study of the My Classroom Economy® program in the Palm Beach Florida School District for 4th and 5th graders showed improved financial knowledge and savings.

A study of Financial Fitness for Life® for grades 3 through 12 in Eastern Kentucky showed improved financial knowledge.

The results of U.S. programs vary based on the population served, amount of instruction time, and topics covered.

Other countries have used more widespread randomized controlled trials

As other nations embed and expand financial education programs broadly, their studies provide useful information on the programs' effects.

In Brazil, an examination of a high school 17-month program which included in-school and at-home exercises showed an increase in financial proficiency, graduation rates, savings, budgeting, and had positive spillover effects on parents.

In Peru, an examination of school-based workbooks for high school students showed increased financial knowledge, reduced impulsive spending, increased savings, and also improved teacher financial behaviors.

How to use the report

The studies contained in this report can be a starting point for policymakers and program leaders to refer to youth financial education research that can inform the design of a program or study. Understanding the differences in the types of studies turns the question from "Does financial education work?" to "What types of financial education work, for whom, and why?"

This can help policymakers and practitioners pinpoint what makes a financial education program effective.

In turn, a financial education program that is rooted in evidence can become a best practice for other practitioners looking to replicate or scale their programs.

The CFPB also offers additional resources to support stakeholders seeking to enhance youth financial education efforts. Advancing K-12 Financial Education: A Guide for Policymakers provides case studies and a resource directory. The Building Blocks to Help Youth Achieve Financial Capability: Measurement Guide provides program leaders and other financial educators with ways to assess young people's progress toward the achievement of financial capability.

For more information on this report, please visit: consumerfinance.gov/data-research/research-reports/review-youth-financial-education-effects-and-evidence/