

Financial Literacy among Scottish Students

Georgios A. Panos

Robert Wright

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Abstract:

We examine financial literacy among 11-18 year-old Scottish students, using population-representative data from a novel survey. We find significant gender differences, with female students scoring lower on the six financial-literacy questions, but being more likely to respond they do not know the correct answer. The results suggest insignificant differences between urban and rural areas, as well as minor differences between more and less deprived-school areas. However, non-native students perform significantly worse in terms of financial literacy. There is a positive age-financial literacy relationship, with rises of large magnitude at the ages of 13 and 16, corresponding to the 2nd and 5th year of the Scottish-schooling system. Experience with economics, finance and business subjects does not appear to significantly improve the financial literacy of Scottish students. Examining the associations between financial literacy and student behaviour, we find a significant negative association between financial literacy and the incidence and frequency of smoking. The latter robust result could be indicative of a positive health externality of financial literacy, induced by savvy consumer behaviour by more financially-literate students.

JEL Classification: D12; I19; I29

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* Panos, Adam Smith Business School, University of Glasgow, Georgios.Panos@glasgow.ac.uk. Wright, University of Strathclyde Business School, r.e.wright@strath.ac.uk. We thank seminar participants for valuable comments.