



Testing the Use of the Mint App in an Interactive Personal Finance Module

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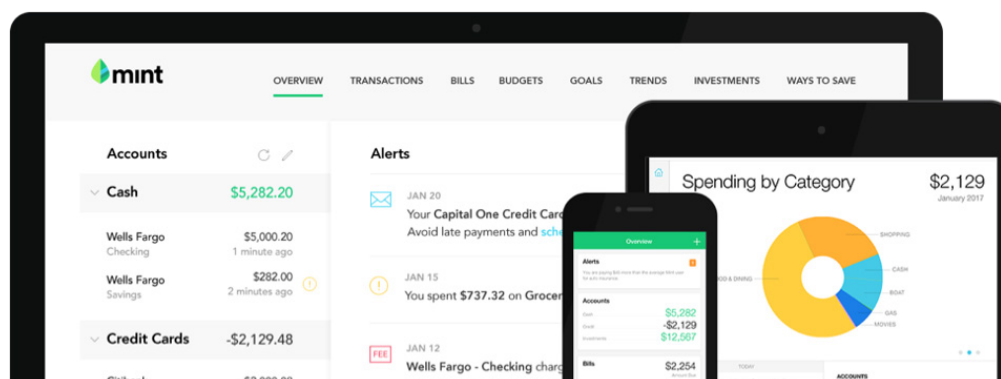
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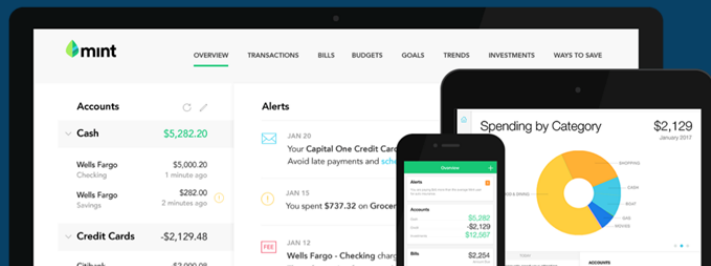
Business

The Problem

Today's college students enter a world filled with complex financial decisions and challenges. Yet many are woefully unprepared to effectively make the decisions required to meet these challenges. Financial education can be an effective tool to impart the financial skills and knowledge that will prepare students for their financial lives after college, equipping them to build greater financial resilience, better manage debt, and achieve more wealth in retirement.

Increasingly, research has shown the positive and meaningful impact of well-designed and well-implemented financial education programs. However, lack of student engagement as well as resource limitations result in wide variation in program quality, effectiveness, and access. To ensure every student has the opportunity to engage with relatable and dynamic content, we need greater understanding of what makes for programmatically effective and cost-effective financial education.





The Study

To advance understanding of effective financial education methods, the Global Financial Literacy Excellence Center (GFLEC) conducted an experiment using Mint, a financial improvement tool offered by Intuit, whose financial products include TurboTax and QuickBooks. This study measures Mint's effectiveness at improving students' financial knowledge, attitudes, and behavior. Students at the George Washington University participated in a half-day budgeting workshop and were exposed to either Mint, which is a real-time, automated platform, or Excel, which is an offline, static tool.

Findings from the study resulted in three main recommendations for financial education programs geared toward youth.

1

USE ENGAGING CONTENT

When topics align with students' current financial needs and concerns, they are more likely to engage with the content. Engagement is important for effectiveness, as it means that students attain financial knowledge before they need to apply it to more complex decisions.

2

EMPOWER STUDENTS TO DISCUSS MONEY MATTERS AND MAKE FINANCIAL DECISIONS

Improved financial behavior is the goal of financial education programs. However, the pathways to behavior change, including feeling empowered to make decisions and prepared to discuss personal finance, are also important.

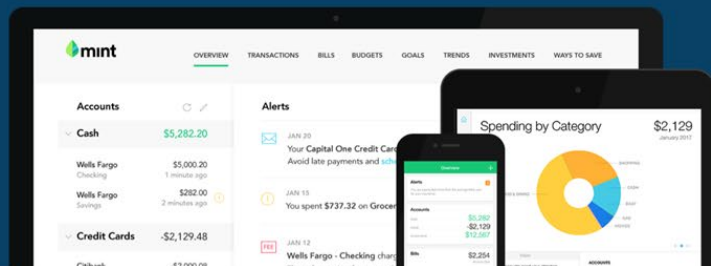
3

EMPLOY DYNAMIC TOOLS

Technology offers new and innovative ways to help students build budgeting skills. We found that outcomes were better for students who used Mint, a dynamic and automated tool, than for students who used Excel, a static tool.

Use Engaging Content

Prior to participating in the workshop, many students reported engaging in some budgeting activities, such as a mental accounting of their spending or trying to be frugal, but very few saw the need to plan for the longer term or formally budget. Students reported having simple financial decisions that revolved around relatively small expenses, such as going out to eat or shopping. Thus, their current situation did not seem to merit learning about or building budgeting skills.



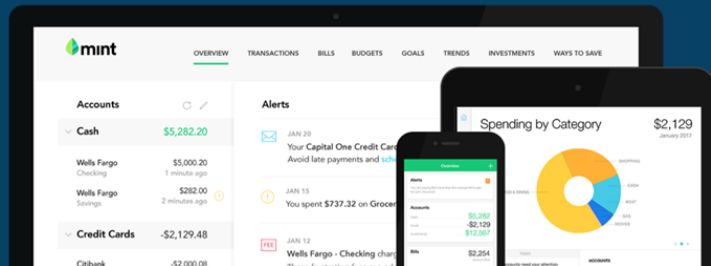
Budgeting would be something they would worry about later, when their financial decisions become more complex. This sentiment underscores a core challenge of engaging youth in financial education.

Students have time on their side; they have the opportunity to build financial knowledge and skills before they are faced with consequential decisions. However, for students to value this opportunity, they need to understand how personal finance concepts relate to their current financial situation and how their current financial decisions impact their future financial goals.

During the workshop, the importance of this connection was conveyed with information about retirement and emergency savings. Discussions made it clear that students saw the relevance of retirement and emergency saving concepts and caused some anxiety because students began to understand that to achieve financial goals, they needed to make immediate or near-term changes to their financial behavior. They understood, for example, the huge benefit of starting to save early for retirement.



The workshop revealed that when students see a clear connection between a financial concept and their own circumstances, they are more likely to engage with the content and feel motivated to change their behavior.

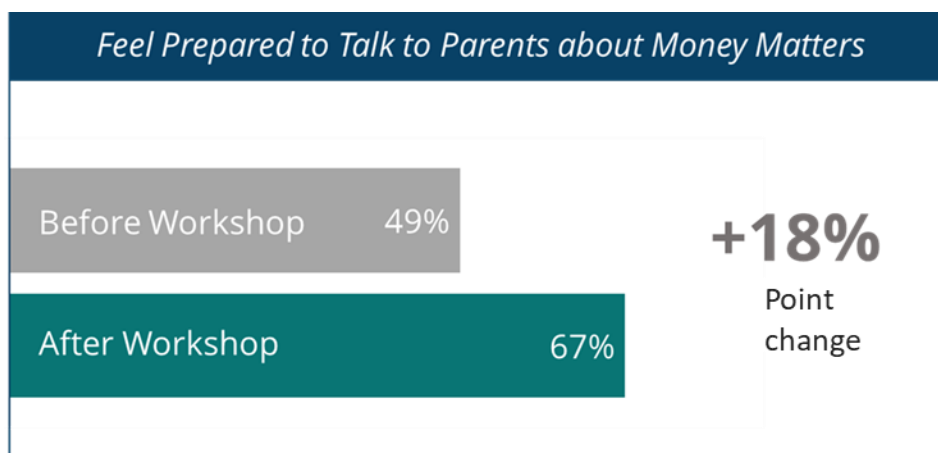


Empower Students to Discuss Money Matters and Make Financial Decisions

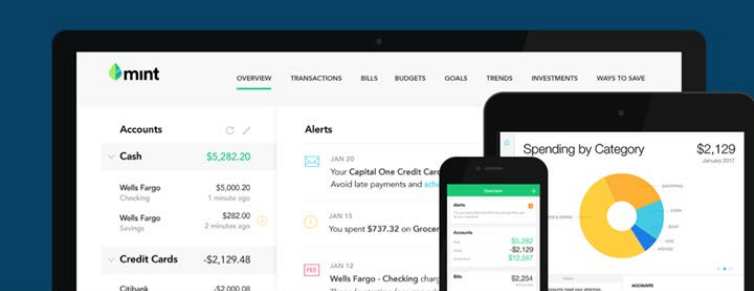
“You have to have an emergency savings account so you can pay for things like that, that you wouldn’t expect to show up. But then they come up really suddenly.”

The purpose of financial education is to help students achieve financial well-being by equipping them with financial knowledge and the ability to make sound financial decisions. However, financial behavior change is difficult to assess, as it requires long-term observation and may not be measurable until complex financial decisions need to be made. Thus, additional and intermediate indicators of behavior change are needed. The indicators considered in our study were preparedness to discuss money matters with parents and level of financial autonomy, both of which are important pathways to greater financial knowledge and improved financial decision making.

After participating in the workshop, students were more likely to feel prepared to discuss personal finance topics with their parents. This is an important outcome as students who talk with their parents on a regular basis are likely to have higher levels of financial knowledge.¹ Prior to the workshop, just under half of the participants (49 percent) reported feeling prepared to discuss money matters with their parents compared to 67 percent immediately following the workshop, a meaningful 18 percentage-point increase.



¹ OECD, 2017. "PISA 2015 Results (Volume IV): Students' Financial Literacy," OECD Publishing, Paris, France.



Additionally, we found significant improvements in students' financial autonomy. Students who demonstrate financial autonomy have a sense of empowerment and feel capable to make financial decisions. Financial autonomy measures students' ability to critically think about financial decisions, demonstrate self-control, and delay gratification; behaviors which have been strongly linked to academic and economic outcomes later in life.² Based on an index of several questions to measure financial autonomy, we found that students showed a significant improvement of 3.2 points after the workshop.³



Note: The index is an aggregated measure that is based on a scale of 0 to 60, with 60 indicating a high level of financial autonomy and 0 indicating no sense of autonomy.

Employ Dynamic Tools

Technology provides new ways for students to engage with financial decision making and has been shown to be an important element of effective financial education. Automated budgeting tools can make everyday financial tasks, such as tracking spending, more accessible to students. To understand the additional benefit such a tool may have for students, we compare differences across Mint and Excel workshop sessions. We evaluated these two types of budgeting tools in the workshops to determine whether Mint is more beneficial for students than Excel, and results showed meaningful advantages of Mint. Students who were exposed to Mint were more likely to have a **positive experience using the tool, feel confident they could achieve a financial goal, and record bills and expenses.**

² Bruhn, M., Souza Leao, L., Legovini, A., Marchetti, R., and Zia, B., 2016. "The Impact of High School Financial Education: Evidence for a Large-Scale Evaluation in Brazil," *Applied Economics*, 8(4), pp. 256-295.

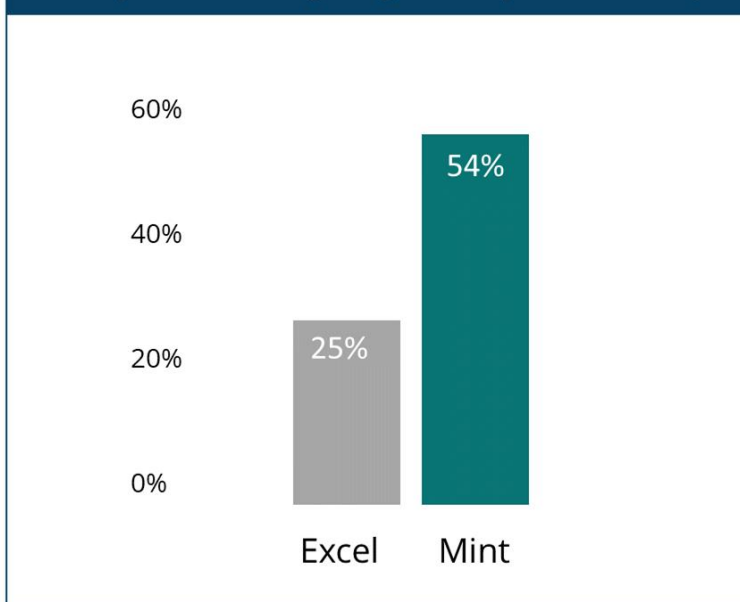
³ The index is an abbreviated version of the Financial Autonomy Index developed by Bruhn et al., 2016. Bruhn, M., Souza Leao, L., Legovini, A., Marchetti, R., and Zia, B., 2016. "The Impact of High School Financial Education: Evidence for a Large-Scale Evaluation in Brazil," *Applied Economics*, 8(4), pp. 256-295.

Mint participants had a more positive experience with and greater likelihood of using the tool

Participants in the sessions that used Mint were almost three times more likely to speak positively about their experience than were participants in the Excel sessions, indicating that Mint provided a more positive budgeting experience. This positive experience resulted in students being more likely to use Mint, or a similar online budgeting tool, after participating in the workshop.

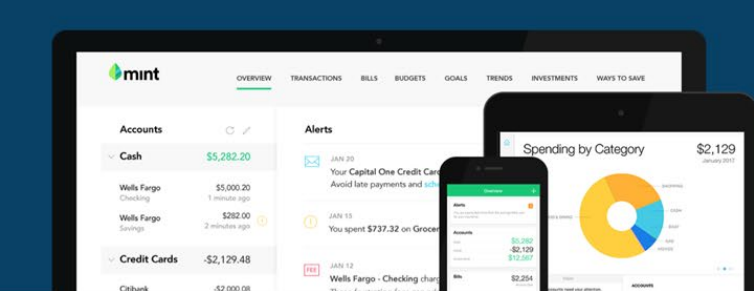
"[Mint] is just really good for organizing your thoughts and then being able to see it. It's having everything there for you."

Use of Online Budgeting Tools After Workshop

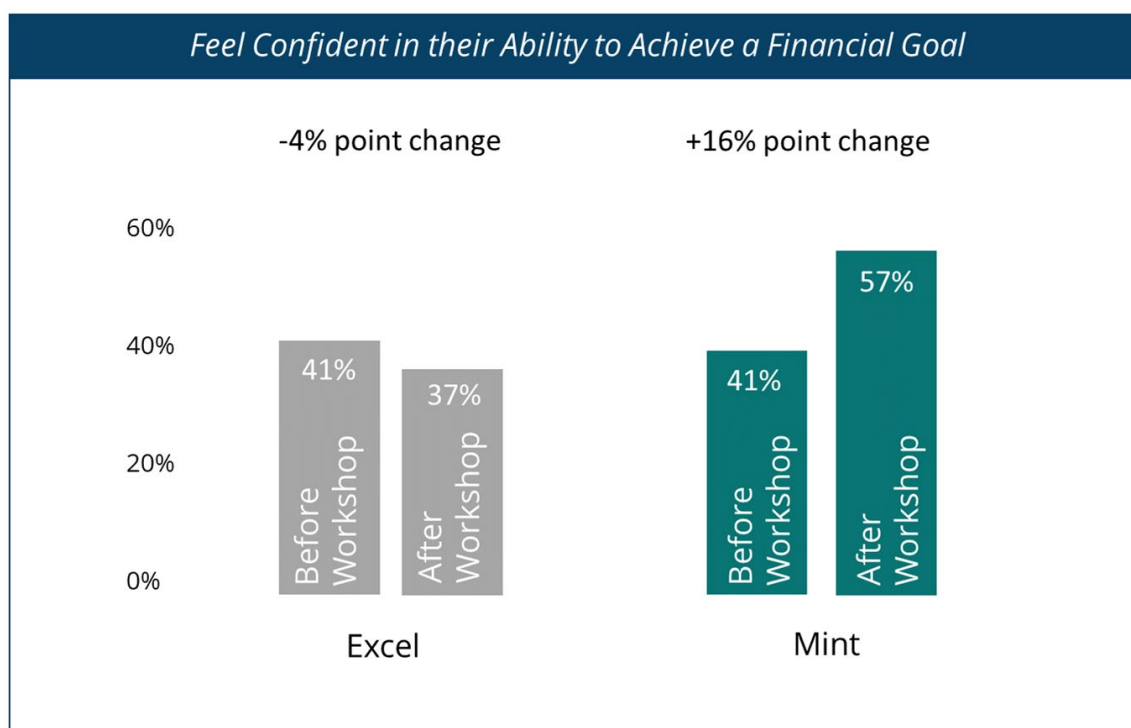


Mint participants had greater confidence in their ability to achieve a financial goal

Confidence is an important outcome for students, as it can lead to later improvements in financial behavior. After the workshop, participants reported an improved sense of empowerment. However, students in the Mint workshop showed greater gains in confidence in terms of achieving a financial goal, indicating that they may be more willing to set and work toward meeting financial goals. Before the workshop, 41% of students felt confident.

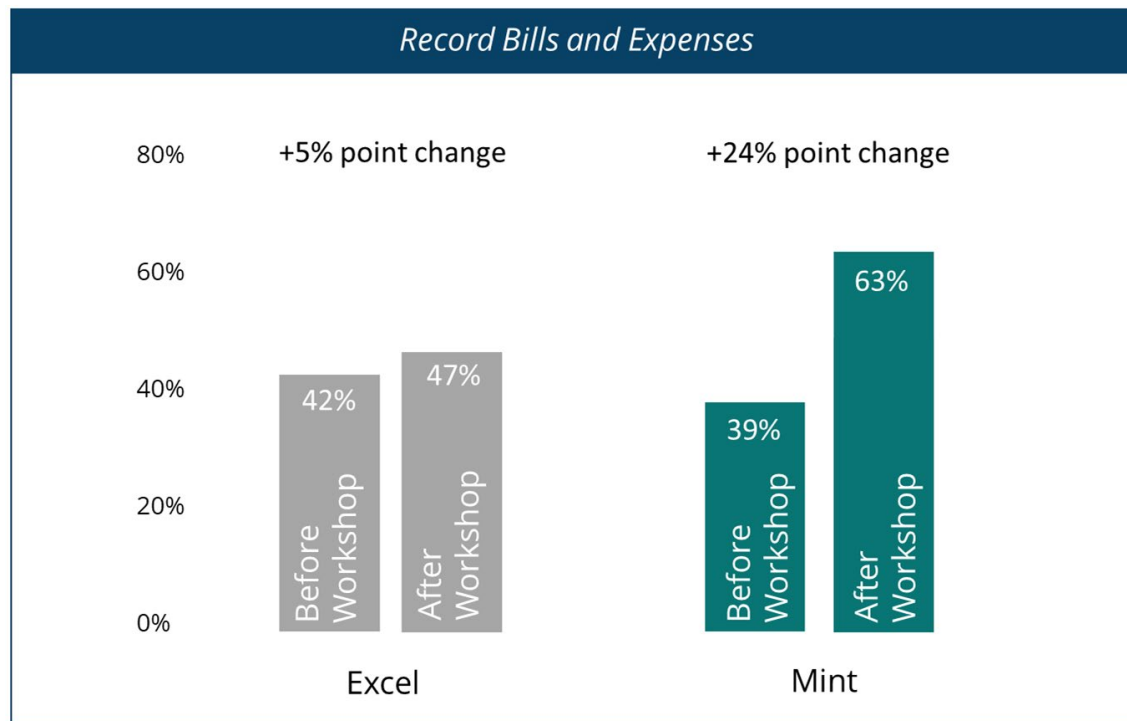
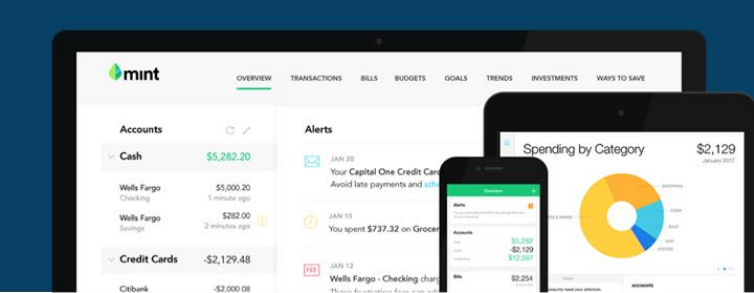


This percentage rose sharply to 57% among students in the Mint sessions—a 16 percentage-point increase. Mint includes a specific feature to help users create financial goals, such as savings or loan repayment. Students found this feature very helpful to understanding the long-term outcomes of their daily saving and spending decisions. No improvements in confidence were reported for Excel participants. Thus, it is likely that exposure to Mint’s goal-setting feature directly contributed to improving students’ confidence.



Mint participants were more likely to record bills and expenses after the workshop

While behavior change is difficult to assess, we did note a significant improvement in recording bills and expenses among students who participated in the Mint sessions. Before the workshop, around 40% of students reported tracking their bills and expenses. For students participating in the Mint sessions, this percentage increased to 63%, a staggering 24 percentage-point increase. One of the main benefits of Mint is it automates tracking of savings and spending, which makes creating and sticking to a budget much easier. Since Excel session participants showed a much smaller change in recording bills and expenses after the workshop, it is likely that the tracking feature of Mint had a direct impact on improving student behavior.



Looking Forward: The Future of Financial Education

The complexity of today's economic landscape means that students need a foundation of financial knowledge if they are to thrive. The economic downturn caused by the COVID-19 pandemic only increases the stakes. Unfortunately, challenges in designing and implementing financial education programs abound: resource limitations result in shortened programs or lack of evaluations to adequately assess behavior change and wide variation in the duration and quality of financial education programs often leaves low-income and minorities behind. In order to adequately address these challenges, quality financial education needs to be accessible to every student, and to provide such education we need to grow our understanding of effective methods, examine new pathways for improving financial behavior, and consider cost-effective programming. This study contributes to this understanding.

Our budgeting workshop, despite its short duration (only a half day), resulted in numerous outcomes that can lead to improved financial well-being and better financial decision making. These outcomes are essential for students as they enter a challenging labor market. The economic crisis has highlighted the financial fragility of Americans, but financial education can help to increase financial resilience. Financial education programs can help students value the importance of building personal finance skills and saving. Programs can also include dynamic tools, such as Mint, that are adaptable to students' situations. As distance learning continues, such tools, many of which are free, provide an interactive experience for students that is accessible regardless of socioeconomic status.