

Financial Education Works: Evidence and Policy Implications

September 17, 2022

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United Nations | Transforming Education Summit



Financial literacy

is an essential skill for young people worldwide to have in the 21st century



Financial education works



The first worldwide meta-analysis of financial education



ELSEVIER

Journal of Financial Economics

Available online 3 October 2021

In Press, Corrected Proof



Financial education affects financial knowledge and downstream behaviors

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<https://doi.org/10.1016/j.jfineco.2021.09.022>

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Abstract

We study the rapidly growing literature on the causal effects of financial education programs in a meta-analysis of 76 randomized experiments with a total sample size of over 160,000 individuals. Many of these experiments are published in top economics and finance journals. The evidence shows that financial education programs have, on average, positive causal treatment effects on financial knowledge and downstream financial behaviors. Treatment effects are economically meaningful in size, similar to those realized by educational interventions in other domains, and robust to accounting for publication bias in the literature. We also discuss the cost-effectiveness of financial education interventions.

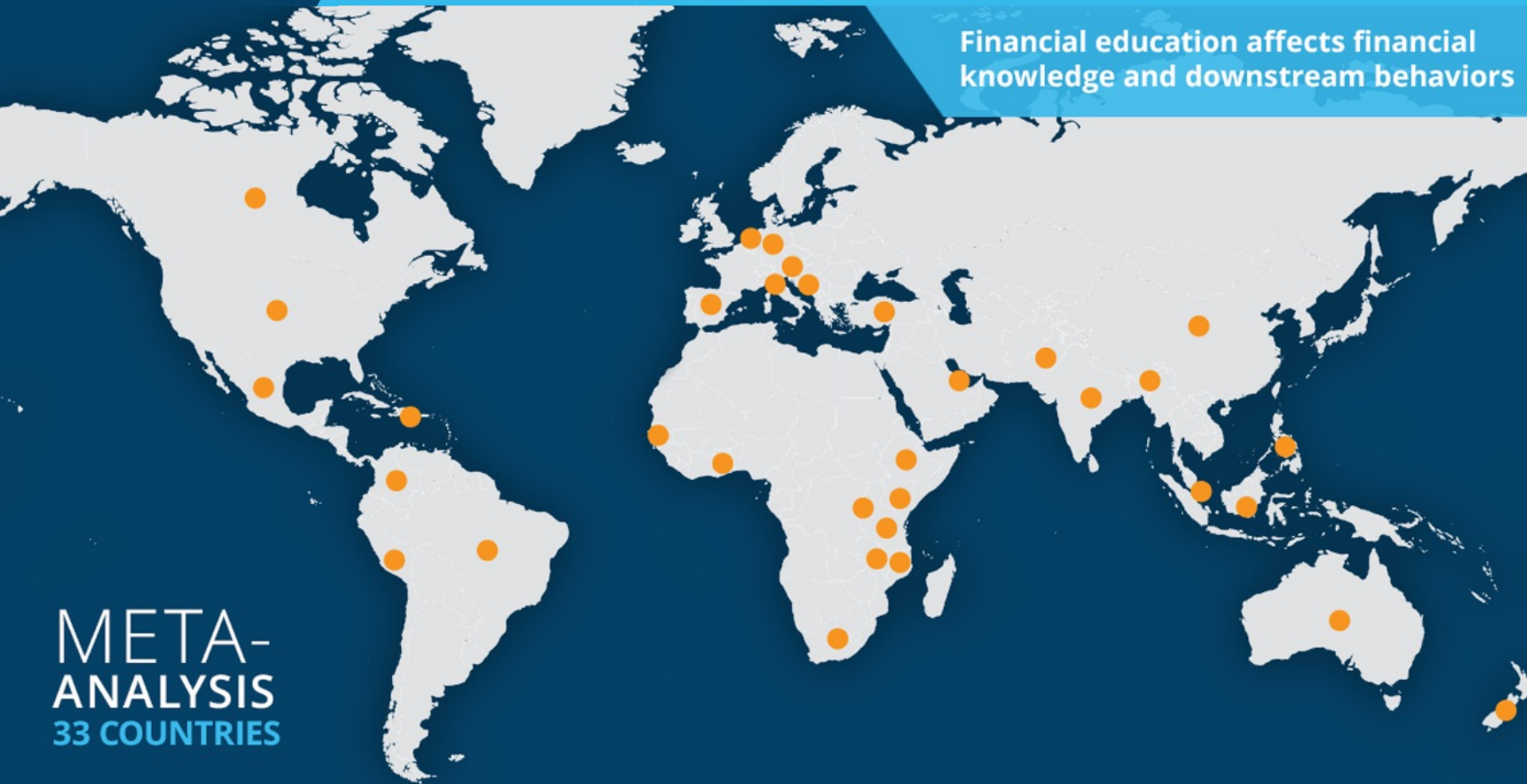


GFLEC.org/metaanalysis

The need for financial education is universal

Financial education affects financial knowledge and downstream behaviors

META-
ANALYSIS
33 COUNTRIES



Analyzing financial education programs around the world

33

countries

6

continents

76

randomized experiments
analyzed

160,000

participants

The sample includes many low-income countries. The effects are measured after 30 weeks, on average, and up to more than two years.



Our key findings

- Financial education affects not only knowledge but also behavior
- It works across age groups, and it is particularly important for the young
- It works in low- and high-income countries
- The effects of financial education are similar to the effects in other educational domains, such as math, reading, health, and energy conservation



Some important findings

We found that:

3x

- The estimated effect of financial education is ***at least three times as large*** as the effect documented in earlier work

5x

- Accounting for differences in programs, effects are ***more than five times as large*** as the effects reported in previous work
- We **do not find clear evidence** of a dramatic **decay** in the effects of financial education over time. Effects persist up to two years after intervention



And...

Financial education is cost-effective



Policy implications

- We know how to bring cost-effective, high-impact, and scalable financial education within reach
- The need for financial education is more urgent than ever
- Financial education should be in every school around the world
- We can continue to measure its success and fix what is not working
- Financial education is about building our future



A vision for the future

The question is:

**Which future do
we want to build?**





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