Financial Literacy

Goetz, J., Crude, B. J., Nielsen, R. B., Chatterjee, S., & Mimura, Y. (2011). College-based personal finance education: Student interest in three delivery methods. *Journal of Financial Counseling and Planning 22*(1), 27-42.

This study examines the need for financial literacy programs on college campus, and current student's desires for these programs. A review of the literature shows two distinct areas for which research is lacking: methods for delivering financial education to students and the individual characteristics related to utilization of these methods. An online survey was administered to 509 undergraduates attending a 4-year public school to measure the student preferences of three-delivery methods: workshops, online courses, and counseling centers. The results concluded specific individual characteristics may prefer one method over another, but there was still a high level of interest in all three. The final recommendation of this survey is for schools to use a multipronged approach to financial education and counseling assistance, and consider investing in courses that can be built upon with varying delivery methods throughout all academic years. This study also acknowledges the need for further research to determine course lengths, short-term or full semester, and does not address if courses should be credit bearing.

Huston, S.J. (2010). Measuring financial literacy. *The Journal of Consumer Affairs 44*(2), 296-316.

This article focuses on developing a standardized measurement for financial literacy. The construct, content, method of measure, and scoring procedure of 71 financial literacy studies are analyzed to produce results that are able to create industry standards for future use. Across these studies, three main barriers are identified: 1) a lack definition for what financial literacy means, 2) measures of financial literacy are not comprehensive, and 3) most studies do not include a guide for measurement interpretation. Huston concludes by proposing an appropriate definition of financial literacy, an acceptable amount of content areas, and a rating method to provide consistent industry-wide results. While not a one-size-fits-all approach, Huston's proposals provide a consistent measure for further research and support of financial literacy and its impact on individual welfare.

Kindle, P.A. (2010). Student perceptions of financial literacy: Relevance to practice. *Journal of Social Service Research 36*, 470-481.

This article focuses on why social workers, who are likely to work with the poor, should be trained to assist clients with issues related to financial literacy. Kindle shows that despite stereotypes, most individuals living in poverty are unlikely to take advantage of federal assistance programs because they are unaware of what is available. A survey of 1,500 social work students across the country shows a moderate level of awareness on the need for financial literacy in practice. While the author acknowledges

that more research is needed to further asses the benefits to clients, the findings conclude that social work students are aware of this need and it should be developed in programs' curriculum.

Mandell, L., & Klein, L. S. (2009) The impact of financial literacy education on subsequent financial behavior. *Journal of Financial Counseling and Planning, 20*(1), 15-24.

Mandell and Klein focus on the effectiveness of financial education in improving the financial literacy of high school students. Their review of literature shows a positive relationship between financial literacy and self-beneficial financial behavior; however, the effects of various forms of financial education on financial behavior are less certain. To better measure the impact financial education courses have on financial literacy, the researchers surveyed students who attended high schools that offered, but did not require, them to take a semester long financial education course. Their results showed no difference between the financial literacy levels of students who had taken the course and those who had not. Those surveyed had graduated within the past five years; however, no pre-testing was conducted on respondents to determine their level of financial literacy prior to attending the course. The study acknowledge these results do not mean financial literacy courses in high school should be eliminated, but rather their delivery methods and content should be reevaluated to better serve students throughout adulthood.

Schuchardt J., Hanna, S. D., Hira, T. K., Lyons, A. C., Palmer L., & Xiao J. J. (2009). Financial literacy and education research priorities. *Journal of Financial Counseling and Planning*, *20*(1), 84-95.

This article summarizes the key findings of a National Research Symposium on Financial Literacy and Education hosted by the U.S. Department of Treasury and U.S. Department of Agriculture Cooperative State Research, Education, and Extension Service. The two-day symposium was representative of public and private universities, scholars from non-profit organizations, and the Federal Reserve board. Topic areas explored: behavior theory application, consumer economic socialization, financial education and program evaluation, and financial risk assessment. Researchers presented how financial education works and how to measure its effectiveness. The biggest struggle in measuring effectiveness is how success is defined for specific target populations. The panel identified critical areas in which research is needed: lack of consistency in how to define and measure program success, data collection and analysis, the effectiveness of various delivery methods, and the relationship between financial education and other types of potentially effective interventions. As a result of the gap in these critical areas, the panel produced ten research questions to help guide future research.

Walstad, W. B., Redbeck, K., & MacDonald, R. A. (2010) The effects of financial education on the financial knowledge of high school students. *The Journal of Consumer Affairs 44*(2), 336-357.

This study examines the positive impact of specific and properly implemented financial education programs on 800 high school seniors from New York, Minnesota, Texas, and Maryland. The course taught students personal finance in five parts including vocabulary, costs related financial decision making, banking and checking, credit debit, APR and credit scores, and budgeting and saving. It was two- to four-weeks long, and all facilitators were trained by the Council for Economic Education. Students surveyed were grouped into a treatment group of 673 students, and a control group of 127 students. The students were tested directly before and after completing the course and results showed it did make a difference on their financial knowledge. Walstad and MacDonald conclude by highlighting the need for financial literacy courses that are systematic and have a comprehensive evaluation in place.