



**Special Issue on “Starting Early for Financial Success”
Journal of Consumer Affairs Vol. 49, Issues 1 (Spring 2015)**

Introduction: The federal government’s Financial Literacy and Education Commission’s (FLEC) has a strategic focus on reaching young people at the early stages of life to help them prepare for their financial futures. Building financial knowledge and behaviors early is important for young people’s long-term personal financial well-being and contributes to the overall economic health of the nation.

To further share information and research that can help prepare young people for their financial lives, the FLEC requested that the *Journal of Consumer Affairs* dedicate a special issue to financial literacy research focused on “Starting Early for Financial Success.” Ten new academic research papers are now published and publicly available in the Spring 2015 issue. Below are the research abstracts and hyper-links to the articles.

Research Abstracts: Published in the “Starting Early for Financial Success” Special Issue

1. Foundations of Financial Well-Being: Insights into the Role of Executive Function, Financial Socialization, and Experience-Based Learning in Childhood and Youth... (Pages 13-38)

Authors: Anita I. Drever, Elizabeth Odders-White, Charles W. Kalish, Nicole M. Elise-Quest, Emily M. Hoagland, and Emory N. Nelms

Abstract: During childhood and youth the foundations for financial well-being later in life, are built, including acquiring the knowledge, skills, attitudes, and personality traits that enable the management of our finances as adults. This article reviews literature from consumer science, developmental psychology, and allied fields to gain insight into moments during youthful development when interventions are likely to have greatest impact. Promising avenues were found, which influence each developmental life stage. Many present novel approaches to financial education—such as focusing on improving executive function in young children (critical despite lacking apparent “financial content”), emphasizing financial attitude development through dual-generation financial modeling for elementary and middle school students and their parents, or intentionally teaching financial heuristics and other practical skills to later adolescents and young adults. Overall, this article proposes a range of innovative strategies to improve financial education, from early childhood through young adulthood.

[Read the full article here.](#)

2. A Developmental Perspective on Children's Economic Agency... (Pages 39-68)

Author: Terri Friedline

Abstract: Understanding children's development is critical in the midst of efforts that teach children about money and opening savings accounts for them early in life. These efforts are delivered at a time of extensive developmental change, yet with limited attention to this context. Through a review of research, this study unveils the ages at which children may be able to save

and to use savings accounts—specific aspects of economic knowledge and behavior—based on cognitive, social, and linguistic development. Children are developmentally capable of saving by age five or six. Children's developmental gains at this age may prepare them for the gains they make in economic knowledge and behavior. Implications are discussed with regard to policy efforts like Child Development Accounts (CDAs) that open savings accounts for young children and encourage saving behaviors. CDAs should take development into consideration if children are to use their accounts for their benefit.

[Read the full article here.](#)

3. Experimental Evidence on the Effects of Financial Education on Elementary School Students' Knowledge, Behavior, and Attitudes... (Pages 69-96)

Authors: Michael Batty, J. Michael Collins and Elizabeth Odders-White

Abstract: As the financial landscape for consumers becomes increasingly complex, the importance of facilitating financial capability increases. Although most financial decisions are made by adults, there is a burgeoning interest in providing financial education to children in the hope that they will develop the skills needed to successfully manage their finances in adulthood. This study uses an experimental design to evaluate a set of standardized financial education lessons delivered to fourth and fifth graders in two different school districts. We find that even a relatively brief program results in knowledge gains that persist one year later. While measuring financial behaviors in this age group is challenging, students exposed to financial education have more positive attitudes about personal finance and appear more likely to save. These results show that younger students can learn financial topics and that learning is associated with improved attitudes and behaviors which, if sustained, may result in increased financial capability later in life.

[Read the full article here.](#)

4. Increasing Youth Financial Capability: An Evaluation of the MyPath Savings Initiative... (Pages 97-126)

Authors: Vernon Loke, Laura Choi, and Margaret Libby

Article: Although there has been mixed evidence from research on the efficacy of financial education efforts for youth, there is an emerging consensus that focusing on financial capability may be a more effective approach. This article examines the impact of the MyPath Savings pilot on 275 economically disadvantaged youth participating in a youth development and employment program. MyPath Savings targets youth earning their first paycheck—a critical “teachable moment” to promote savings and connect youth with mainstream financial products. The results indicate that MyPath Savings is highly relevant to participants' needs. In addition, youth experienced significant increases in financial knowledge, financial self-efficacy, and the frequency with which positive financial behaviors were carried out. Participants also saved an average of \$507 through MyPath Savings. Gains in financial capability were mostly independent of the youths' race, gender, household income, and public benefits receipt. Possible factors for the promising results are discussed.

[Read the full article here.](#)

5. Financial Capability and Asset Accumulation for Children's Education: Evidence from an Experiment of Child Development Accounts... (Pages 127-155)

Authors: Jin Huang, Yunju Nam, Michael Sherraden and Margaret Clancy

Abstract: On the basis of theoretical framework of financial capability, this study investigates the roles of financial access and financial knowledge in savings and asset accumulation for children's postsecondary education. Data from SEED for Oklahoma Kids (N =2,704) was used. This is a statewide policy experiment offering Child Development Accounts (CDAs) to treatment participants. This study employs quantile regressions with two dependent variables: savings amount (net deposits made by caregivers of children) and total asset amount (the sum of savings, financial incentives offered by the experiment, and investment earnings). Results identify positive and statistically significant interactions between treatment status and financial knowledge, suggesting that access to CDAs moderates the association between financial knowledge and asset accumulation. Providing empirical support for the theory of financial capability, the findings call for interventions that enhance financial knowledge, expand financial access, and improve asset accumulation for all children.

[Read the full article here.](#)

6. Financial Education and Savings Outcomes for Low-Income IDA Participants: Does Age Make a Difference? ... (Pages 156-185)

Authors: Michal Grinstein-Weiss, Shenyang Guo, Vanessa Reinertson and Blair Russell

Abstract: This study considers the impact of financial education dosage on savings outcomes of participants in Individual Development Account (IDA) programs. It analyzes data from a sample of approximately 2,000 participants in the American Dream Policy Demonstration, disaggregates outcomes by age, and uses propensity score modeling to control for endogeneity and selection bias. Results shows that relative to counterparts who did not complete educational requirements, IDA participants who completed program requirements for financial education had higher average monthly savings, saved a higher portion of their income, and deposited savings more frequently. Notably, data revealed that participants aged 36 or older experienced increasing returns on investment in financial education, and the best outcomes are found among those with more than 200% of the required dose of financial education. However, younger participants with more than 100% of the required dose are found to experience a diminishing return on their investment in financial education.

[Read the full article here.](#)

7. Revaluating the Role of Parents as Financial Socialization Agents in Youth Financial Literacy Programs... (Pages 186-222)

Author: Geert Van Campenhout

Abstract: This paper reviews the role of parents in young people's financial socialization process. Despite robust evidence illustrating the key role of parents in this process, parental involvement in financial education programs is not well-developed. Hence, this study advocates a reevaluation of their role in such programs and shows how this fits in with the development of youth financial literacy programs that are more proactive and aimed at raising adaptable financial consumers. Guidelines are provided for the design of such proactive financial literacy programs, which take into account the role of parents in the financial socialization process. In addition, consequences for the role of teachers are discussed. In conclusion, a number of suggestions for future research are formulated that are necessary in order to develop more effective delivery methods and to increase the effectiveness of financial education programs.

[Read the full article here.](#)

8. Does “Banking the Unbanked” Help Families to Save? Evidence from the United Kingdom... (Pages 223-249)

Authors: Katie Fitzpatrick

Abstract: An electronic transfer mandate was used in the UK Child Benefit program, a transfer received by virtually all families with children, to estimate the effect of bank account ownership on the savings behavior of less educated families with children. Compared to similar families without children, the mandate increased account ownership by 9 percentage points (12%) for families with children. Using this exogenous increase in account ownership, examination revealed the causal effect of transaction account ownership on the accumulation of financial assets. Evidence indicated a small but significant increases in financial assets for families that transitioned into account ownership. These estimates suggest that a policy to increase bank account ownership may have spillover effects that improve family economic well-being.

[Read the full article here.](#)

9. Evaluating a Financial Education Curriculum as an Intervention to Improve Financial Behaviors and Financial Well-Being of Survivors of Domestic Violence: Results from a Longitudinal Randomized Controlled Study... (Pages 250-266)

Authors: Judy L. Postmus, Andrea Hetling and Gretchen L. Hoge

Abstract: The Allstate Foundation and the National Network to End Domestic Violence created a financial education curriculum to improve individual financial management skills and, ultimately, to improve domestic violence survivors' financial well-being. This study, guided by the reasoned action approach, evaluates their curriculum using a longitudinal randomized control study, with data collected over four time periods spanning 14 months. The analyses demonstrated that the treatment group had an average improvement between a half point to over a full point on self-reported financial knowledge, financial intentions, and financial behavior and a decrease in financial strain. Moreover, the impact of the curriculum persisted over time. The notable and lasting impact of participation in the curriculum for this study sample has critical implications for other agencies serving domestic violence survivors as well as other programs aimed at improving financial well-being among their clientele.

[Read the full article here.](#)

10. A Balance Sheet Perspective on Financial Success: Why Starting Early Matters... (Pages 267-298)

Authors: Ray Boshara and William R. Emmons

Abstract: This paper offers four ideas. First, a balance sheet perspective on financial success is constructive, and that a meaningful measure of the success of financial capability efforts is the health of one's balance sheet. Second, given relatively weak balance sheets among younger Americans before and after the Great Recession, and given that economically vulnerable families assumed greater balance sheet risk heading into the recession, efforts to build healthy, diversified balance sheets early in life should be strongly considered. Third, policies that establish savings accounts at birth or when entering kindergarten, which have been enacted or proposed at the local, state and national levels, hold particular promise and thus merit further consideration by policymakers, researchers, and others. Fourth, efforts to build savings and assets early in life are likely to yield benefits to children, families, and the economy. Further research and demonstration efforts are critical to moving this agenda forward.

[Read the full article here.](#)

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