

Financial Education, Financial Literacy, and Financial Satisfaction

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Abstract

Financial education has been emphasized in policy and deployed for many years in different settings—in schools, at college, and in the workplace. It is evident from the recent financial crisis that it is imperative to continue to examine why financial literacy levels remain low. In addition to general education, we studied whether the place where financial education was received impacts objective and subjective financial literacy. Data came from the 2012 National Financial Capability Study. Huston's (2010) financial literacy framework was used as a guideline for the conceptual model. Standardized estimates from a structural equation model, using a robust bootstrap procedure, showed that receiving financial education in college or the workplace was more influential than in high school, but college training had greater impact than workplace training. Even stronger was the influence of general education. College graduates had a greater understanding of financial concepts, and had higher self-assessments in financial knowledge and daily financial management. While moderating for financial education settings, we also found that objective financial literacy was the most important attribute of positive behaviors compared to self-assessed financial knowledge, financial management, and math ability. Positive behaviors by far determined the level of financial satisfaction. However, our comprehensive model was not able to confirm previous findings that financial satisfaction reinforces positive behavior.

References

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