

Potential Effects of Consumer Financial Education on Financial Capability: Evidence from the 2012 National Financial Capability Study

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The purpose of this study was to explore potential effects of financial education on the financial capability of American consumers. Data from the 2012 National Financial Capability Study were used to test the hypothesis that financial education is positively associated with financial capability. Four financial literacy and behavior variables were used to form the financial capability index. Multivariate linear regression results showed that, after controlling for demographic and financial variables, respondents who ever received financial education had higher scores in the financial capability index. In addition, high school, college, and workplace financial education variables showed positive associations with the financial capability index. The unique contributions of financial education variables on the financial capability index ranged from .8% to 1.5% after controlling for 16 demographic and financial variables. Additional state comparison analyses provided evidence suggesting high school financial education may have direct impacts and spillover effects on consumer financial capability.

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