

The Impact of Financial Education: Evidence from Chinese College Students

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As more and more financial institutions, investment products, and financial services becoming available to Chinese investors in recent years, college students' financial education has received little attention. Researchers have studied financial education and literacy among American students for decades (e.g. Mandell & Klein, 2009; Rosacker & Rosacker, 2016; Alsemgeest, 2015; Borden, Lee, Serido, & Collins, 2008). However, little is known about the financial literacy of and the effectiveness of financial education on Chinese students. Good financial knowledge and behavior have significant effects on students' future financial well-being as well as their current financial wellness. Therefore, it is critical to study Chinese college students' financial literacy and behavior.

Using data collected by the Central University of Finance and Economics in 2014, this study fills in this research gap and examines factors that influence Chinese college students' financial literacy level and the effectiveness of college students' financial education. Results show that financial education had positive effect on students' financial literacy score and financial behavior. In addition, students who have higher parents' education level, higher past year income, a budget expense records, storing self-reported computation skills and knowledge of using a financial calculator are more likely to have higher financial knowledge level. It is increasingly evident that financial knowledge is crucial in making appropriate financial decisions and avoiding risky financial behavior. These findings have important implications for educators and policy makers in general.

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