

# What is the Impact of Teaching Financial Education in Schools?

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# Financial Literacy among Youth

- Consumers are often ill-prepared for increasing market risks and highly complex financial systems (PISA, 2022)

| Country / Economy | Below Baseline (Level 1 or less) | Top Performers (Level 5) |
|-------------------|----------------------------------|--------------------------|
| OECD Average      | <b>18%</b>                       | <b>11%</b>               |
| Netherlands       | 11%                              | 18%                      |
| Belgium (Flemish) | 11%                              | 17%                      |
| Denmark           | 11%                              | 13%                      |
| Czechia           | 12%                              | 13%                      |
| United States     | 14%                              | 11%                      |
| Spain             | 15%                              | 6%                       |
| Italy             | 17%                              | 7%                       |
| Brazil            | 44%                              | 2%                       |
| Peru              | 52%                              | 1%                       |

- Efforts targeting youth at the center of the global policy agenda
  - Over 70 countries have been actively developing or implementing a national financial education strategy

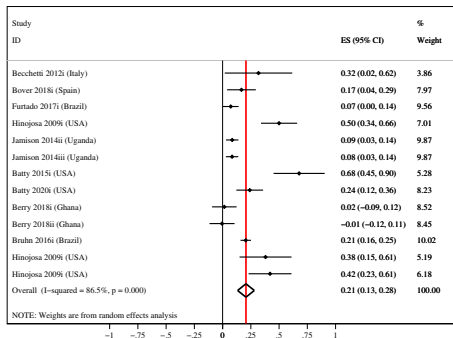
# Can School-Based Financial Education Improve These Outcomes?

## Existing Evidence and Key Skepticism

- There is a strong established link between financial literacy and positive economic outcomes (Behrman et al., 2012; Lusardi and Mitchell, 2014)
- ... yet widespread skepticism remains regarding a program's ability to truly alter long-term financial skills, choices, and behavior
- Experimental evidence for children and youth is highly promising:
  - Significant immediate impacts of school-based financial education on financial **literacy** (Kaiser and Menkhoff, 2019; Frisancho, 2019)
  - However, concerns about cost-effectiveness: limited robust evidence on the long-lasting behavioral effects

## Key Finding 1

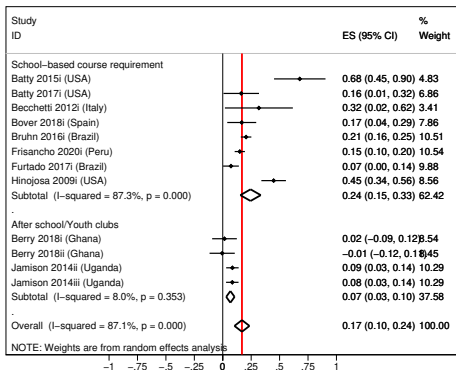
### FinEd targeted at youth has large impacts on knowledge



- The average effect size of these school interventions is approximately 0.17 SD

## Key Finding 2

Mandatory programs embedded in the school day are more effective

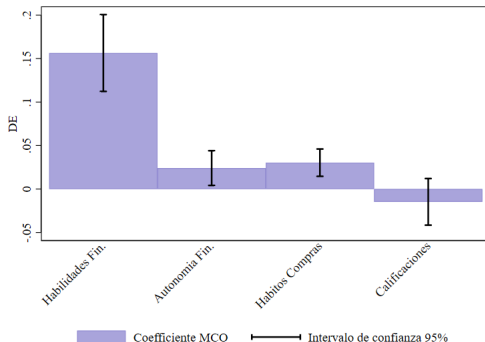


- The impact of programs executed during the regular school day rises to 0.27 SD, while voluntary interventions only reach 0.07 SD

## Key Finding 3

### FinEd improves skills and behavior

- In a large-scale experiment in Peru, significant effects were found:



- Financial skills improve by 0.16 SD
- There are no negative effects on school performance

## Key Finding 4

### The effects of FinEd are inclusive

- In the Peruvian experience, homogeneous effects were found in knowledge:
  - There are no differences in impact by gender, prior knowledge, math performance, or family conditions
  - A small advantage for students from households with higher SES



## Key Finding 5

### FinEd can have multiplier effects

#### 1 Teachers:

- They learned more than the students (0.32SD)
- They record large improvements in the probability of saving and savings balance

#### 2 Parents:

- In low-SES households, the program reduces the probability of default by 26%, improves credit score by 5%, and raises debt level by 40%.
- Larger effects among parents of daughters: a 6.7% increase in credit score and a 28% reduction in the past-due portfolio

# Contributions

- **Objective:** Measures the short and medium-term impacts of financial education on high-school students' and teachers' financial skills and behaviors
- **Key Contributions:**
  - Utilizes high-stakes administrative data to measure clean behavioral effects in an experimental setting
  - Evaluates the program's opportunity cost in terms of regular academic performance (GPAs)
  - Explores critical multiplier dynamics via instructors

# The School-Based Intervention Package

- A public/private partnership structure designed to systematically provide financial education in high schools
- **Treatment Package:**
  - **Workbooks:** Grade-specific, structured content for students
  - **Teacher Training:** 20 hours distributed across 5 intensive sessions
  - **Delivery:** Request to deliver content during a regular mandatory course (e.g., History, Geography, and Economics)

# Sample, Randomization, and Data

- **Universe:** Full-day public secondary schools in urban environments ( $N = 300$ )
  - Pairing of schools by observable baselines within geographic regions
  - Randomization into Treatment and Control within pairs
- **Data Sources Linked:**
  - Detailed survey and standardized exam metrics ( $\sim 20,000$  students)
  - School academic records: Course-specific GPAs and progression metrics
  - Credit bureau records: Linked individual histories (EQUIFAX and SBS public registry) spanning up to 2023

## Impact on Financial Literacy and Student Behavior

|           | Financial<br>Literacy | Financial<br>Autonomy | Pr(Saving)       | Financial<br>Savviness |
|-----------|-----------------------|-----------------------|------------------|------------------------|
| Treatment | 0.157***<br>(0.023)   | 0.024**<br>(0.010)    | 0.013<br>(0.009) | 0.030***<br>(0.008)    |
| N Obs     | 19462                 | 16675                 | 13917            | 17116                  |
| N Schools | 296                   | 296                   | 296              | 296                    |

Note: Standardized metrics measured at the end of the initial academic year. Stars denote conventional significance levels (\* 10%; \*\* 5%; \*\*\* 1%).

- Large robust impact on direct financial skills, closely aligned with experimental studies in Brazil and Spain
- Modest but significant immediate pass-through into day-to-day financial savviness

## Impact on Credit and Delinquency Outcomes

|           | Pr(Debt)          | Pr(Arrears)       |                  | Log(Current Debt) | Log(Debt Arrears)   |                   |
|-----------|-------------------|-------------------|------------------|-------------------|---------------------|-------------------|
|           |                   | Loans             | Other bills      |                   | Loans               | Other bills       |
| Treatment | -0.002<br>(0.003) | -0.001<br>(0.001) | 0.002<br>(0.002) | 0.161<br>(0.107)  | -0.226**<br>(0.106) | -0.038<br>(0.117) |
| N Obs     | 19113             | 19113             | 19113            | 902               | 902                 | 658               |

Note: Credit bureau records measured in medium-term follow-ups. Financial values log-transformed.

- Crucially, there is no adverse sample selection into taking on additional formal debt
- Yields an impressive **20% net reduction in formal loan arrears**

## Is There an Academic Trade-off?

|           | Standardized GPAs |                   |                   |                  | Grade Progression | University Aspirations |
|-----------|-------------------|-------------------|-------------------|------------------|-------------------|------------------------|
|           | Cumulative        | Math              | Verbal            | HGE              |                   |                        |
| Treatment | -0.015<br>(0.014) | -0.007<br>(0.019) | 0.033*<br>(0.018) | 0.001<br>(0.020) | 0.002<br>(0.009)  | -0.002<br>(0.005)      |
| N Obs     | 19035             | 19035             | 19035             | 19035            | 18558             | 19032                  |

- No negative impacts are detected on grades or overall grade progression
- Reassuring evidence that the substitution effect/opportunity cost of classroom hours did not disrupt student progress

## Multiplier Effects: The Teacher Dynamic

- Teachers are not just pipelines; they actively absorb the human capital:

|           | Financial<br>Literacy | Financial<br>Autonomy | Pr(Saving)         | Savings Balance   |
|-----------|-----------------------|-----------------------|--------------------|-------------------|
| Treatment | 0.319***<br>(0.100)   | 0.087<br>(0.068)      | 0.087**<br>(0.035) | 516.7*<br>(268.4) |

- Key Highlights:**

- Teachers learned significantly more than the baseline students (+0.32 SD)
- Registered highly substantial gains in extensive and intensive margins of saving



# FinEd in Schools: Impact Evaluation Checklist (I)

## Evaluations are expensive and funding is limited

- Pivot from *data generation* to *data extraction*.
- Optimize budget: Reallocate field-survey funding into secure data-sharing agreements and better program design.
- Capture decisions, not just knowledge: digital delivery channels and admin records.

## FinEd in Schools: Impact Evaluation Checklist (II)

- **Align incentives with implementation partners:** Do not design an evaluation that is not feasible for them.
- Think hard about what you want to evaluate! Can you overcome critique that these early investments depreciate?
- Measure **cost-effectiveness**.
- Think big! → Spillovers, long-term, indirect effects on educational/labor trajectories...

# Thank you

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