

## Effectiveness of a Four Week Program on Financial Knowledge and Practices

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### Key Words

Financial education, financial knowledge

Reports continue to document the financial illiteracy of Americans. Lack of financial skills is illustrated by bankruptcy rates, increased credit card debt, and low savings rate. The purpose of this study was to assess the effectiveness of a four week financial education program on the knowledge and practices of participants (N=77). A pretest-posttest comparison group design was used to determine if participation would lead to: 1) using a spending plan and recordkeeping system; 2) starting a savings program or increasing the amount contributed to an existing savings plan, 3) developing a plan to reduce debt, and 4) using techniques to reduce the cost of using credit. Significant differences were found between the treatment and comparison groups' knowledge scores on the posttest and the delayed posttest. Treatment group participants not only made changes related to managing personal finances but also sustained them over time.

**Table 1. Behavior Changes**

| Behavior                                    |   | Pre | Post | Delayed Post |
|---|---|-----|------|--------------|
|   |   | %   | %    | %            |
| Wrote financial goals                       | T | 39  | 69   | 73           |
|   | C | 70  | 50   | 69           |
| Recorded the amount saved/spent             | T | 37  | 57   | 63           |
|   | C | 38  | 45   | 47           |
| Requested copy of a credit report           | T | 32  | 61   | 73           |
|   | C | 28  | 31   | 33           |
| Calculated debt to income ratio             | T | 18  | 36   | 30           |
|   | C | 22  | 28   | 33           |
| Closed one or more rarely used credit cards | T | 57  | 57   | 83           |
|   | C | 39  | 32   | 53           |

T=Treatment

C=Control