

**Key Findings**

- 58% of students correctly answered either 3 or 4 financial knowledge questions, out of 5.
- Students who completed financial education either in high school or college have higher financial knowledge scores.

## STUDENT FINANCIAL KNOWLEDGE

### OVERVIEW

This report uses data from the 2014 administration of the Study on Collegiate Financial Wellness (SCFW) to examine students' financial knowledge. The SCFW surveyed students at 51 public and private, two- and four-year U.S. colleges and universities; 18,795 students completed the survey. This report summarizes students' financial knowledge and how financial knowledge varies by demographic characteristics.

### BACKGROUND

Extensive research demonstrates that, in general, college students' financial knowledge is poor (Chen & Volpe, 1998; Avard, Manton, English & Walker, 2005;

Norvilitis, Merwin, Osberg, Roehling, Young & Kamas, 2006). Low financial literacy is associated with negative financial outcomes, such as greater credit card debt (Norvilitis et al., 2006; Robb, 2011). Colleges and universities should understand their students' financial knowledge in order to work with students more effectively.

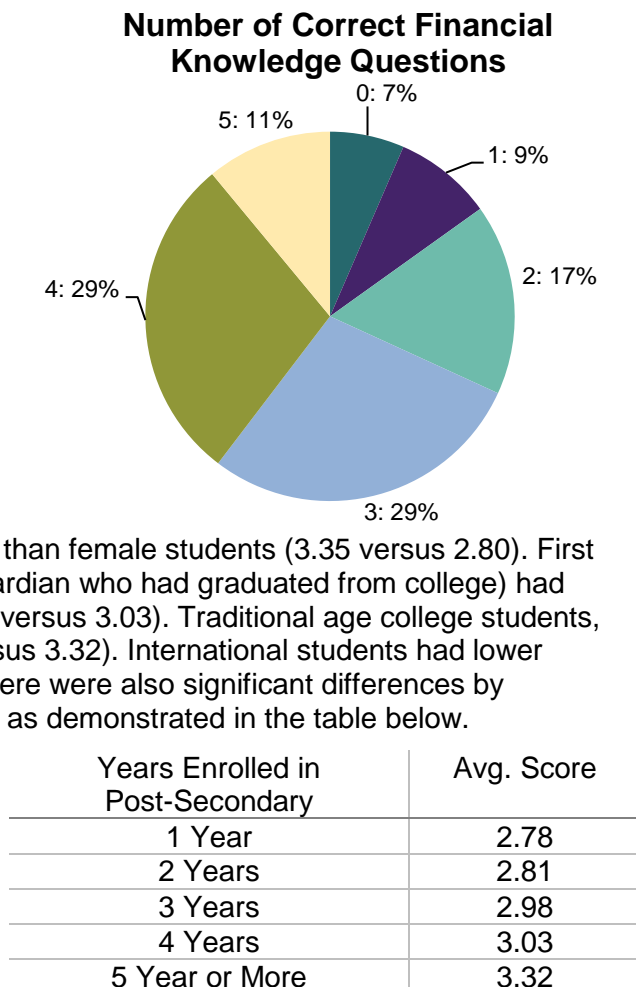
### FINDINGS

Students were asked five financial knowledge questions covering inflation, interest calculations, college loan repayment, take-home pay, and credit score components (see appendix for questions). From the five financial knowledge questions, students were assigned a financial knowledge score, which ranged from 0 to 5 correct answers. The average correct number of responses was 3; 29% of students correctly answered 3 questions and 29% correctly answered 4 questions. The total of the chart adds to 102% from rounding.

### Demographic Differences in Financial Knowledge

There were several statistically significant differences in financial knowledge by students' demographic characteristics. Male students had higher average financial knowledge scores than female students (3.35 versus 2.80). First generation college students (i.e., those without a parent or guardian who had graduated from college) had lower average scores than non-first generation students (2.93 versus 3.03). Traditional age college students, ages 18 to 23, had lower scores than older students (2.85 versus 3.32). International students had lower average scores than domestic students (2.44 versus 2.99). There were also significant differences by race/ethnicity and years enrolled in post-secondary education, as demonstrated in the table below.

Race/Ethnicity	Avg. Score
White	3.07
Black or African American	2.58
Asian or Asian American	2.76
Hispanic or Latino	2.58
Multi-Racial	2.90

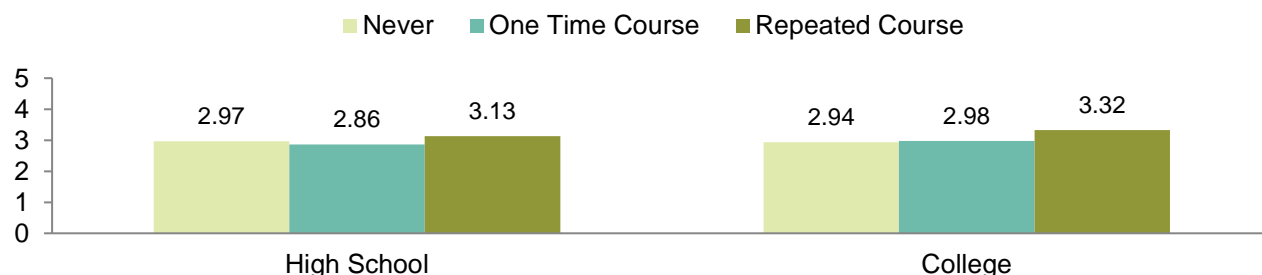


Years Enrolled in Post-Secondary	Avg. Score
1 Year	2.78
2 Years	2.81
3 Years	2.98
4 Years	3.03
5 Year or More	3.32

## Financial Knowledge and Financial Education

Students were asked if they had ever completed a financial education course in either high school or college. Students could select that they never completed a course, completed a one-time workshop or session, or a repeated or long-term course. There were statistically significant differences in financial knowledge scores among students who reported taking financial education courses both in high school and in college.

### Financial Education Courses and Financial Knowledge



## MORE INFORMATION

The Study on Collegiate Financial Wellness (SCFW) is a national survey of college students that examines students' financial attitudes, practices, and knowledge. The 2014 SCFW collected information from a total of 18,795 respondents at 51 different U.S. institutions. Most respondents were enrolled at four-year public institutions (81%); 10% were enrolled at four-year private institutions and 9.0% were enrolled at two-year public institutions.

**If your institution is interested in participating in the next administration of the SCFW, please contact us at [scfw@osu.edu](mailto:scfw@osu.edu).**

### References

- Avard, S., Manton, E., English, D., & Walker, J. (June 01, 2005). The Financial Knowledge of College Freshmen. *College Student Journal*, 39, 2, 321.
- Chen, H., & Volpe, R. P. (1998). An analysis of personal financial literacy among college students. *Financial Services Review*, 7(2), 107-128.
- Norvilitis, J. M., Merwin, M. M., Osberg, T. M., Roehling, P. V., Young, P., & Kamas, M. M. (2006). Personality factors, money attitudes, financial knowledge, and credit-card debt in college students<sup>1</sup>. *Journal of Applied Social Psychology*, 36(6), 1395-1413.
- Robb, C. A. (2011). Financial knowledge and credit card behavior of college students. *Journal of Family and Economic Issues*, 32(4), 690-698.

### Suggested Citation

Study on Collegiate Financial Wellness. (2016). *Student Financial Knowledge: Research Brief*. The Ohio State University, Columbus, Ohio.

## Appendix: Financial Knowledge Questions (Correct answers underlined)

- Imagine that the interest rate on your savings account is 1% per year and inflation is 2% per year. After 1 year, would you be able to buy more than today, exactly the same as today, or less than today with the money in this account? More than today, Exactly the same as today, Less than today, Don't know
- Suppose you have \$100 in a savings account and the interest rate was 2% per year. After 5 years, how much would you have in the account if you left the money to grow? More than \$102, Exactly \$102, Less than \$102, Don't know
- Suppose you borrowed \$5,000 to help cover college expenses for the coming year. You can choose to repay this loan over 10 years, 20 years, or 30 years. Which of these repayments options will cost you the least amount of money over the length of the repayment period? 10-year, 20-year, 30-year, Don't know
- All paycheck stubs show your gross pay (the total you earned before any taxes were taken out for the pay period) and your net pay (the amount of your check after all taxes). The taxes that are commonly taken out include federal, state and local income tax, Social Security tax, and Medicare tax. On average, what percentage of your income would you expect to receive at take-home pay? 100%, 90-99%, 80-89%, 70-79%, Don't know
- Which of the following make up the TWO largest components of your credit score? Amounts owed, New credit, Types of credit used, Length of credit history, Payment history, Don't know