

Financial Education and Its Impact on Financial Literacy, Decisions, Behaviors and Well-beings: An Experimental Study of Mediating Factors

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ABSTRACT

Providing financial knowledge and related skills to citizens to address the challenges posed by the volatile global financial landscape has become a major concern for many developed countries. Many people are financially illiterate and lack financial literacy in various parts of the world. Due to the importance given to financial education by countries (Grifoni & Messy, 2012), the Organisation for Economic Co-operation and Development (OECD) introduced financial knowledge assessments in the Programme for International Student Assessment (PISA) in 2012. Since then, four assessments have been conducted until 2022, introducing new frameworks that strengthen topics related to risk and return and electronic financial services (OECD, 2023). However, in some literature reviews on financial education, there has yet to be a consensus on the effectiveness of financial literacy (Martin, 2017; Hathway & Khatiwada, 2008; McCormick, 2008; Willis, 2011). Econometric models and experiments have been extensively employed to establish the causal impact of financial literacy on economic decision-making, separating this impact from other factors such as education and cognitive abilities (Lusard & Mitchell, 2014).

Keywords: Financial Education, Financial Literacy, Financial Decision, Financial Behavior, Financial Well-Being.