Evaluating the effectiveness of financial education

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Evaluating the effectiveness of financial education...  

... is inherently difficult. The impact of any one programme can probably never be fully isolated. Nevertheless, evaluating the effectiveness of financial education can and should be improved. Suggested tools useful for any programmes in any country:  

The FEE Framework  

OECD guidelines for public authorities
Evaluations so far tell us:

There is a low level of financial understanding
...implies it can be improved

Financial knowledge or capability is associated
with higher age (although is lower in the oldest
age group), education, income and wealth

People scoring highly on financial knowledge are
probably more likely to be those doing the ‘right’
things to manage their finances

‘Success’ of workplace financial education easier
to demonstrate than schools
Evaluations so far do not tell us

That financial education causes better financial literacy or behaviour or financial well-being

How factors other than financial education can affect financial behaviour

How and why any apparent success in financial education worked

So we do not know

Whether an apparent success is replicable

How effective different types of financial education could be

What value for money can be expected
Why evaluations are not conclusive

Personal financial data is usually flawed
Collecting data and organising evaluation is difficult
Isolating the long-term impact of a specific education intervention is almost impossible
Expected or desired outcomes are often ill-defined, not benchmarked
How to do better evaluations?

A framework would:

Save ‘reinventing the wheel’
Help evaluators balance rigour, cost, value of evaluation

and help set realistic expectations by:

Prompting better definition of the desired outcome
Making comparison with other evaluations, and benchmark setting, easier
The Financial Education Evaluation Framework


**Need:** What objectives does the programme address?

**Accountability:** How much is the programme used and how much does it cost?

**Fine-tuning:** How could the programme be improved?

**Micro Impact:** How effective is the programme against its objectives?

**Macro Impact:** What impact is the programme having relative to the big policy picture?
Applying the framework

See paper for detailed examples

Not a template: a prompt to help programme managers think through what evaluation is appropriate for their programme, and design in the most practical and relevant evaluation early.

Tailoring within a standard:
More rigorous, comparable evaluations practical for any programme in any country.
OECD guidelines for evaluating financial education programmes

Evaluation should be built in as early as possible to design phase of any programme

Dual role for government or lead public authority: Role model and leader for other programme managers

**Role model:** Evaluate and share data from national programmes

**Leader for others:** Promote benefits of evaluation, gather and share data, facilitate learning from evaluations
Governments in OECD guidelines

Collate and review evidence on Fin Ed; use it realistically in policy
Promote use of FEE framework
Stretch beyond measuring satisfaction and learning towards action and increase in financial well-being
Encourage robust evaluation techniques
Use independent assessors where possible
Facilitate non-governmental Fin Ed evaluations with data, toolkits, conferences, cross-country comparisons etc.
Extend learning on how to do evaluations e.g., from public health
Seek convenient data collection