Focus:
Civilian

The Influence of Informal Learning Opportunities on Adolescents' Financial Literacy

Rudeloff, M. (2019). The influence of informal learning opportunities on adolescents' financial literacy. *Empirical Research in Vocational Education and Training*, *11*(11), 1-17. doi:10.1186/s40461-019-0086-y

SUMMARY: Ensuring that young people are financially literate is increasingly important as the current economic climate requires them to engage in complex financial decision making. The current study explored the role of informal learning opportunities in the acquisition of financial literacy among youth. Overall, findings revealed several informal learning opportunities (e.g., parents, siblings, and personal experience) have significant impacts on youth's financial literacy.

KEY FINDINGS:

- The more youth learned from parents, the better their test performances were on questions regarding money and payments, loans, and insurance.
- The more youth acquired knowledge from siblings on money and payments and saving lead to lower test scores on money and payments, loans, and insurance questions.
- Youth with more books (used as an indicator for socioeconomic status) and without an immigrant background were more likely to obtain higher test scores on the dimensions of financial literacy.

IMPLICATIONS FOR YOUTH DEVELOPMENT PROFESSIONALS:

- Help develop modules to inform parents of best approaches to increasing youth's financial literacy
- Collaborate with community programs and schools to create similar financial literacy programs for youth and their families across multiple settings

IMPLICATIONS FOR PROGRAM LEADERS:

- Offer workshops for families to help them to improve their own financial literacy
- Develop fun and educational activities related to finances for youth to increase interest and learning in financial topics

IMPLICATIONS FOR POLICY MAKERS:

- Promote financial literacy curricula that takes into account personal and socioeconomic background factors in extracurricular activities and schools
- Recommend training for professionals who work with youth on the significance of informal learning opportunities in the development of youth's financial literacy

METHODS

- Data were collected from participants in Lower Saxony, Germany.
- Participants completed a paper-based questionnaire that contained items for money and payments, savings, loans, insurance, and monetary policy.
- Participants indicated where they learned about money and payments, savings, loans, insurance, and monetary policy, such as from parents, siblings, friends etc.

PARTICIPANTS

- Participants were 530 high school students.
- Participants were relatively equally divided in terms of gender (50.9% female and 48.9% male).
- While 66.6% of participants did not have a migrant background, 32.1% of participants had parents who were born outside of Germany.
- No information was provided on the racial/ethnic background or the age of the participants.

LIMITATIONS

- The findings on learning opportunities are limited as the measurement was not comprehensive; it cannot provide information on why participants chose one learning opportunity over another as well as the extent to which the learning opportunities differ from each other.
- The long-term effects of informal learning opportunities on financial literacy cannot be determined because the data were collected at one time point.
- The data in the study only represented a specific education group of youth in Germany, with limited generalizability to youth outside of this sample.

AVENUES FOR FUTURE RESEARCH

- Explore the relationship between youth's financial literacy scores and their siblings' ages
- Assess the impact of parents' level of financial literacy on youth's financial literacy test performance
- Examine youth's actual use and the quality of the different financial literacy learning opportunities

ASSESSING RESEARCH THAT WORKS

Design
★★☆
Appropriate
Research Plan and Sample

Methods
★☆☆
Limited
Measurement and Analysis

Limitations
★☆☆
Several

For more information about the Assessing Research that Works rating scale visit:
https://reachfamilies.umn.edu/content/assessing-research-that-works