

## Product Knowledge

### The ABCs of Financial Literacy – Experimental Evidence on Attitudes, Behavior and Cognitive Biases

Fenella Carpena, Shawn Cole, Jeremy Shapiro, Bilal Zia (2015)

Data Collection Organisation: Saath

Location: Ahmedabad, Gujarat

Sample: 1200 urban slum households

Timeline: 2015

Outcome of Interest: Effects of various kinds of financial education

Primary Data Available?: Yes

Data Available: Survey Data

Keywords: Financial Literacy, Financial Behaviour, Cognitive Bias, Low Income Households

Type of Indicator	Indicators Present
Identifiers	ID
Demographics	Age, Literacy, Religion, HH size, Sex, Amenities
Product literacy	Opening accounts, Product adv./disadv., Productive vs. Unproductive debt
Mathematical literacy	Basic Accounting, Budgeting, Calculating interest/returns

#### Abstract:

This paper uses a large-scale field experiment in India to study attitudinal, behavioral, and cognitive constraints that stymie the link between financial education and financial outcomes. The study complements financial education with (i) participant classroom motivation with pay for performance on a knowledge test, (ii) intensity of treatment with personalized financial counseling, and (iii) behavioral nudges with financial goal setting. The analysis finds no impact of pay for performance but significant effects of both counseling and goal setting on real financial outcomes. These results identify important complements to financial education that can bridge the gap between financial knowledge and financial behavior change.

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