Little rigorous evidence on interventions combining financial education with financial products and services from mainstream financial institutions

What is this review about?
The growth in individual responsibility for one’s finances dovetailing with the growth in financial products and services, including those in the alternative financial services sector, has resulted in higher financial risk. People need stronger financial capability to avoid and recover from financial difficulties.

Financial capability, or the ability to use knowledge to demonstrate desirable behaviours toward financial well-being, requires knowledge, access and ability to use a financial product or service.

This systematic review assesses the state of research on interventions that combined financial education and a mainstream financial product or service (“financial capability interventions”). It examines the financial behaviours and financial intervention outcomes.

What studies are included?
For this review, the intervention must include financial education and a financial product or service. Studies that described interventions that provided only financial education, or financial education services (e.g., mentoring), or only facilitated financial access, were excluded.

This review includes studies that evaluate the effects of financial capability interventions compared to a group that received nothing, treatment as usual, or different treatment. A total of 63 reports were identified, with another 17 duplicate/summary reports. Therefore, 48 reports of 24 unique studies were included.

Six of the 24 are large longitudinal studies that are reported on in 28 sub-studies that use various time points post-treatment and/or examined different outcomes from the same or different samples.

Better evidence is needed about the effectiveness of financial capability interventions.
The studies spanned the years 2004-2020 and were all conducted in the USA. The majority of the studies were randomised control trials.

What are the main findings of this review?

Financial capability interventions include financial education and access to a financial product or service from a mainstream financial institution.

Data were collected on financial behaviour and financial outcomes of the study participants using unstandardised instruments and included self-reported and administrative data.

Behaviour changes included bank or retirement account opening, asset purchase, savings rate, budgeting and retirement savings rate. Financial outcomes included savings amount, credit score, debt amount, asset value and retirement savings amount.

This review identifies several types of previously evaluated financial capability interventions. Few interventions that were evaluated by more than one study measured the same or similar outcomes, thus there was an insufficient number of studies of any of the included intervention types that could be pooled to conduct a meta-analysis. Therefore, evidence is sparse about whether participants' financial behaviours and/or financial outcomes are improved.

Many studies had important methodological weakness, and a high or unclear risk of bias.

What do the findings of this review mean?

There is a lack of strong evidence about the effectiveness of financial capability interventions. Better evidence is needed about the effectiveness of financial capability interventions to guide practitioners. Policy actors that seek to facilitate increased financial capability through the interventions included in this review need a stronger evidence foundation.

Additional research on financial capability interventions using protocols, strong and transparent methodology, manualised interventions, common outcomes and more complete reporting is needed.