



EVERFI®
from Blackbaud

The State of Financial Literacy 2023

An update to our 2022 report

In 2022, digital education and social impact company EVERFI released survey results revealing low levels of financial preparedness among high school students, including those nearest to the transition to adulthood and financial independence. This report updates those findings with survey responses from a similar cohort – high school juniors and seniors – a year later.

Consistent with prior surveys, the new survey data indicated that most students do not feel prepared to make financial decisions and take on tasks that adulthood requires. Fewer than half of young people reported feeling prepared to manage basic financial tasks like evaluating financial products or managing a savings or checking account.

This feeling of preparedness, also known as self-efficacy, is critical to developing financial capability and skill. In this context, financial skill is knowing how to find, process, and take action based on information and self-efficacy is confidence in one's ability to reach financial goals. Research from the Consumer Financial Protection Bureau found that financial skill and financial self-efficacy are strongly associated with financial behavior, and so are key steps on the path to financial wellbeing¹.

Financial Literacy 101

In an increasingly complex personal finance marketplace – with new options for saving, investing, and managing money every day – one of the most critical financial skills is the ability to evaluate information and use it to make decisions that are aligned with ones' financial values and goals.

Prior to taking part in financial education from 2020-2022, fewer than a third of high school juniors and seniors reported that they felt prepared to compare financial institutions and select one that best meets their needs. A similar share of students reported feeling unprepared to manage their credit over time. Lacking these skills – to make informed decisions about financial products and protect access to credit for the long-term – make students vulnerable to costly financial mistakes or missed opportunities as they transition to adulthood.

¹Pathways to Financial Well-being: The Role of Financial Capability, CFPB Research Brief. September 2018.

In contrast to their lack of preparedness, most students reported understanding what they should do to manage their financial lives. Three quarters of respondents agreed that they should track monthly expenses (75%) and spend within their budget (77%), but only half agreed that they feel prepared to set up a budget to manage saving and spending.

This gap between understanding what they should do and lacking the confidence to do it represents the potential for financial education, family conversations, and opportunities for practicing skills to move the needle on young people’s financial capability.

	2020-2021	2021-2022
Evaluate financial institutions and decide which is best for me.	32%	30%
Select, open, and manage a savings or checking account.	47%	48%
Set up and follow a budget to manage spending and saving.	50%	50%
Read a paycheck and understand what determines their net (take-home) pay.	47%	48%
Check your credit and maintain good credit over time.	32%	33%

The Shifting Banking Ecosystem

As financial systems evolve and innovate, an increasing number of consumers are managing their financial lives online and using mobile apps, rather than branch banking and using cash. Among the high school upperclassmen surveyed, 56 percent said they use a mobile banking app and an additional 25 percent planned to start within the next year. A smaller but still substantial number (41%) reported using peer-to-peer payment apps and an additional 23 percent reported that they planned to start soon.

The teens surveyed reported feeling more comfortable with modern banking applications than they did with more foundational financial concepts. There is still considerable room for improvement, though, as barely more than half of young people reported that they felt prepared to recognize money-related scams and protect their financial information online.

	2020-2021	2021-2022
Recognize money-related scams online or over the phone.	56%	54%
Protect my personal and financial information online.	54%	53%
Safely use peer-to-peer payment apps to send or receive money online.	52%	50%
Recognize scams that use peer-to-peer apps.	49%	48%
Use a bank or credit union’s online portal or mobile app.	51%	48%

Navigating Higher Education

For many students and their families, deciding whether to go to college -- and how to pay for it -- can be a challenging process. The decision to take out student loans is among the first significant financial decision many students make as emerging adults, and the consequences often last for decades.

The majority of high school juniors and seniors surveyed reported that they plan to attend a two- or four-year college after high school. Even among those who planned to go to college, fewer than half said that they felt “prepared” or “very prepared” to figure out the full costs of colleges they may attend. While more students (44%, down slightly from 46% the prior year) felt they were prepared to fill out a Free Application for Federal Student Aid (FAFSA), less than a third (31%) felt prepared to read and understand the terms of loan offers.

Among all topics surveyed, and for the second year in a row, the lowest levels of preparedness reported were related to understanding what loan payments would be after college (25%), and developing a plan for repaying loans (26%), both down two percentage points, relative to the prior year. Given the current attention and uncertainty around student loan forgiveness and the evolution of federal student loan programs, becoming more comfortable with the details and long-term implications of student loans would serve young people well.

	2020-2021	2021-2022
Figure out the full cost of colleges I am considering attending.	40%	40%
Fill out a FAFSA form.	46%	44%
Read and understand loan offers I may receive, including terms and fees.	32%	31%
Estimate what my monthly payments for loans will be after I graduate from college.	27%	25%
Establish a plan for how I will repay any loans I take out to pay for college.	28%	26%

About the Surveys

This report is based on survey responses from students who participated in one of three EVERFI financial education courses during the 2020-2021 school year or the 2021-2022 school year. These surveys were administered prior to the courses, and so reflect students' attitudes and beliefs prior to participating in financial education. The number of high school juniors and seniors surveyed by course was: Financial Literacy 332,697 in 2020-2021 and 377,656 in 2021-2022; Modern Banking & Identity Protection: 26,377 in 2020-2021 and 61,702 in 2021-2022; and Financing Higher Education: 25,634 in 2020-2021 and 36,354 in 2021-2022.