Consumer Financial Education and Financial Satisfaction: The Mediating Role of Financial Capability

Jing Jian Xiao, University of Rhode Island[1]
Nilton Porto, University of Rhode Island[2]

Previous research has examined the effectiveness of financial education on financial literacy and financial behavior under an assumption that financial literacy and financial behavior would contribute to financial wellbeing. However, little research has directly examined associations between financial education and financial wellbeing. To fill out this research gap, this study examined associations between financial education and subjective financial wellbeing and explored the question whether financial education is directly associated with financial satisfaction or if the association also takes an indirect path via other mediating factors. Mediating factors refer to financial capability variables including measurements of financial knowledge and financial behaviors. Using data from the 2012 National Financial Capability Study, the results suggest that financial education may affect subjective financial wellbeing through financial capability variables. The extents of associations of mediating factors with financial satisfaction vary. The findings have implications for consumer educators since it reveal that the benefits of financial education are not limited to knowledge acquisition but include increasing consumers' financial confidence and encouraging optimal financial behaviors.

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[1] Professor of Family Finance, Department of Human Development and Family Studies, University of Rhode Island. Transition Center # 202, 2 Lower College Road, Kingston RI 0288, United States of America. Phone: (401) 874-2547. Fax: (401) 874-4020. Email: xiao@uri.edu.

[2] Assistant Professor of Personal Finance, Department of Human Development and Family Studies, University of Rhode Island. Transition Center #212, 2 Lower College Road, Kingston, RI 02881, United States of America. Phone: (401) 874-7135, Fax: (401) 874-4020. Email: nilton_porto@uri.edu.