



The Importance of Credit-Based Education

for High School Students

OneMain Financial.

Credit**Worthy**
by OneMain Financial

A Letter from OneMain

At OneMain Financial, the leader in offering nonprime consumers responsible access to credit, we are focused on the betterment of the communities that we serve. It starts with our customers. We work with each of them to understand their finances and find the right loan to set them up for success. In our interactions with customers we see the true benefit of financial education and the opportunity to leverage the process beyond the walls of our branches. So, OneMain committed millions and a lot of sweat equity to create *Credit Worthy by OneMain Financial*, a free digital education program offered in English and Spanish to provide critical financial literacy education to high school students across all 50 states, Washington, DC, and Puerto Rico. As of March 2024, the *Credit Worthy* program has reached over 300,000 students.

Research shows that 68% of high school students do not understand credit scores¹ and 4 in 10 Americans have no idea how their credit scores are determined.² When we learned about the lack of credit education available, we knew we had to get involved by providing free financial education to the next generation. At OneMain, our commitment starts at the very top of the company. Our CEO and Chairman Doug Shulman co-founded Teach for America and knows the importance of providing access to high-quality financial education.

As a result, in 2021, we partnered with EVERFI, a leading financial education platform helping organizations provide digital courses and resources to communities to create *Credit Worthy*. In 2022, we furthered our commitment with the launch of our innovative course, *Build: Credit Fundamentals*. This course in our curriculum teaches students how to use, manage and build credit. High school is the perfect time to learn about the importance of managing credit and establishing positive financial habits—just as students prepare to apply for student loans, to purchase their first car or to enter the workforce. *Credit Worthy* seeks to reach students at a critical juncture in their lives with information that can support their future financial well-being and success.

After one full academic year of *Build* being in classrooms nationwide, it was important for us to measure success—was *Build* having a positive impact on students who completed the course? In this report, our partners at EVERFI analyzed data from 17,000 high school students who completed the *Build* course. The data shows that in the first academic year, *Build* better prepared students to manage credit and produced measurable improvements in credit-based knowledge and attitudes. In fact, students in the study demonstrated a 126% increase in knowledge gain in the module about managing credit, which sets the bar high for the metrics we will now try to achieve in other modules.

We still have many more students and schools to reach with this pivotal credit education and I am committed to helping us do so. Having attended public school in a chronically underfunded district, I know firsthand that financial education is too often an afterthought, especially during tight budget cycles. For this reason, in 2024 we pushed to expand our reach to community college students and provide them with free credit education sessions. I am thrilled at our progress, and this is just the beginning.



Sincerely,
Paola Garcia Abbo
Vice President, Head of Impact

¹ EVERFI, (2023). The State of Financial Literacy 2023

² Schulz, M. (2019, January 2). Nearly 4 in 10 Americans say they 'have no idea' how credit scores work. LendingTree

Executive Summary

Overview

In 2021, OneMain Financial – a leader in offering nonprime consumers responsible access to credit – and EVERFI – a leading financial education platform helping organizations provide digital financial literacy courses and resources to communities, launched a multi-year partnership as part of OneMain’s mission to improve the financial well-being of hardworking Americans. Through this partnership, *Credit Worthy by OneMain Financial* was created, a free digital education program providing critical financial literacy and college and career readiness education to high school students across all fifty states, Washington DC, and Puerto Rico. As of March 2024, *Credit Worthy* has reached over 300,000 students since inception.

Build: Credit Fundamentals

By emphasizing to high school students the importance of managing credit and establishing positive financial habits just as many of them are preparing to apply for student loans or to enter the workforce, *Credit Worthy by OneMain* seeks to reach students at a critical juncture in their lives with information that can support their future financial well-being and success. To support and validate this key goal of the program, this report details the specific impact of one of the four courses offered through *Credit Worthy by OneMain*—the *Build: Credit Fundamentals* course, launched in August 2022 in English and Spanish, designed specifically to help students develop healthy credit habits early.

Course Impact

Survey response data from 17,000 **Build: Credit Fundamentals** students in the United States, primarily in the ninth through twelfth grades, showed that, when measuring knowledge gained from taking the *Build* course, students showed a **43% increase** in their understanding of acquiring credit, a **40% increase** in understanding the impacts of increased credit usage, a **126% increase** on the topic of managing credit, and a **98% increase** regarding addressing issues with credit.

Based on these survey results, key themes explored in this report include:



Whether, in the first academic year of implementation, *Build: Credit Fundamentals* demonstrated that it prepared students with a sound knowledge base regarding credit development, credit management, and future planning.



Whether all students benefitted from the course and saw comparable gains in knowledge and healthy financial perspectives, regardless of their socio-economic backgrounds.



Whether *Build: Credit Fundamentals* meets the Knowledge-Attitude-Behavior (KAB) model that posits that gaining knowledge is critical in shaping future behaviors.

The Importance of Credit-Based Education for High School Students

Nearly half (47%) of US credit card holders reported that they don't know or are unsure about the interest rate on their credit card, according to a Forbes Advisor survey (Pokora, 2023).

Gen Z had the highest rate of uncertainty, with 55% of respondents indicating that they didn't know their interest rate or were unsure about it.

Young adults are especially prone to engaging in unhealthy credit-related behaviors including racking up interest on credit cards and accruing late fees (Brown, Collins, Schmeiser & Urban, 2014). Research has shown that financial debt is closely linked to psychological distress for young adults and credit card debt increases stress twice as much as student loan debt (Zhang & Kim, 2019). Taken together, these findings paint a bleak picture for young generations regarding their knowledge and use of credit-based financial products.

According to EVERFI's recent national survey of high school students, nearly 70% of high school students reported that they didn't understand credit scores, but the same percentage of those students thought that it was the right time to learn about personal finance management and making future financial goals (EVERFI, 2023).

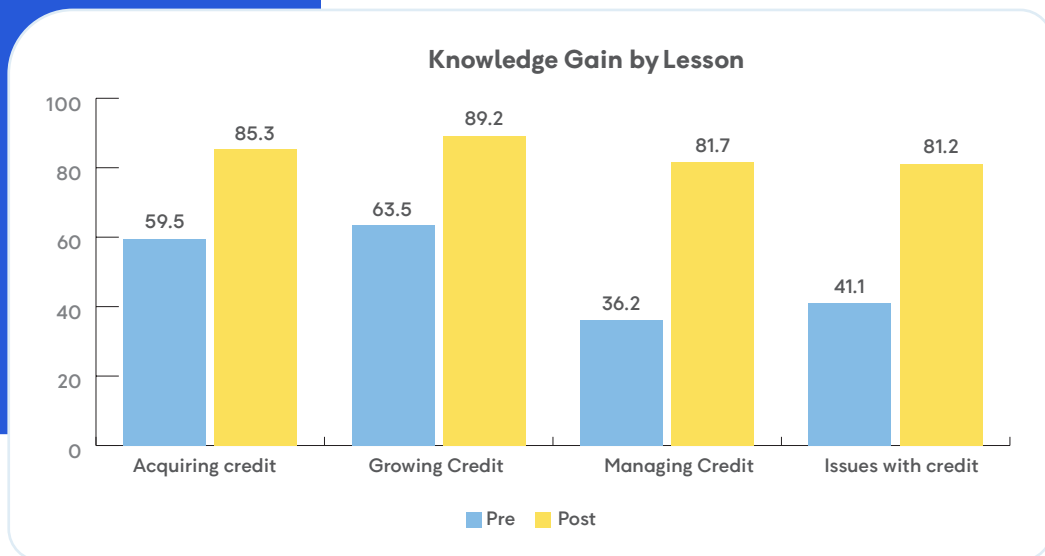
Financial education mandates for high school students have been shown to improve credit scores and reduce delinquency rates for young adults, but these programs have not been instituted across all states and their implementation even within states that legislate their usage is inconsistent (Next Generation Personal Finance, 2022). Further, while most financial education programs cover a broad range of financial topics at once, studies have shown that content related to specific near-term goals or financial tasks is more likely to be retained over time by students (Carpena, Cole, Shapiro & Zia, 2019).



To help future generations of young adults make safe and responsible decisions around credit, OneMain Financial and EVERFI partnered together to create *Build: Credit Fundamentals*. The digital course combines OneMain Financial's subject matter expertise on credit and EVERFI's deep understanding of the student learning experience. *Build* is designed to help high school students develop healthy credit habits early and understand the fundamentals of important topics, from growing and managing credit to addressing issues and inaccuracies in their credit record. Along with the interactive, self-paced educational content in the digital program, *Build: Credit Fundamentals* also includes assessments of student learning throughout the course as well as pre- and post-course surveys for students to gauge how they feel and plan to act regarding their credit and how those perceptions shift in response to their learning. The course is aligned with state and national standards and is available at no cost to schools across the country.

The design of the course and the measurement structure is based on the Knowledge-Attitude-Behavior (KAB) model of learning (Schrader & Lawless, 2004) which proposes that behavior change can be broken down into three successive stages: the acquisition of knowledge, the generation of perceptions, and the adoption of new behaviors. This suggests that gaining knowledge is the first step in behavior change and is critical for the following stages. Knowledge gained regarding a given topic can impact how individuals perceive their environment and allow for that information to change their attitudes. Then, changes in the perspectives and attitudes of individuals can also lead to recognition of opportunities for future behavior change. To show the impact of the *Build* course for students, we examine these outcomes.

To ascertain student knowledge gain*, *Build* employs multiple-choice assessments before and after each of the courses four lessons. When comparing pre- and post-lesson scores to questions linked to learning objectives, we found robust increases across all modules for students who provided us with data. Our knowledge gain calculation measures the difference between pre- and post-lesson assessment scores while accounting for the baseline measure at the pre assessment. Students showed a 43% increase in their scores in the first module about acquiring credit, a 40% increase in the lesson about growing credit, an impressive 126% in the module about managing one's credit, and finally a 98% increase in the final module regarding issues with credit. It is clear that *Build* prepared students with a sound knowledge base from which to improve their perspectives and change their future behaviors.



While assessments are given before and after each course module, our attitudinal and behavioral surveys bookend the whole course experience (our pre-course survey sample includes over 17,000 U.S. students, primarily in 9th (20%), 10th (18%), 11th (22%) and 12th (36%) grade. Before and after the course, we asked respondents to tell us how prepared they felt to overcome certain fiscal challenges and how confident they felt in achieving specific financial tasks. Our data (visualized below), shows significant increases in the percentages of students who felt at least “somewhat prepared” to build up their credit and to deal with fraud and credit report mistakes. There was also an increase in the percentage of students who felt at least “somewhat confident” in evaluating a credit card offer and in maintaining and improving their credit. The effect of the course on student self-confidence and preparedness was not as large as the effect on student knowledge, but the percentage of students who had healthy attitudes increased by 10-20% after taking the *Build* course.

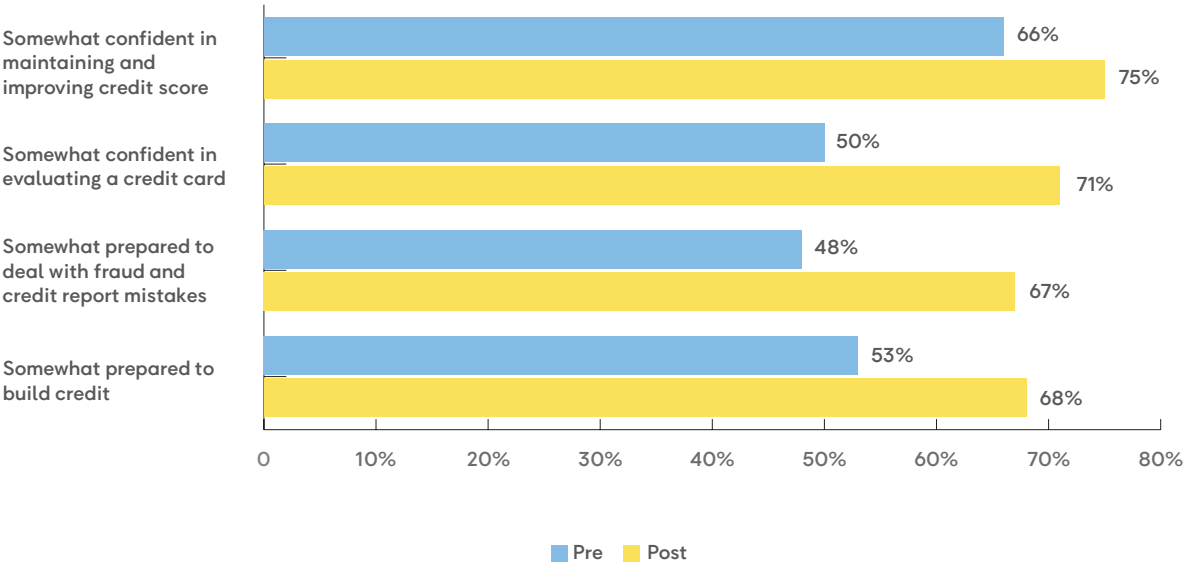
*Knowledge gain is calculated by (Post-test score - Pre-test score)/Pre-test score

We also asked these students about their intended plans for credit building behaviors before and after the course. Even though we saw significant growth for students in their knowledge and attitudes regarding credit, behavioral changes were not evident in this sample. When asked about plans to have a credit card, 31% said they did not have one and had no plans to, 54% did not have one but did plan to acquire one, and 15% claimed they already had this financial product. *While increasing credit card usage is not a direct intention of the course, this does show that the intervention is reaching students at an opportune time when more than half of them are considering using a credit card soon.* None of these percentages changed significantly when comparing answers before and after the course. Given the relatively short time between the pre and post course surveys of attitudes and behaviors (1 week on average), it is not surprising to see a lack of movement in behaviors or behavioral intentions for high school students.

Further, while it might be assumed that students from lower socioeconomic backgrounds would be in greater need of this education and possibly benefit from it more than their privileged peers, our data did not support this assumption. In our surveys, we asked students whether anyone in their immediate family had graduated from college as a proxy for socioeconomic status and found very little difference in students' attitudes or behaviors related to credit based on this measure. Surprisingly, both groups had very similar levels of personal experience with credit cards. Only 16% of those with at least one college-graduating family member had a credit card and 53% had plans to acquire one, compared to 12% with a credit card and 59% with plans to acquire one among those without a college-graduating family member. Although neither group saw measurable improvement in their behaviors or intentions as a result of taking the *Build* course, both groups of students could benefit just as much from the educational intervention. We also found that there was no statistical difference in the knowledge, confidence, or preparedness of students with at least one college-graduating family member and those without (in the

pre course survey) and both groups saw the same degree of improvement after the course experience. Taken together, these findings suggest the *Build* course was not only equally appropriate for both groups of students, but that both groups saw comparable gains in their knowledge and perspectives.

Attitudinal Shifts Pre and Post Course



*Knowledge gain is calculated by (Post-test score - Pre-test score)/Pre-test score

Financial capability is defined as the combination of knowledge, attitudes, skills, and behaviors needed to make sound financial decisions and manage money in a way that reflects an individual's circumstances and goals.

These beliefs and habits follow adolescents through their transition to financial independence and adulthood and ultimately shape their financial future. Not only has financial education been shown to influence downstream behaviors for students in an unprecedented meta-analysis (Kaiser, Lusardi, Menkhoff & Urban, 2022), but EVERFI's specific financial literacy products have been shown to improve knowledge and attitudinal measures compared to a control group (Johnson, Spraggon, Stevenson, Levine, & Mancari, 2021).

The KAB model suggests that knowledge gain and attitude change are:

- **essential steps for future behavior change,**
- **but research also suggests this is especially important in regard to healthy credit card use.**

Financial preparedness and self-efficacy can completely mediate the relationship between financial knowledge and financial behaviors, (Bapat, 2020; Rothwell, Khan, & Cherney, 2016), meaning that fiscal attitudes can be the lynch pin connecting what an individual knows about responsible behaviors and how they actually perform in the real world. Responsible attitudes towards preparedness and confidence have been found to be directly related to credit card behaviors in young adults, and that relationship is only strengthened as knowledge levels increase (Atlas, Lu, Micu, & Porto, 2019). Educational programs that focus on the first two critical stages of the KAB model are essential for building opportunities for success in young adults, and that is exactly the impact we have seen with the *Build* course.



Conclusion

In conclusion, the research literature demonstrates that well-designed financial education can eventually shift downstream fiscal behaviors. However, these behaviors can only be influenced by first improving student knowledge and enhancing student attitudes, particularly self-confidence and preparedness. Only when these students have the knowledge, skills, and confidence to make new behavioral decisions, will they be able to recognize those opportunities and act in the future. By focusing on specific content and making measurable improvements in their credit-based knowledge and attitudes, the *Build* course is certainly making a difference for these high school students and their financial futures. Regardless of their socioeconomic status, the *Build* course should be implemented at scale across high schools nationwide to better prepare students for the credit decisions they will soon make as young adults.

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