

# Shaping the future of the field

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**Financial Literacy Boot Camp 2025**  
**Date: June 27, 2025**

# The advantages of a new field

- We have the opportunity to shape the field
- There are many questions that still need to be addressed
- Not just academics but policy makers and the industry are interested in these topics
- This demand for personal finance courses in college/university is on the rise

# The advantages of a new field, cont.

- Some of the papers we have discussed this week have more than 1,000 citations
  - The JEL paper on financial literacy has 8,000 citations
- In several universities around the world and at Stanford too, there were positions specifically for financial literacy
- There are big grants devoted to financial literacy
- Policy makers around the world are designing new policies around financial literacy

# Some of the institutions/policy makers interested in financial literacy

- OECD - International Network on Financial Education (INFE)
  - They just renewed their research committee
- Central Banks
- European Commission /Ministers of Finance
- Regulators (for finance, insurance and pensions)
- World Economic Forum

# An an academic working on financial literacy

- I am asked to give a keynote on so many conferences
  - Going in August to the World Risk and Insurance Economics Congress in Calgary
- I am asked to contribute to many journals
  - Working on a special issue of a finance journal
- I am asked to participate to many policy events
  - Just back to presenting at the US Treasury
- I am asked to advice firms
  - We have done many projects on workplace financial wellness

# Some research questions

- How can we improve the level of financial literacy?
  - Financial literacy remains low around the world
- How can we improve the effectiveness of financial education?
  - The big question is What works?
- How can we close some of the gaps in financial literacy?
  - Gender gap but also racial/ethnicity gaps and gaps across socio-economic status
- How can we improve financial decision-making?
  - In particular in the areas of investing, insuring and managing risk

# Some research questions, cont.

- New areas of research from changes in financial markets
  - The rise of new financial products: private equity, crypto assets, buy now pay later
- The role of technology and AI
  - How does fintech and AI shape financial decisions?
- Changes in demography and longevity
  - The increase in longevity is bringing changes in how we should plan for the future, given also the expected changes in pensions
- The macroeconomy and the increase in public debt
  - Individuals will be much more in charge of their financial security



# The importance of theory

- We need theoretical frameworks to better understand the many findings from the data
- These models will also allow us to better understand the effectiveness of financial education
  - Sometimes the optimal response to financial education is to do nothing!
- We need to also incorporate heterogeneity in our models
- It would be also good to understand the general equilibrium effects of financial literacy



# From micro to macro

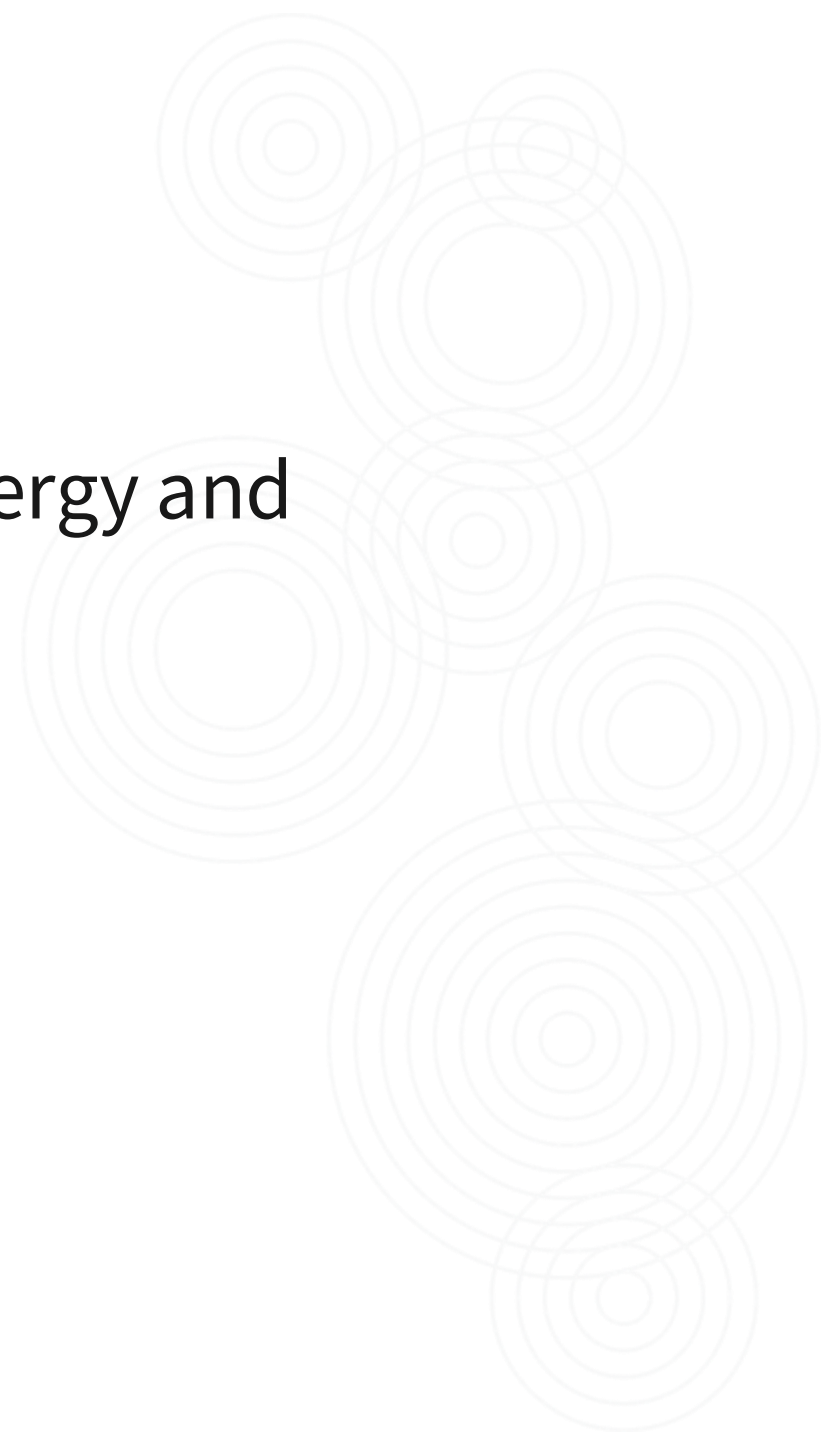
- Some authors have looked at the macro effects of financial literacy, but we have too few studies

Some are published in the inaugural issue of the Journal of Financial Literacy and Wellbeing

- It would be good to document the macro costs of financial illiteracy
- Very few aggregate analyses of financial literacy across countries
- One can also look at the effects of financial literacy on the monetary policy transmission

# The future of the field

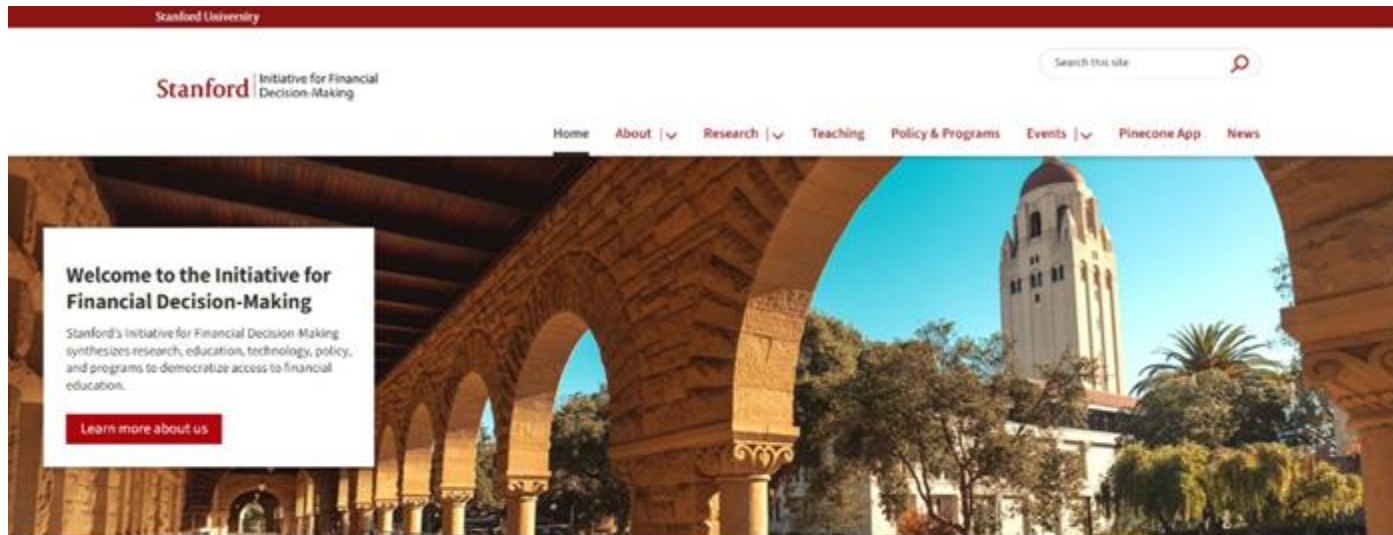
- The future of the field is you!
- We are very excited about your ideas, energy and research projects
- Join the Network
- We are here to support you.



# More information will be posted on our webpage



<https://ifdm.stanford.edu/>



## Research >

Conducting and publishing pathbreaking research



## Teaching >

Preparing educators and students for a fast-shifting financial landscape



## Policy & Programs >

Inspiring financial literacy policy and programs that change lives



## Teaching

As educators, we know that learning can have a life-changing impact. That's why we're passionate about bringing financial literacy education to scale through the **Initiative for Financial Decision-Making**. We are