



Synopsis



The journey from childhood skills to adult financial capability

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What is the relationship between childhood skills and adult financial behaviour? The Money Advice Service and London Economics share findings from their analysis of the 1970 British Cohort Study, investigating what data about skills at ages 5, 10 and 16 can reveal about adult money management.



The Money Advice Service believes childhood and adolescence are vital times to influence future financial capability and that what happens in these years can have profound effects on financial outcomes. Too little is known however about the factors in childhood and adolescence that contribute to long term financial outcomes.

This research aims to fill these gaps and explores the links between a range of cognitive and non-cognitive skills, and behaviour, in childhood and adolescence, and financial outcomes in adulthood.

Using data from the 1970 British Cohort Study (a longitudinal survey that gathers a wide range of information on more than 17,000 individuals born in Great Britain in a particular week in April 1970, interviewing them periodically throughout their lives) the research uses a regression-analysis approach to control for personal and family background characteristics, allowing us to isolate the links between skills and financial outcomes for individuals who are otherwise identical.