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Empowering the Next Generation: Building Financial Trust Through Cutting-Edge Financial Education

Alex Yue Feng Zhu¹, You Liang Zhang²

¹ Assistant Professor, The Education University of Hong Kong, Hong Kong SAR China

² Associate Professor, College of Teacher Education, South China Normal University, China

ABSTRACT

Current literature is lacking in education programs specifically designed to build financial trust among young people, which is essential for the long-term prosperity of the personal finance industry. Based on a solid theoretical framework for developing financial trust, we created an innovative intervention aimed at shaping this trust. We employed a randomized controlled trial with a three-arm pre- and post-design to evaluate the intervention's effectiveness in a sample of emerging adults from Mainland China. Our findings revealed that fostering confidence in the government's ability to manage risks significantly enhanced the communication aspect of financial trust. Additionally, providing transparent information about the deficiencies in financial product design effectively increased young people's willingness to participate in investments, reflecting the commitment dimension of financial trust. However, to encourage young people to remain in the investment market and boost their investment levels, confidence in government risk management again proved to be crucial. Interestingly, the combination of both approaches did not always yield positive experimental effects. These findings suggest that improving financial trust among young people is more complex than commonly believed and should be recognized as a distinct research area, separate from general financial education.

Keywords: emerging adults; financial education; financial trust; government power; information transparency