

The Internal Structure of Financial Literacy in China: Evidence from Publicly Released Survey Statistics

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ABSTRACT

Financial literacy is widely regarded as an important determinant of individual financial well-being, yet growing evidence suggests that financial knowledge does not necessarily translate into sound financial behavior. Using publicly released aggregate statistics from the 2025 Consumer Financial Literacy Survey conducted by China's National Financial Regulatory Administration, this study provides a descriptive analysis of financial literacy in China from a dimension-based perspective. The results indicate systematic differences in financial literacy across age, income, urban–rural residence, and regions, with higher scores observed among urban residents and in eastern regions. A dimension-level analysis further reveals a consistent structural pattern across regions: financial knowledge records the highest scores, whereas financial behavior consistently records the lowest. These patterns point to a persistent gap between financial understanding and financial practice and highlight the value of moving beyond aggregate indicators toward a multidimensional perspective in financial literacy research.

Keywords: financial literacy; financial behavior; descriptive analysis

INTRODUCTION

Financial literacy is widely recognized as a key determinant of individual financial well-being, yet increasing scholarly attention has been directed toward its internal composition rather than its overall level alone. Early studies often treated financial literacy primarily as financial knowledge, whereas more recent research and international frameworks emphasize that knowledge represents only one component of broader financial capability. In practice, individuals' financial outcomes depend not only on what they know, but also on whether such knowledge is translated into actual financial behavior. This distinction has motivated a growing body of literature that explicitly separates financial knowledge from financial behavior and examines the gap between the two.

A substantial body of empirical evidence suggests that higher levels of financial knowledge do not necessarily lead to better financial behavior. Meta-analyses and large-scale empirical studies consistently show that the behavioral effects of financial knowledge and financial education are often modest, heterogeneous, and context-dependent (Fernandes et al., 2014; Lusardi & Mitchell, 2014). These findings imply that financial knowledge alone may be insufficient to induce prudent financial behavior, highlighting the importance of behavioral constraints, institutional settings, and environmental factors. As a result, recent research has increasingly called for analytical frameworks that move beyond aggregate financial literacy indicators and pay greater attention to the distinct dimensions of financial literacy and the relationships among them (Atkinson & Messy, 2012; OECD, 2023).

This shift has been reinforced by the broader view of financial literacy as a multidimensional construct rather than a purely knowledge-based concept. The OECD/INFE international survey framework commonly reports

financial knowledge, financial attitudes, and financial behavior as the three key measurable components of adult financial literacy (OECD, 2023), while the broader OECD definition conceptualizes financial literacy as a combination of awareness, knowledge, skills, attitudes, and behaviors necessary to make sound financial decisions and ultimately achieve financial well-being (OECD, 2022). From this perspective, financial literacy is not adequately captured by knowledge alone, but instead reflects the interaction of cognitive understanding, practical capability, evaluative orientation, and actual financial action.

The relationship among these dimensions can also be understood through behavioral theory. According to the Theory of Planned Behavior, actual behavior is shaped by intentions, which are in turn influenced by attitudes and related beliefs (Ajzen, 1991). Applied to the context of financial literacy, this suggests that knowledge alone may not necessarily translate into desirable financial behavior without supportive attitudes and the ability to apply financial understanding in practice. Recent review studies likewise suggest that financial literacy should be treated as a complex construct linked to a range of behavioral and well-being outcomes, rather than as a purely knowledge-based variable (Yeo et al., 2024; OECD, 2023). More recent empirical research continues to examine how financial knowledge, attitudes, and behavior interact, reinforcing the view that financial behavior is influenced not only by what people know, but also by how they evaluate financial choices and apply such knowledge in practice (Fong et al., 2025).

The distinction between financial knowledge and financial behavior is particularly salient in settings characterized by rapid financial innovation and digitalization. Although access to financial information and financial education may improve individuals' cognitive understanding of financial concepts, actual financial behavior is often shaped by habit formation, self-control problems, complexity, and unequal access to financial services (Fernandes et al., 2014; Lusardi & Mitchell, 2014). Consequently, populations or regions with relatively strong financial knowledge may still exhibit weak financial behavior. Without a dimension-based perspective that separates knowledge from behavior while recognizing the broader multidimensional nature of financial literacy, such structural imbalances may remain concealed in overall financial literacy scores (Atkinson & Messy, 2012; OECD, 2023).

These issues are especially relevant in China, where digital financial services have expanded rapidly, household participation in financial markets has increased, and regional as well as socioeconomic disparities remain pronounced. Existing studies based on micro-level survey data have generated valuable insights into financial literacy and household financial behavior. However, comparatively less systematic attention has been devoted to examining the relationship between financial knowledge and financial behavior across regions using official and publicly released aggregate statistics. Given data access constraints and the increasing policy relevance of national financial literacy assessments, descriptive studies focusing on the internal structure of financial literacy, particularly the relationship between financial knowledge and financial behavior, remain relatively limited (OECD, 2023; Kaiser & Lusardi, 2024).

Against this background, the present study conducts a descriptive analysis of financial literacy in China using publicly released aggregate statistics from the 2025 Consumer Financial Literacy Survey, with particular attention to the relationship between financial knowledge and financial behavior. Rather than pursuing causal inference or individual-level modeling, the study aims to document two complementary patterns. First, it describes differences in overall financial literacy across demographic, socioeconomic, and regional groups. Second, and more centrally, it examines regional differences in financial knowledge and financial behavior, highlighting potential structural gaps between cognitive understanding and actual financial practices.

DATA AND METHODOLOGY

This study uses publicly released aggregate statistics from the 2025 Consumer Financial Literacy Survey issued by the National Financial Regulatory Administration (NFRA) of China. The survey report provides official summary scores for overall financial literacy and, for selected categories, disaggregated scores for financial knowledge, financial skills, financial attitudes, and financial behavior. Because the publicly available report does not disclose respondent-level micro data, the present study relies on secondary aggregate statistics and adopts a descriptive research design.

The study follows a two-step analytical strategy. First, it compares overall financial literacy mean scores across demographic, socioeconomic, and regional groups using the official figures reported in Table 1. Second, it examines regional scores for the four component dimensions reported in Table 2 in order to identify internal structural differences, with particular attention to the gap between financial knowledge and financial behavior. The regional comparison is emphasized because the four-dimensional scores are numerically disclosed by region, whereas several other subgroup results in the official report are presented only graphically.

The measurement of financial literacy in this study is based on the official NFRA composite framework rather than on indicators reconstructed by the author. Accordingly, overall financial literacy is treated as the published composite score, while the four dimensions are interpreted according to the official classification used in the survey report.

The present study adopts a descriptive design based on publicly released aggregate statistics. Where the official report provides only visual information, such as radar charts for certain income and education groups, interpretation is limited to directional patterns without artificial quantification. Because no micro-level observations, variance information, or covariate structures are available, the study does not attempt causal inference, regression analysis, or structural modeling. Instead, it aims to document broad disparities and dimension-specific imbalances in financial literacy and to interpret these patterns in light of the existing literature. Accordingly, the findings should be understood as descriptive evidence of structural patterns rather than individual-level causal relationships.

Descriptive Results

Table1 Financial Literacy Mean Scores by Demographic Characteristics

Variable	Category	Mean score
Gender	Male	67.2
	Female	68.02
Age (years)	20–29	69.71
	30–39	70.11
	40–49	68.44
	50–59	66.24
	≥60	62.16
Annual income (CNY)	≤24,000	58.93
	120,000–240,000	72.67
	≥240,000	73.01
Place of residence	Urban	69.92
	Rural	63.23
Region	Eastern	68.45
	Central	67.51
	Northeastern	67.21
	Western	66.99

The financial literacy mean scores reported in Table 1 are based on the composite financial literacy index constructed and published by the National Financial Regulatory Administration (NFRA) of China. The official index summarizes respondents’ overall performance across financial knowledge, financial skills, financial attitudes, and financial behavior, and the present study relies exclusively on the aggregate mean scores disclosed in the survey report.

Financial literacy scores vary systematically across age groups. An inverted U-shaped pattern is observed, with financial literacy peaking among individuals aged 30–39 and declining gradually at older ages. Younger adults aged 20–29 also exhibit relatively high scores, whereas individuals aged 60 and above record the lowest average financial literacy.

The survey report classifies annual income into five categories: below CNY 24,000; CNY 24,000–60,000; CNY 60,000–120,000; CNY 120,000–240,000; and CNY 240,000 and above. However, exact numerical mean scores of financial literacy are disclosed for only three income categories, as reported in Table 1. For all income groups, financial literacy levels are otherwise presented graphically via a radar chart, without corresponding numerical values. The radar chart provides a visual indication that financial literacy increases with income level, with lower scores observed among low-income groups and higher scores among high-income groups. A similar upward pattern is also observed in the radar chart by educational attainment, suggesting that financial literacy tends to increase with higher levels of education.

Gender differences in financial literacy are relatively modest. Female respondents demonstrate slightly higher average financial literacy scores than male respondents, suggesting only limited variation in financial literacy by gender.

Substantial disparities in financial literacy are evident across place of residence and regions. Urban residents display markedly higher financial literacy scores than rural residents. Regional differences are also apparent, with consumers in eastern regions exhibiting the highest average financial literacy, followed by those in central and northeastern regions, while western regions record the lowest scores.

Table2 Regional Differences in Financial Literacy Dimension Scores

Region	Financial Knowledge	Financial Skills	Financial Attitudes	Financial Behavior
Eastern	77.31	70.17	70.83	56.18
Central	76.08	69.15	70.69	53.84
Northeastern	75.62	70.15	69.04	52.73
Western	75.56	68.42	70.71	53.36

Table 2 presents the scores of the main components of financial literacy reported by the National Financial Regulatory Administration (NFRA) by region, revealing notable variation across financial knowledge, financial skills, financial attitudes, and financial behavior.

From a dimensional perspective, clear structural differences emerge across the dimensions of financial literacy. Specifically, financial knowledge scores are higher than those of the other three dimensions across regions, while financial behavior scores are the lowest among the four dimensions; scores for the remaining two dimensions are broadly comparable.

In terms of regional variation, the eastern region has achieved relatively high scores across all four dimensions, maintaining a leading position overall. In contrast, the central, northeastern and western regions lack a consistent dominant dimension; each region has its own scoring strengths in different dimensions, with no stable score ranking across the dimensions.

DISCUSSION

The descriptive results point to two analytically important features of financial literacy in China. The first is vertical stratification: overall scores vary systematically across age, income, place of residence, and region. The second is structural imbalance: once financial literacy is decomposed into its constituent dimensions, financial knowledge remains comparatively strong whereas financial behavior consistently lags behind. Taken together, these findings suggest that disparities in financial capability concern not only differences in level, but also differences in how financial literacy is internally configured across groups and regions.

With respect to age, the inverted U-shaped pattern suggests that financial literacy reflects both life-course accumulation and later-life vulnerability. Scores peak among adults in their thirties, a stage typically associated with active labor-market participation, household formation, and repeated engagement with borrowing, saving, and payment decisions. The subsequent decline among older groups is consistent with prior research showing that financial capability may weaken when individuals face cognitive aging, reduced exposure to new financial products, and growing complexity in digital financial environments (Lusardi & Mitchell, 2011a; Finke et al., 2017; Nanziri & Leibbrandt, 2018; Kaiser & Lusardi, 2024).

The positive gradient between income and financial literacy also warrants analytical attention. Higher-income groups are likely to face more frequent and more complex financial decisions, which may strengthen both incentives and opportunities to acquire financial knowledge and develop financial skills. At the same time, the pattern should not be read as a simple income effect. Income may proxy for broader advantages, including education, formal financial access, information exposure, and greater capacity to absorb financial risk. The descriptive evidence therefore suggests cumulative advantage rather than a purely mechanical relationship between resources and literacy (Lusardi & Mitchell, 2014).

Gender differences appear comparatively modest in the published aggregate results, whereas urban-rural disparities are much more pronounced. This contrast is analytically meaningful. It implies that structural access conditions may matter more than gender alone in shaping financial capability in the present dataset. Urban residents generally benefit from denser financial infrastructure, stronger access to formal institutions, richer information channels, and wider exposure to digital financial services. Rural deficits in these enabling conditions may restrict the practical conversion of knowledge into action, thereby widening capability gaps even when basic awareness is present (Klapper et al., 2015; Xu et al., 2024).

Regional differences reinforce this interpretation. The eastern region maintains the highest overall financial literacy score and records relatively strong performance across all four dimensions, indicating that more developed financial ecosystems may support not only knowledge acquisition but also broader capability formation. By contrast, the weaker outcomes observed in central, northeastern, and western regions point to the role of uneven institutional support, market maturity, and financial service accessibility. The regional pattern is therefore not merely geographic; it also reflects differences in the environments within which financial choices are learned, evaluated, and enacted (OECD, 2023; Kaiser & Lusardi, 2024).

The most important analytical finding emerges from the dimensional comparison in Table 2. Across all four major regions, financial knowledge records the highest score, while financial behavior remains the weakest dimension. This recurring pattern suggests that the core challenge is not a complete absence of financial understanding, but a difficulty in converting understanding into consistent financial practice. That interpretation is closely aligned with the broader literature showing that knowledge-based interventions alone often produce limited behavioral change because real-world financial decisions are also shaped by inertia, self-control problems, complexity, institutional frictions, and unequal access to usable financial products and services (Fernandes et al., 2014; Lusardi & Mitchell, 2014; Ocansey & Manu, 2025).

Viewed together, the results indicate that financial literacy in China is characterized by the coexistence of level differences and conversion gaps. Some groups and regions score lower overall, but even relatively stronger groups may still display an internal imbalance in which knowledge outperforms behavior. This distinction is important because it shifts attention from the question of who knows more to the question of why knowledge does not reliably become action. In analytical terms, the findings support a multidimensional interpretation of

financial literacy in which institutional context, behavioral tendencies, and practical capability jointly shape financial outcomes rather than allowing knowledge alone to stand as a sufficient proxy (OECD, 2022; Kaiser & Lusardi, 2024).

From an academic standpoint, these findings underline the value of dimension-based analysis. If only the composite score were considered, the persistent weakness in financial behavior could easily be obscured by comparatively stronger knowledge scores. Disaggregated analysis therefore improves substantive interpretation, especially when researchers work with aggregate statistics rather than respondent-level datasets. It also provides a clearer basis for linking descriptive evidence to debates on behavioral finance, capability formation, and the limits of information-based models of financial decision-making (Huston, 2010; Ocansey & Manu, 2025).

At the same time, the use of aggregate secondary data places clear boundaries on interpretation. Because the published statistics do not contain respondent-level observations, the study cannot test whether the observed knowledge-behavior gap persists after controlling for income, education, gender, digital access, or other covariates. Nor can it determine whether regional differences arise from population composition, institutional effects, or both. The present findings should therefore be read as descriptive evidence of broad structural patterns that motivate, rather than replace, future micro-level inquiry.

Policy Implications

The findings suggest that policy should move beyond a narrow emphasis on financial information provision. Since financial knowledge already scores relatively higher than financial behavior across regions, future interventions should place greater weight on practical behavioral support, such as simplified decision environments, action-oriented financial education, reminders, budgeting tools, and guidance that helps households translate abstract understanding into routine financial practice. In other words, the policy problem is not only educational but also behavioral and institutional.

A second implication concerns targeting. Lower scores among rural residents, lower-income groups, older adults, and residents outside eastern China indicate that financial literacy policy should be more differentiated rather than uniformly delivered. Programs designed for vulnerable groups should account for digital capability, access barriers, and the usability of financial services, especially in settings where formal financial infrastructure is thinner. In the Chinese context, improving inclusive access to trustworthy, comprehensible, and low-friction financial services may be as important as expanding financial knowledge itself.

A third implication concerns public data and policy evaluation. National financial literacy surveys are valuable not only because they generate an overall score, but also because they reveal which dimensions are weakest and where these weaknesses are concentrated. Greater public release of disaggregated indicators, and where feasible anonymized micro-level data, would allow future studies to test mechanisms more rigorously and help policymakers assess whether interventions improve knowledge, skills, attitudes, or behavior in different ways.

CONCLUSION

This study provides a descriptive, dimension-based examination of financial literacy in China using publicly released aggregate statistics from the 2025 Consumer Financial Literacy Survey. By jointly considering overall financial literacy scores and their underlying components, the analysis offers a structured overview of how financial literacy varies across demographic, socioeconomic, and regional dimensions, with particular attention to the relationship between financial knowledge and financial behavior.

The findings indicate that financial literacy in China is characterized by both vertical disparities across population groups and structural imbalances across dimensions. While overall financial literacy differs systematically by age, income, urban–rural residence, and region, a more salient pattern emerges when financial literacy is decomposed into its constituent dimensions. Across regions, financial knowledge consistently scores higher than financial behavior, suggesting a persistent gap between cognitive understanding and actual financial practices. This pattern underscores the importance of moving beyond aggregate indicators and examining the internal structure of financial literacy.

The findings therefore carry a clear policy message: raising knowledge alone is unlikely to be sufficient if the practical and institutional conditions needed for action remain weak. Efforts to improve financial capability should combine information with behavioral support, usable financial tools, and inclusive service access.

Several limitations should nevertheless be acknowledged. The analysis is based on aggregate secondary data and is therefore restricted to descriptive interpretation. Without micro-level observations, the study cannot estimate regression models, test mediation or moderation mechanisms, or identify the causal pathways through which knowledge, skills, attitudes, and contextual conditions shape behavior. Future research using questionnaire-based or administrative micro data could build on the present findings by testing the determinants of the knowledge-behavior gap more directly across regional and socioeconomic contexts.

Overall, this study highlights the importance of distinguishing between financial knowledge and financial behavior in financial literacy research and contributes descriptive evidence that may inform both policy design and future empirical work in the Chinese context.

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