

research snapshot

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Financial literacy may reduce gambling frequency: Evidence from Japan

What this research is about

Problem gambling has become a social and economic problem in many countries. Gambling becomes problematic when someone's gambling habits cause them harm. The more time and money people spend on gambling, the more likely they are to experience harm. A Canadian study found that people who gamble at least once per week are 13 times more likely to experience harm from gambling than people who gamble once or twice per month.

Gambling harms can affect many areas of a person's life. For example, problem gambling is often linked to mental health issues such as depression. It can also negatively affect social relationships and employment. Along with mental health and social consequences, gambling can have financial consequences. Frequent gambling can reduce a gambler's savings and investment opportunities.

Financial literacy is a person's ability to understand economic information and use it to make decisions about their finances. Someone who is financially literate knows how to accumulate wealth, handle debt, and save for retirement. People can become financially literate from their life experiences, or from receiving financial education in school.

This study aimed to understand the link between financial literacy, financial education, and gambling behaviour. The researchers predicted that financially literate people would gamble less frequently. They also wanted to understand the link between financial literacy and financial education. They performed this study on people from Japan for two reasons. First, Japan has a large gambling market, and 3.6% of Japanese adults have suffered from problem gambling

What you need to know

Financial literacy is a person's ability to understand economic information. People who are financially literate make informed decisions about their finances and know how to accumulate wealth. Frequent gambling can reduce someone's savings and financial stability. Thus, people who are more financially literate may be less likely to take financial risks by gambling frequently. This study tested for a link between financial literacy, financial education in early school life, and gambling frequency in Japan.

Participants who were more financially literate were less likely to gamble frequently. Whether one received financial education in elementary school or not had no impact on gambling frequency. Frequent gambling is linked to gambling-related harms. Thus, promoting financial literacy may reduce the risk of problem gambling.

at some point in their life. Second, elementary schools in Japan teach students about banking and savings, so many Japanese people have received some financial education.

What the researchers did

The researchers used data from the 2010 Preferences Parameter Study (PPS). The PPS is an annual survey performed by the Institute of Social and Economic Research at Osaka University. The PPS asks general demographic questions, such as age, gender, and household income, and preferences related to financial decisions. The participants in the PPS are representative of the population of Japan. The 2010

survey included questions about gambling, financial literacy, and financial education. A total of 3687 participants completed the 2010 survey. All participants were at least 20 years old.

The survey asked participants how often they gambled. Based on their responses, the researchers categorized them as either frequent or non-frequent gamblers. Non-frequent gamblers gambled once per month or less. Frequent gamblers gambled once per week or more. The survey also asked three questions that tested financial literacy. One question asked about calculating annual interest rates. The other two asked about inflation and financial risk management. Participants who answered these questions correctly were more financially literate. Finally, the survey asked participants if they received financial education in elementary school.

The researchers tested whether financially literate participants gambled less frequently. It was possible that financial literacy and gambling behaviour could mutually affect each other. The researchers used father's education as a variable to consider this possibility. The researchers also tested whether participants who said they received financial education in elementary school were more financially literate. They considered demographic and socio-economic backgrounds to examine financial literacy's role on gambling frequency.

What the researchers found

About 9% of participants were frequent gamblers (i.e., gambled at least once per week). Men were more likely to be frequent gamblers than women. Additionally, people who were older or had higher household income were more likely to be frequent gamblers. People with larger households or children were less likely to be frequent gamblers.

As predicted, people who were more financially literate were less likely to be frequent gamblers. However, receiving financial education in elementary school was not linked to gambling frequency. Additionally, participants' financial literacy was not linked to whether they received financial education in elementary school.

How you can use this research

This study shows that financial literacy can have an impact on gambling behaviour. Financial literacy may protect against gambling-related harm. Organizations that aim to reduce harm from gambling could promote financial literacy in adults. For example, they could create free resources to educate people about their finances.

About the researchers

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Citation

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About Gambling Research Exchange (GREO)

Gambling Research Exchange (GREO) has partnered with the Knowledge Mobilization Unit at York University to produce Research Snapshots. GREO is an independent knowledge translation and exchange organization that aims to eliminate harm from gambling. Our goal is to support evidence-informed decision making in safer gambling policies, standards, and practices. The work we do is intended for researchers, policy makers, gambling regulators and operators, and treatment and prevention service providers.

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