

Analysis of the Factors that Influence the Financial Literacy of Young People Studying in Higher Education

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Summary: Financial literacy and the need to improve it are getting more attention as a result of the economic crisis. The effectiveness of the programmes that target the improvement of financial literacy depends on knowing what factors influence people's financial knowledge. This is exactly the reason why, using the data of the Financial Literacy Research Programme coordinated by the State Audit Office of Hungary, we investigated how the different demographic and educational features of students studying in higher education influence their financial literacy. Our results show that the financial knowledge of young people exhibit significant differences according to the measured criteria. Males, older people, people with a higher income and young people whose income is covered by their family only to a small extent are typically characterised by more advanced financial literacy.

The results demonstrate that the financial-economic knowledge acquired in higher education has a beneficial impact on the financial knowledge of young people; on the other hand, the type of training and studies does not have any significant effect. Our analyses also revealed that the teaching of financial-economic topics in secondary school does not have any influence on the level of young people's financial knowledge. The students participating in the study performed better in answering theoretical questions than in the case of practical questions. It is also true of theoretical and practical financial knowledge that males, older people, those who pursue economic studies or who are attend these kinds of courses at university know more about financial matters. At the same time, there are certain differences too. Income and its ratio which comes from the family show a significant correlation only in connection with practical knowledge, while as far as economic training is concerned in secondary schools, we can establish that it exerts a significant - positive - influence only on theoretical knowledge.

When examining the educational criteria we found that the economic nature of the training correlates significantly with practical knowledge, while the number of semesters spent on studying subjects related to economics has a stronger positive influence on theoretical knowledge. The results reveal the need for a reform in the teaching of financial-economic knowledge and the introduction of programmes that can generate interest in financial matters.

Keywords: financial literacy, higher education, measurement, regression

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