THE ROLE OF UNIVERSITY ON STUDENTS MONEY MANAGEMENT PRACTICES

Antoneta POLO
University "Eqrem Cabej"
antoneta_polo@yahoo.com

Dorjana NANO
University "Eqrem Cabej"
nano.dori@yahoo.com

Abstract

Students financial behaviour has been on focus of many academics and practicioners for decades. Reseachers have found that students do not take healthy financial decisions. One of the factors revelead to influence students money management practices is school. The financial knowledge and training gained during university studies is supposed to equip students with the neccessary knowledge and attitude towards financial issues. This is translated in better financial behavior. The current research aims to explore the role of universities on students financial behavior. The main objectives of the paper are: i) firstly to investigate on the importance of school on students money management practices; ii) secondly, provide a literature review on students financial skills and behavior; iii) thirdly, to identify the role of universities in students financial behavior in the case of Albania; and iv) finally, to draw some conclusions and policy recommandations for universities in order to improve their curriculas and help students to be wise consumator. The main research questions raised in this research are: 1) Do Albanian students percept school as their primary source of gaining financial knowledge? 2) Do Albanian universities play their role optimally on equipping students with the best skills on money management?

This study is based on a survey conducted on 637 students from different universities accross Albania. Descriptive statistics, Tukey Post Hoc technique and analyse of variance are utilized to address the research questions. Statistics demostrates students to consider school as the most important source of gaining financial knowledge. Although this result, university is exposed to not play its best role on helping students establishing good financial habits. This research suggest universities to include a modul in personal finances in their curriculas and making them more practical and effective. This is incredeably important since managing personal finances is a matter that last forever. Future studies can be conducted to examine the effectviness of universities curriculas on students life. In addition, further researches can be undertaken in order to identified other factors impacting students financial behavior.

Keywords: Students Money Management, University.

JEL classification: A2

1. Introduction

Students' financial skills and behavior is becoming a very important topic for many researchers. Studies have declared family, school, media, peers and work experience as the major financial influencer on students' money management practices. Financial education is reported as a significant technique to improve students' money management, since it is useful to increase students' financial knowledge and consequently improves their financial behavior. Literature defines financial literacy as: "the process by which individuals improve their understanding of financial products and concepts; and through information, instruction and/or objective advice develop the skills and confidence to become more aware of financial risks and opportunities, to make informed choices, to know where to go for help, and to take other effective actions to improve their financial well – being and protection (OECD, 2015)". Considering this definition it can be identified three dimensions of financial literacy: financial knowledge, financial attitude and financial behavior. Financial knowledgeable consumers are supposed to have basic financial concepts and take reasonable financial decisions. Garman & Forgue (2006) suggest that good financial behavior is displayed on: cash flow planning and managing, setting up short term and long term financial goals, purchases of insurance, auto, home and financial services. Worldwide states are taking measures to employ national strategy on financial education. National Council on Economic Education (2005) reported that 38 states in the USA have implemented their system education based on personal finance standard. Seven states have personal finance as a mandatory course for graduation in the high school. The importance of a healthy financial education became vital in Europe in 2007 with a European Commission Communication in Financial Education. It highlighted the beneficial of financial literacy for individuals, society and the economy. In his speech in Tirana, Umberto Filetto[1] suggested individuals' financial education based on three principals: the opportunity principle – financial education in the right time, the usefulness principle – usefulness financial education and offering principle – financial education in the right way.

This study aims to investigate the role of university on students' financial skills and behavior. It provides a comparison on Albanian students' perception about different ways of gaining financial knowledge. In addition, this research attempts to provide evidence regarding the discrepancies in students' financial behavior based on their priorities in money management learning tools. Furthermore, it explicates whether curricula on personal finance, taught in universities in Albania, is practical and useful to improve Albanian students' financial skills and behavior. The main research questions raised in this study are:

- ✓Do Albanian students percept school as their primary source of gaining financial knowledge?
- ✓Do Albanian universities play their role optimally on equipping students with the best skills on money management?

2. Literature Review

Financial literacy has been on focus of many academics, researchers and practitioners for decades. Many authors have considered financial literacy as a core skill for people financial wellness. Generally, studies undertaken on this topic have been conducted on different categories of population. For example in the working of Ansong and Gyensare (2012), a study conducted in Ghana, the financial literacy is defined as ability to understand finance. The focus of their study was working-students and their financial literacy. The authors raised the hypothesis whereby some have tried to assess the connection that can exist between financial literacy and some variables that they have considered important. To realize their study, a questionnaire was distributed to 250 students of a university with 20 multiple-choice items, compiled by the authors themselves. From the statistical analysis of the collected data, they appreciated that financial literacy has a positive relation between age and education level of the parents of the student. They also estimated that the higher the mother's education level, the financial literacy the student had. Meanwhile, as for the father's education, work location or access to the media, had not resulted to have any positive impact on the student's financial literacy. According to the results achieved, male students demonstrate higher financial literacy compared to the female ones. Also students who were involved in a business, their financial literacy was higher than others. The level of study does not have a positive impact on student's financial literacy. The authors explain this by lack of appropriate curricula in schools. The main constraint of their study was the collection of data by the students of a single university.

Another author, Harnisch 2010, also addressed financial literacy in one of his works. He emphasizes that financial literacy plays an important role in the decisions that the individual receives. He considers financial literacy as a major cause of problems that show individuals with debts or bad loans worldwide. He stresses that individuals should definitely improve their financial literacy, to take optimal decisions for a given set of needs and budgets. He underlines the role of schools, especially the role of universities, in improving the financial literacy of individuals. However, he still considers weak this role. Despite the fact that in

[1] The ninth International Conference of Bank of Albania. Buiding our future according Financial Culture. Tirana, September 15, 2015.

schools are, treated curriculums related to financial literacy, students do not give much importance to them. This happens because many of them are still financially dependent on the parents. Therefore, they do not take financial decisions, something that is associated with future consequences. The main objective in his work was once again the improvement and review programs for financial literacy in schools, so that the university can fulfill this important role, which is to make applicable in practice knowledge acquired in school. With a sound financial education, people will manage in a better way their debts, will draft saving plans, says the author. In this way, they would be able to undertake significant investments in their lives. Investments related to the purchase of a house, retirements, education of children, etc... In contrast, the financial decisions of people with low financial literacy would cost a lot to them as well as to the community where they live for a long time. He appreciates as low the financial literacy on ordinary people. A large majority of them have failed in making decisions for the future. The reason is that they have obviously not seen all alternatives or have failed to understand credit conditions.

For this reason, he once again suggests the review of the schools and universities curriculums related to financial literacy. Furthermore, he recommends the creation of a new curriculum for financial literacy. In addition, students can create an online social network, through which could receive financial advice important for their decisions. Financial literacy, as the author emphasizes, poses a significant challenge for the future of the individual, the family and the country as a whole.

Krizek and Hradil 2012, have raised a very interesting hypothesis in their paper: do the students serve as financial advisers in their communities? To assess this, the authors set some standards through which they would assess the financial ability of the students. They appreciated the positive relation that exists between financial literacy and age, financial literacy and gender, were males also resulted to have higher financial literacy of females, the level of financial literacy and years of study. Furthermore, through the verification of an hypothesis raised previously, they confirmed that students offer advice on the surrounding community, in connection with personal finances or consumption and savings.

Johnson and Sherraden, 2006, in their paper consider financial literacy as very important, but not sufficient. They point out that knowledge is valid for as long as they use it. In this way, they value financial capability, like the ability to establish a direct link between human activity and knowledge obtained through different pedagogical methods. In their paper, they treat a number of different programs, which will increase the financial capability of individuals. In these programs were included children and their parents, such as opening a bank account for the child, etc. To assess the real financial capability of the person, they pointed out that there should be built measurable indicators, so that would appraise not only financial knowledge but also financial decisions, savings or debts. The authors underline the significance of financial education in increase of financial capability. They also suggest that the increase of access to financial institutions through savings would have its positive effects on financial capability. Children with their savings accounts will be able to implement in reality what they learn in different school programs related to finances.

Cude et al ., 2006, consider family as very important in the financial literacy of young adults. The authors evaluated different ways of how young people obtain financial information. Many young people preferred the Internet; some thought it was the duty of the university to give financial knowledge. Some thought there could be established campus for this purpose. The study estimated that greater effort was required by parents to financially inform their children. Meanwhile, the students themselves stated that parents intervene in their decisions about money and spending. Even the parents must be educated on how to behave with their children about financial problems. We can help a network coming online parent-colleague.

Rodrigues et al, 2012, have developed their study of 612 students in Portugal. In the study of these authors, students pose different levels of financial literacy. Over age, they became more financially capable. In addition, the level of financial literacy does not appear the same in different genres. Even these authors conclude that men pose with higher financial literacy than women do. The course they follow also represents an important factor in their financial skills. The intervention of parents in student financial decisions was estimated to have a positive effect in this study.

Hahn et al, 2014, states that if we understand the factors that affect the financial literacy of young people, we will be able to develop the appropriate and effective policies for them.

Taking into account the above studies and others alike, in this work we are trying to analyze financial literacy based on the conditions of Albania. In Albania, there have been few previous similar studies in this field. For this reason, we have based our study on the use of foreign literature of the same field. We put our focus on financial literacy survey of Albanian students. This is done for two main reasons, to measure their financial literacy and to evaluate the effectiveness of the school in increasing financial literacy. Also in this work, we try to evaluate whether school programs have had a positive effect on financial literacy. It seems that there is a gap between theory and practice obtained in school. This is best evidenced with the low points of the students who have received finance lessons. As the above authors have mentioned, the financial capability of the youth is very important. It expresses their practical skills in relation to the financial management of certain conditions. Linking theory with practice constitutes one of the major challenges associated with this issue.

Although, a large literature studied financial culture, there is still a lack studying this topic in Albania. Since the studies related to this field in Albania are realized very little, we tried in the first place to make an overall assessment of the financial behavior on university subjects. In addition, in Albania, school is considered as the only source of knowledge for financial literacy. Hence, we focus our research on investigating whether universities in Albania play optimally their role on equipping students with the best financial knowledge in order to take smart financial decisions.

3. Research Methodology

This study makes use of a survey conducted on 637 students from eight universities accross Albania. In this research participated five state universities and three private ones. State universitites participate in the resstudy are: University "Eqrem Çabej", Gjirokaster; University of Tirana; University "Aleksander Moisiu", Durres; University "Aleksander Xhuvani", Elbasan and Agriculture University of Tirana. Private university involved in this study are: University "Marlin Barleti", Tirane, University "Kristal", Branch Permet and Universiy "Nehemia", Pogradec. The questionnaire consisted on two main parts. The first part collected personal information about the participants and the second one tested specific questions about students skills and behavior. The socio-demographic information consisted on: age, gender, work experience, maritul status, region, accomodation during university studies, fees paid, personal income, having attend a course in personal finances, etc. Meanwhile, the specific question on financial literacy were divided on three sections. The first section considered 15 questions testing students financial knowledge on investment, saving, insurance and borrowing. The second section involved 11 questions capturing students attitude towrads personal finances. The third sectioncomprised 8 question testing students behavior towards money managemnt. A five Likert scaled instrument is employed to identify the level of financial behvior. Students who displayed best financial behavior are selected at 5 point, whereas those with nonhealthy one are selected at one. A mean financial behavior score is then considered to make relevant comparisions among different categories of students.

The validity and consistency of the construction are tested based on the dimension reduction method and the Cronbach Alpha test. The questionnaire response rate states at 95% (607/637). Descpritive statistics of different tools of money management learning are considered to explore whether school is percepted as the primary source of gaining financial knowledge. The second research question is addressed based on the values of the mean financial behavior scores. The Fischer test is utilized to investigate whether students who have taken a course on personal finance display better financial behavior in comparison with their counterparts. The assumtion will be rejected if the significance of the Fischer test is greater then 0.05, based on 95% level of significance.

4. Data Analizing and Findings

- Sample Profile

Table 1 below displays information about sample profile. Statistics exhibit the majority of the participants to be females (71%), attending a module in Personal Finances (78.4%) and majoring in business (71.7%). Most of the respondents are shown to report school as the primary source of money management learning (39.4%). Less than a third (29%) have declared family as the most important source, slightly greater than a fifth considers experience as the major one (22.2%), and only a few of the participants (8.9%) considers friends or mass media.

Table 1: Sample Profile

	Frequency	Percentage
1. Gender	**607**	**100.0%**
Female	431	71.0 %
Male	186	29.0 %
2. Modul in Personal Finances	**607**	**100%**
a) Yes	476	78.4 %
b) No	131	21.6 %
3. Area of Study	**607**	**100%**
a) Economic	435	71.8%
b) History – Geography	32	5.3%
c) Medicine	77	12.7%
d) Journalism	15	2.5%
e) Judicial	47	7.7%
4. Money Management Learning	**604**	**99.5 %**
a) In my family	176	29.0 %
b) In the school	239	39.4 %
c) Conversation with friends	21	3.5 %
d) Media	33	5.4 %
e) Experience	135	22.2 %

✓ *Research question 1: Do Albanian students percept school as their primary source of gaining financial knowledge?*

In concert with the descriptive statistics, table 2 and 3 below provide evidence about the frequency of students who perceive different source of money management learning and the mean financial behavior respectively. Figures show a minimum of one and a maximum value of 5 in students' financial behavior (see table 2). The mean value of financial behavior ranges from 3.46, in the case of "other" source of primary source of money management learning, to 3.73 in the case of Media.

Table 2: Descriptives Statistics

Primary Source of Money Management Learning	Mean	Std. Deviation	Std. Error	95% Confidence Interval for Mean		Min	Max
				Lower Bound	Upper Bound		
Family	3.61	.865	.034	3.55	3.68	1	5
School	3.67	.938	.031	3.61	3.73	1	5
Conversation with friends	3.06	1.053	.123	2.81	3.30	1	5
Media	3.73	.685	.064	3.60	3.86	2	5
Work Experience	3.51	.849	.039	3.43	3.58	1	5
Other	3.46	.871	.130	3.20	3.73	2	5
Total	3.60	.898	.019	3.56	3.64	1	5

The majority of students consider school as the most important source of gaining financial knowledge (39.4%, table 3). Although the greater part of the participant considers school as the primary source of learning money management, they are shown not to score the highest point in financial behavior. The best result in money management practices is performed from students who declared mass media as the greatest tool for improving financial knowledge. The results of Fischer test (F = 8.347; Sig. = .000) proves these differences to be statistically significant. Hence, the question is: If students consider school as their primary source of gaining financial knowledge, does school play its role optimally to equip them with the best skills on money management?

Table 3: One Way Welch ANOVA

Money management learning	Frequency	Percentage	Mean Financial Behavior	Fischer Test
a) School	239	39.4 %	3.67	**F = 8.347**
b) My family	176	29 %	3.61	
c) Conversation with friends	21	3.5 %	3.06	**Sig. 000**
d) Media	33	5.4 %	3.73	
e) Work Experience	135	22.2 %	3.46	

✓ *Research question 2: Do Albanian universities play their role optimally on equipping students with the best skills on money management?*

Table 4 below represents the mean difference on financial behavior scores among students who consider school as the primary source of learning and those who consider family, peers, media and experience. Results of the Tukey Hoc Post analysis show a statistically significant difference on students financial behavior between students who declare school and those who declare peers or experience. Statistics of the analysis of variance (table 3) displays students who consider school, family or media scoring at the range of 3 to 4. This performance is shown to be good (greater than the neutral point of three), but not optimal.

Table 4: Tukey Post Hoc

(I) Primary Source of Money Management Learning	(J Primary Source of Learning	Mean Difference (I-J)	Std. Error	Sig.	95% Confidence Interval Lower Bound	Upper Bound
Family	School	-.057	.046	.820	-.19	.07
	Form the conversation with friends	.558*	.110	.000	.24	.87
	Mass media	-.115	.091	.803	-.37	.14
	Work Experience	.107	.054	.340	-.05	.26
	Other	.150	.137	.884	-.24	.54
School	Family	.057	.046	.820	-.07	.19
	Form the conversation with friends	.614*	.108	.000	.31	.92
	Mass media	-.058	.089	.986	-.31	.20
	Work Experience	.164*	.050	.014	.02	.31
	Other	.207	.136	.651	-.18	.59
Form the conversation with friends	Family	-.558*	.110	.000	-.87	-.24
	School	-.614*	.108	.000	-.92	-.31
	Mass media	-.672*	.134	.000	-1.05	-.29
	Work Experience	-.450*	.112	.001	-.77	-.13
	Other	-.407	.169	.152	-.89	.07
Mass media	Family	.115	.091	.803	-.14	.37
	School	.058	.089	.986	-.20	.31
	Form the conversation with friends	.672*	.134	.000	.29	1.05
	Work Experience	.222	.093	.161	-.04	.49
	Other	.265	.157	.539	-.18	.71

(I) Primary Source of Money Management Learning	(J Primary Source of Learning	Mean Difference (I-J)	Std. Error	Sig.	95% Confidence Interval Lower Bound	Upper Bound
Work Experience	Family	-.107	.054	.340	-.26	.05
	School	-.164*	.050	.014	-.31	-.02
	Form the conversation with friends	.450*	.112	.001	.13	.77
	Mass media	-.222	.093	.161	-.49	.04
	Other	.043	.139	1.000	-.35	.44
Other	Family	-.150	.137	.884	-.54	.24
	School	-.207	.136	.651	-.59	.18
	Form the conversation with friends	.407	.169	.152	-.07	.89
	Mass media	-.265	.157	.539	-.71	.18
	Work Experience	-.043	.139	1.000	-.44	.35

*. The mean difference is significant at the 0.05 level.
Dependent Variable: Mean Financial Behavior; Tukey HSD

The homogeneous groups are provided in table 5 below. Statistics identify Other, Work Experience, Family, School and Mass media as a consistent group.

Table 5: Homogeneous Groups

Primary Source of Money Management Learning	N	Subset for alpha = 0.05	
		1	2
Form the conversation with friends	20	3.06	
Other	12		3.46
Work Experience	128		3.51
Family	174		3.61
School	242		3.67
Mass media	30		3.73
Significance		1.000	.187

Tukey HSD. Means for groups in homogeneous subsets are displayed.
a. Uses Harmonic Mean Sample Size = 121.210.
b. The group sizes are unequal. The harmonic mean of the group sizes is used. Type I error levels are not guaranteed.

To further investigate the role of university, an ANOVA technique is employed considering the mean financial behavior among students who have attended a course in personal finance and their counterparts. Table 6 below illustrates information about the mean, standard deviation, minimum and maximum values. In concert with the results of the previous analysis, students of both categories are shown to score in a range of 3 to 4 in financial behavior. The difference in financial behavior among students who have taken a course in personal finance and those who have not taken is shown to not be statistically significant (F = .748; Sig = .387) based on 95% level of significance. This result demonstrates that taken a course in personal finance does not improve students' financial behavior. This fact provides evidence that Universities do not play optimally their role on equipping students with the adequate financial knowledge.

Table 6: ANOVA

Module in personal finance in School	Mean	Std. Deviation	Std. Error	Minimum	Maximum
Yes	3.61	.933	.022	1	5
No	3.57	.788	.036	1	5
F = .748 Sig. = .387					

5. Conclusions, discussions and recommandations

This research examined the role of university in students' money management practices. It firstly identified the discrepancies in financial behavior among students with diverse perceptions about the most important source of learning money management. Then it attempted to reveal whether taken a course in personal finance is useful to improve students' financial behavior. Statistics of the description analysis exhibited school as the primary source of gaining financial knowledge. Harnisch 2010, underlines the role of schools, especially the role of universities, in improving the financial literacy of individuals.

The analysis of variance and the multiple comparison technique revealed students who declared school as the best tool of learning to not gain high financial behavior scores. In addition, attending a course in personal finance is proved not to be effective on improving students' financial behavior. These outcomes demonstrate that universities do not play optimally their role on equipping students with the adequate financial knowledge. Ansong and Gyensare (2012), realised that level of study does not have a positive impact on student's financial literacy. The authors explain this by lack of appropriate curricula in schools. Harnisch, 2010, evaluated that, despite the fact that in schools are treated curriculums related to financial literacy, students do not give much importance to them. For Albanian student, this result might be explained by the fact that curricula on personal finances are not practical and effective. The lack of a sound financial educational curriculum has costly consequences since impacts people to not take wise financial decisions.

Universities should be aware about the importance of offering a sound financial education. They must modify their curricula on personal finances in order to be useful and effective. In addition, it will be valuable to offer a course in personal finances in every areas of study, since it is an everyday issue that lasts forever.

References

Ansong, A., Gyensare, A. M., (2012), Determinants of University Working-Students' Financial Literacy at the University of Cape Coast, Ghana Vol. 7, No. 9; International Journal of Business and Management, www.ccsenet.org/ijbm

Atkinson, A., F. Messy (2012): Measuring Financial Literacy: Results of the OECD / International Network on Financial Education (INFE) Pilot Study. OECD Working Papers on Finance, Insurance and Private Pensions, No. 15, OECD Publishing. Marrë online në Korrik 2013 nga: http://dx.doi.org/10.1787/5k9csfs90fr4-en

Cude, B., Frances, J., Lawrence. C., Lyons, A., Metzger, K., LeJeune, E., College Students and Financial Literacy: What They Know and What We Need to Learn, Eastern Family Economics and Resource Management Association 2006 Conference, https://www.cgsnet.org/ckfinder/userfiles/files/College_Students_and_Financial_Literacy.pdf

Danes, S. M. Huddelston-Casas C. & Boyce L. (1999). Financial Planning Curriculum for Teens: Impact Evaluation. Financial Counseling and Planing 10(1) 25-38.

European Commission (communication), Financial Education http://eurlex.europa.eu/smartapi/cgi/sga_doc?smartapi!celexplus!prod!DocNumber lg=en&type_doc=COMfinal&an_doc=2007&nu_doc=808.

Fletcher, C.N., Beebout, G., & Mendenhall, S., (1997): Developing and evaluating personal finance education at the worksite: A case study. In E. T.Garman, J. E. Grable, S. Joo (Eds.), Journal of Personal Finances and Worker Productivity 1(1):54-59, Roanoke, VA.

Garman, E. T., & Forgue, R. E. Personal Finance (7th edition). Boston: Houghton Mifflin Co., (2006).

Harnisch, Th. L., (2010), Boosting Financial Literacy in America: A Role for State Colleges and Universities, PERSPECTIVES. AASCU. http://www.aascu.org/policy/publications/perspectives/financialliteracy.pdf

Hayhoe, C. R., Leach, L. J., Turner, P. R., Bruin, M. J., Lawrence, F. C., (2000): Differences in Spending Habits and Credit Use of College Students. Journal of Consumer Affairs, 34 (1): 113-133.

Hahn, J., Financial Literacy of Korean High School Students, Department of Social Studies Education, Gyeongin National University of Education, https://www.aeaweb.org/aea/2014conference/program/retrieve.php?pdfid=1235

Johnson, E., Sherraden, M., (2006) , From Financial Literacy to Financial Capability Among Youth, Working Paper 06-11, http://www.usc.edu/dept/chepa/HRYANG/publications/110.pdf

Krizek, T., Hradil, D., (2012), Financial Literacy of University Students: Methodology and Results of an Online Survey , International Journal of Business and Social Science Vol. 3 No. 22 [Special Issue – November], http://ijbssnet.com/journals/Vol_3_No_22_Special_Issue_November_2012/9.pdf

Lusardi, A., Mitchell, S. O., Curto, V., (2010), Financial Literacy among the Young: Evidence and Implications for Consumer Policy, http://www.dartmouth.edu/~alusardi/Papers/Financial_literacy_young.pdf

National Council on Economic Education (2005): Surveys of the states. Economic and Personal Finance Education on our Nation' School in 2004. Washington, D.C.

Plakalovic, N.,: Financial Literacy and Stability of the Financial System. Mangement Knowledge nd Learning. International Conference, 2011: 113-120.

Rodrigues, C., Vieira, F., Amaral, A., Martins, V., Financial Literacy of Students, https://repositorium.sdum.uminho.pt/bitstream/1822/21813/1/Financial%20Literacy%20of%20University%20Students_vers%C3%A3o%20final.pdf

Shaari, N, A., Hasan, N. A., Mohamed, R. K., Sabri, M., (2013), Financial Literacy: A Study Among The University Students, Interdisciplinary Journal Of Contemporary Research In Business, Institute of Interdisciplinary Business Research 279, VOL 5, NO 2, http://journal-archieves33.webs.com/279-299.pdf

The ninth International Conference of Bank of Albania. Buiding our future according Financial Culture. Tirana, September 15, 2015.

Widdowson, D., Hailwood, K., (2007): Financial Literacy And Its Role In Promoting A Sound Financial System. Reserve Bank of New Zealand: Bulletin, 70 (2): 37-47.