

Youth and Personal Finances; a Love and Hate Relationship

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Abstract

The need to evaluate this issue stems from the importance of money in our society and our increasing dependence on efficient money management for safety. People search safety from worrying about money and poor financial literacy tends costs a lot and cause a lot of stress. The goal is to see the strengths and weaknesses of the youth when it comes to dealing with their personal finances.

Keywords: Youth, money management, safety, financial literacy

1.0 Introduction

The study aims to explore the financial literacy levels among young people, focusing on their understanding of essential financial concepts such as budgeting, saving, debt management, and investing. By investigating the current state of financial knowledge and skills, the study seeks to identify gaps in financial education and potential factors that influence financial literacy, such as socioeconomic background, educational exposure, and access to resources. Insights from this research will contribute to the development of targeted educational programs and resources that can empower youth to make informed financial decisions and foster long-term financial well-being.

2.0 Literature Review

The sole reason why finances are of importance is because they provide safety. In a capitalist society, the wealthier, the better. The more assets, the more streams of income and the more tax deductions, the merrier. Building wealth debuts with adequate money-management skills and this is affected by several factors such as: the level of financial literacy, the degree of parental influence and the presence of sociocultural pressure. This literature review focuses on how the youth handle their personal finances and what are the factors that persuade them to operate in that matter. For this research, youth is categorized as a group of individuals aged 16 to 30 years.

In Canada, the HDI (Human Development Index) is 0.934 in 2024 (United Nations). The metrics employed by the UN relies on the general quality of life in a specific territory. The UN looks at the quality of healthcare, education, economic advancement possibilities and environmental safety. The reason why these numbers and reports are important is because this subject of youth handling personal finances isn't intercepted by war or famine like other parts of the world. The youth want financial safety (Hamilton et al.), even though Canada scores high in the HDI, Canadians face ongoing economic hardships. In a qualitative study done in the United States, the college student participants expressed that their parents have advised them to save, however, the parents themselves rarely possessed any savings of their own, including retirement funds (Hamilton et al.). The youth in the study did not seek to follow in the financial footsteps of their parents, rather they searched to gain knowledge, avoid financial distress and find security.

The youth yearn to be more financially literate, responsible and confident; they do not think that their parents are the only source of financial literacy (Sharif, Naghavi 163). Certain governments in the Northern American continent have responded to that need by funding studies (Sharif, Naghavi 163). Others have added financial literacy courses in the curriculum, for example, the Quebec Education's Program for Financial Education courses in Secondary V. Banks have given youth more access to advisors and programs as well. These initiatives provide solid theory; however, youth may only put them into practice when they aren't influenced by the clever marketing of corporations and the romanticization of overconsumption through sociocultural input. For instance, impulsive buying, where the shopper makes an unplanned purchase due to a surge of desire for a product (Lia, Natswa 130). BNPL (Buy Now Pay Later) services, often offered through online shopping outlets, are also very attractive and extremely convenient for impulsive spending which puts a strain on consistent budgeting. Especially for the youth, who are often the targets and most reliable clientele for marketers (Lia, Natswa 130).

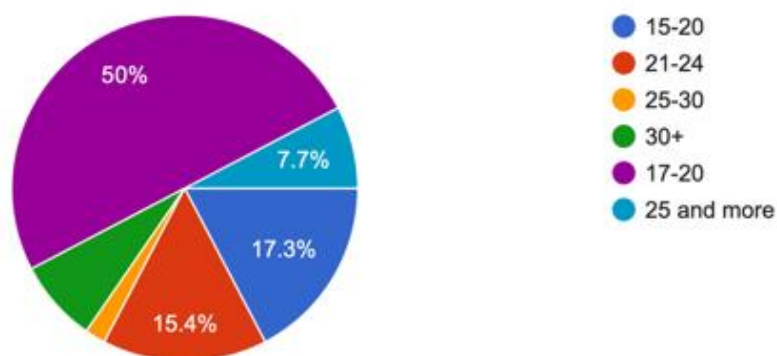
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3.0 Analysis (In this section, provide a deeper understanding of your research while analysing the innovations and challenges faced by the country)

3.1 Data

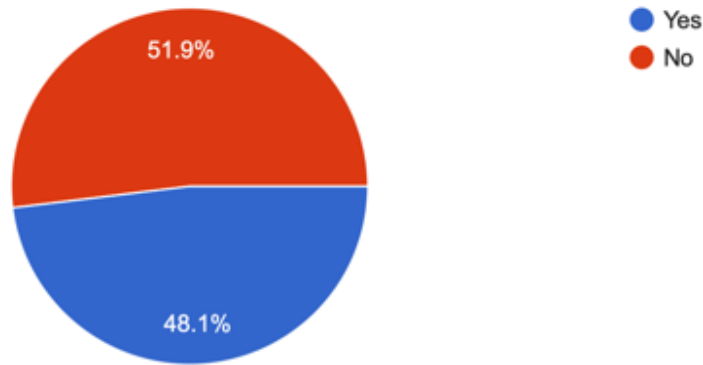
What is your age group?

52 responses



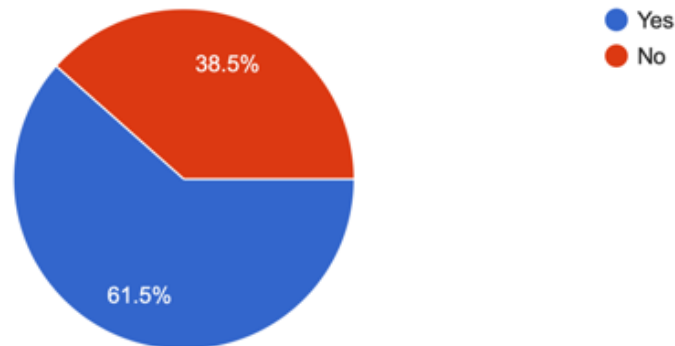
Do you currently maintain a personal budget (clear set of saving and spending rules with accurate revenue data)?

52 responses



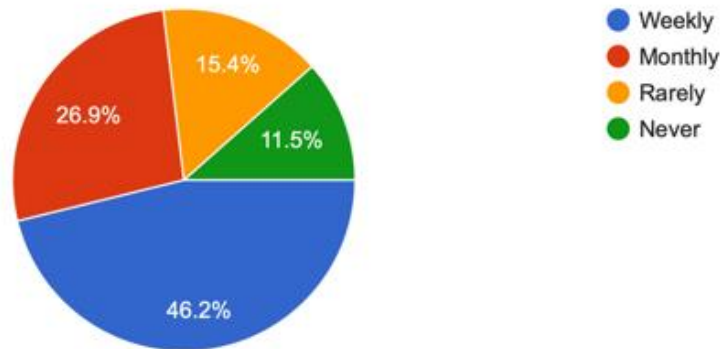
Have you received any formal education (high school class, college course, university course or any other government funded program) about personal finance?

52 responses



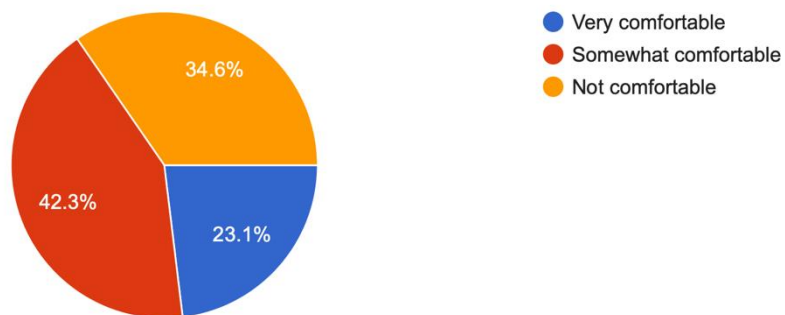
How often do you set aside money for savings?

52 responses



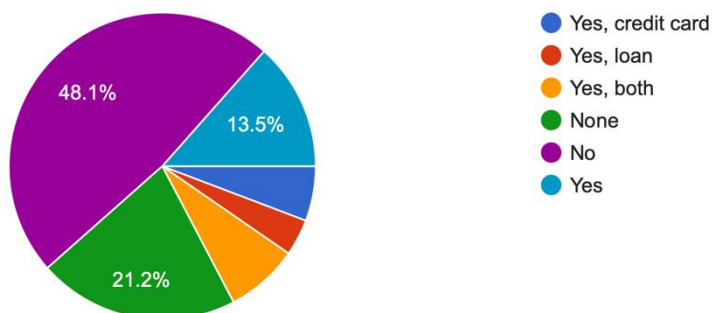
How comfortable do you feel with financial terms such as interest rates, investments, and loans?

52 responses



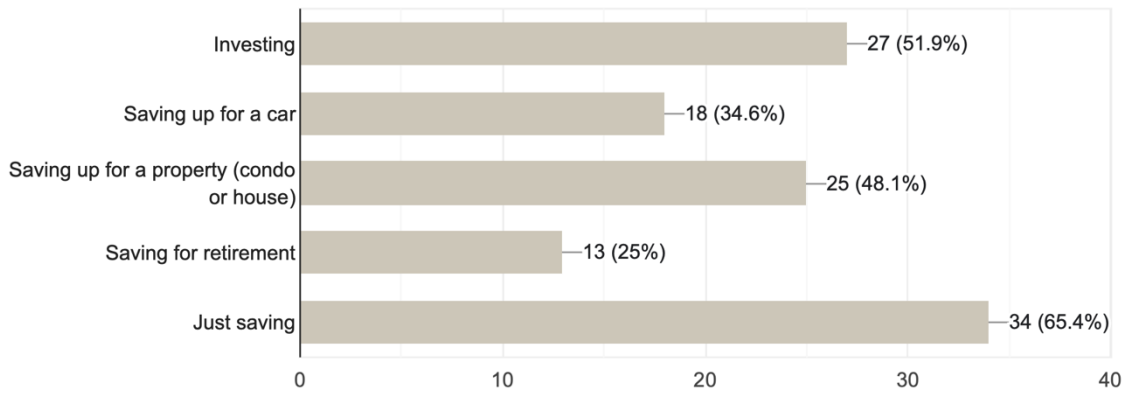
Do you have any loans or credit card debt?

52 responses



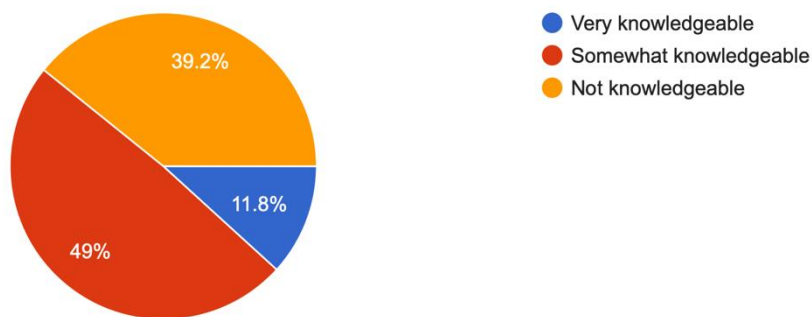
What are your top three financial goals for the next five years?

52 responses



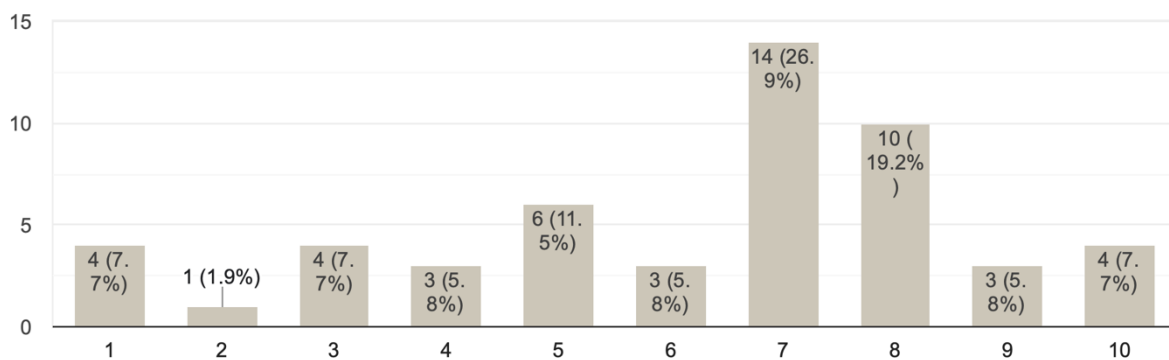
How knowledgeable do you feel about investing?

51 responses



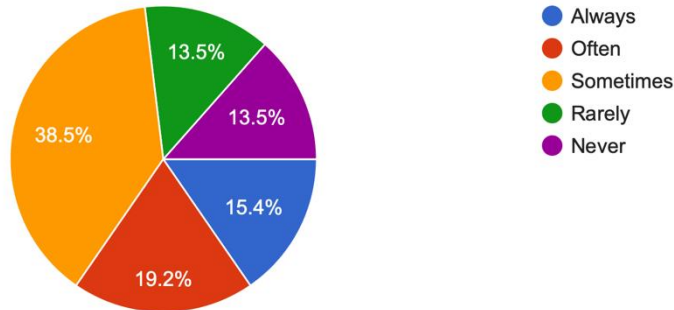
On a scale of 1 to 10 (1 being weakest and 10 being strongest), do you believe you are financially responsible?

52 responses



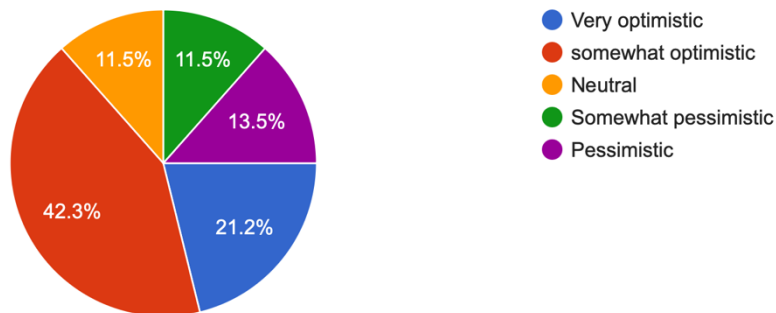
How often do you feel stressed or anxious about your financial situation?

52 responses



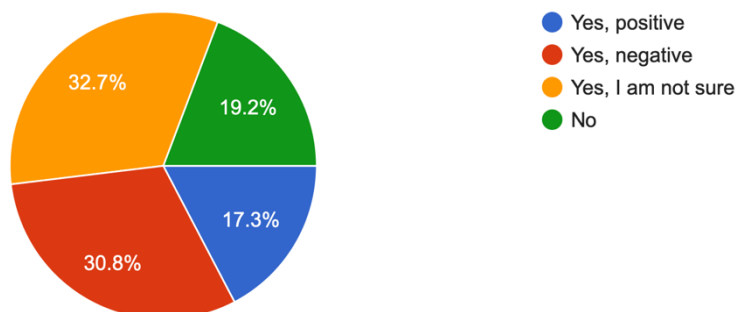
How optimistic are you about your financial future? For example, do you think you will be able to own a house someday?

52 responses



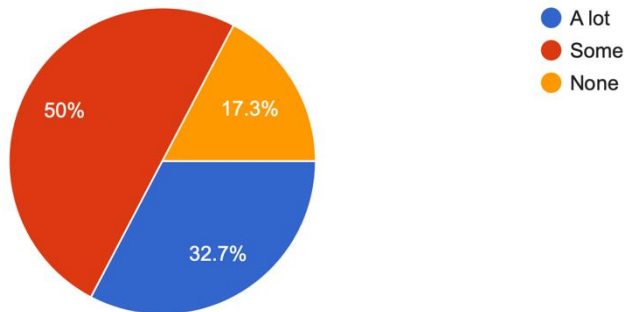
Do you think social media influences your financial decisions? Is it in a positive or negative manner?

52 responses



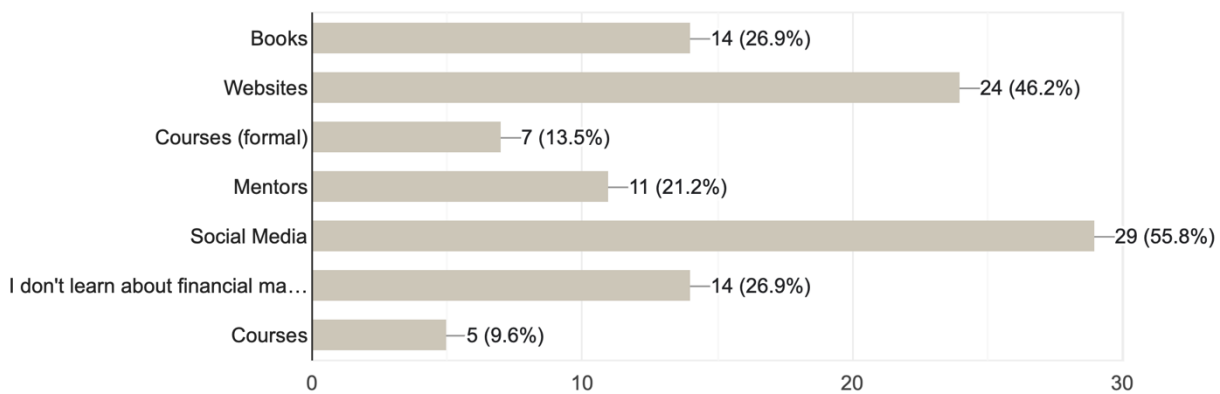
How much influence do your parents or guardians have on your financial habits?

52 responses

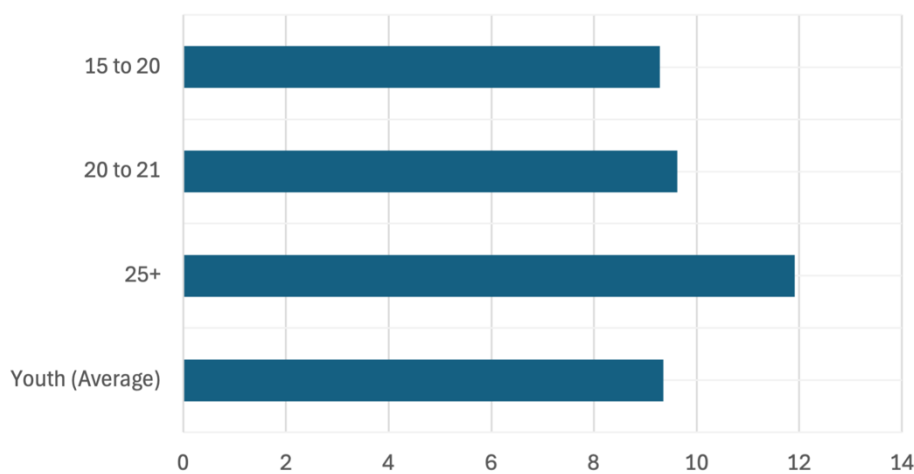


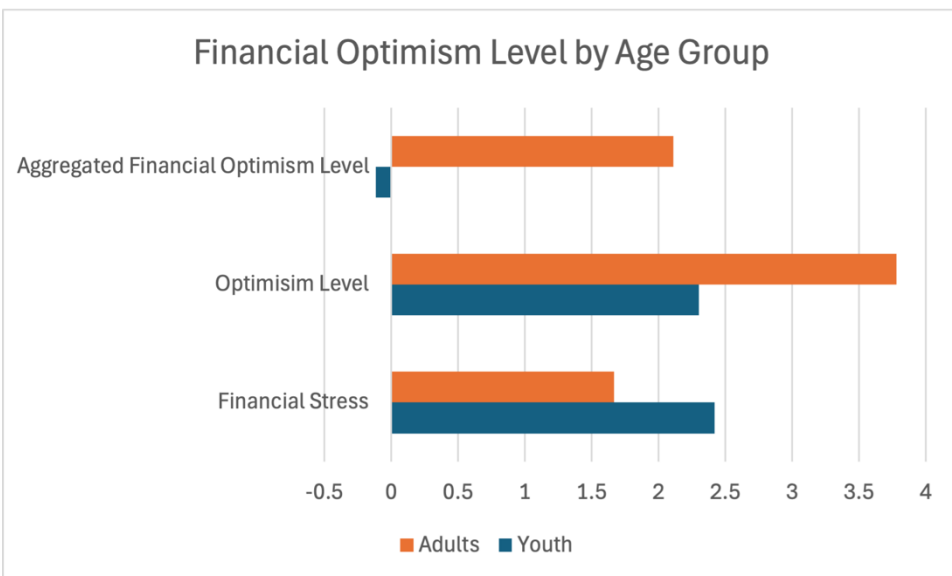
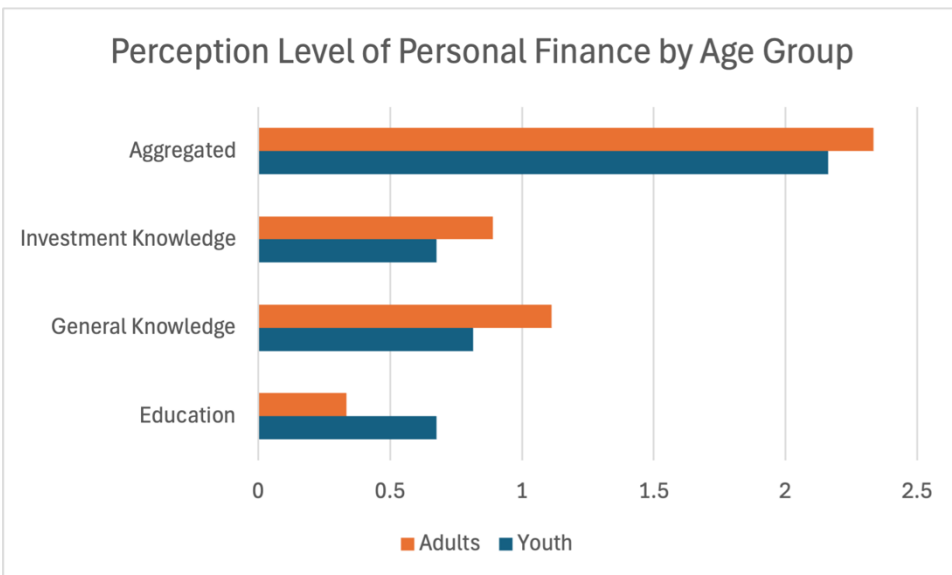
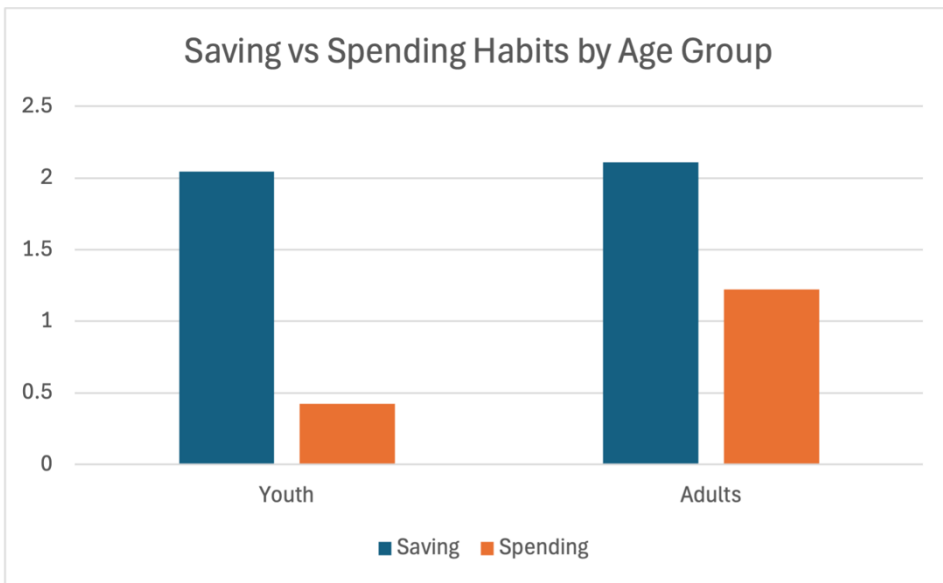
What resources do you use to learn about personal financial management?

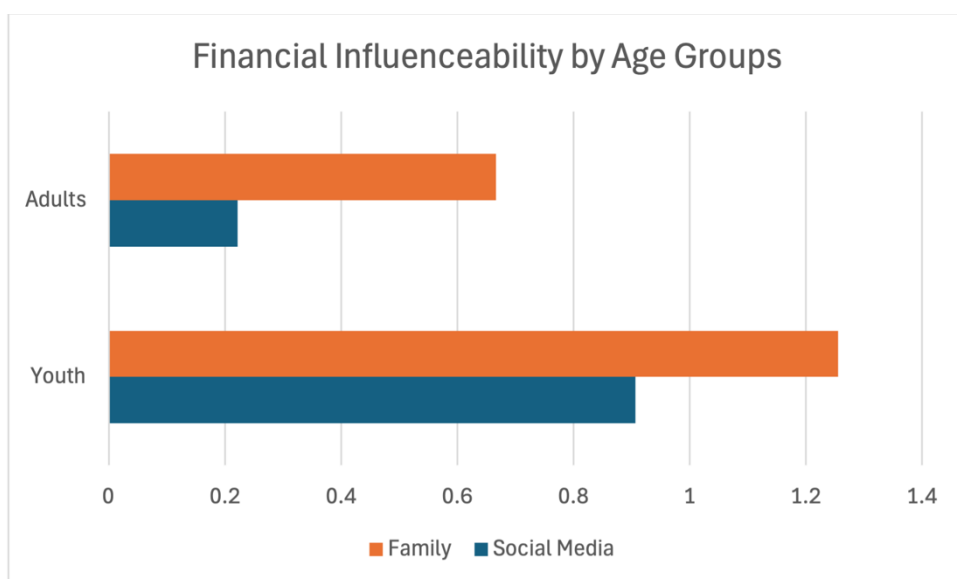
52 responses



Financial Responsibility Level by Age Group







The data obtained through the survey of 50 people aged between 15 to 30 has aided in comprehending the money management skills and the level of education about personal finances. Through varied questions, we were able to uncover the influence of various factors when youth handle their finances. Another important factor was brought up such as in what light does youth see money. The answers provided show that there isn't a singular culprit that causes low financial literacy.

4.0 Data Analysis

4.1 Data and Indicators (Make sure to let us know where you obtained your information and datasets, if any)

50% of the participants in our survey were aged 17-20, 15.4% were aged 21-24, 17.3% were aged 15-20, and the rest were aged higher. 61.5% of respondents had completed some formal education about personal finance whereas 38.5% didn't. Most people set money aside for savings weekly, while the rest do it either monthly, rarely or never. When asked about how knowledgeable they feel about investing, 49% of people reported being not knowledgeable, while the other half reported either very knowledgeable or somewhat.

4.2 Interpretation of Results

By examining the correlation between demographic factors and financial literacy, it is worth noting that a lot of the participants did not receive any formal financial education, which might lead to them feeling stressed out about their financial situation. Why only 11.8% reported being very knowledgeable about investing, whereas the rest reported being either not knowledgeable or somewhat knowledgeable, the correlation between financial literacy and the lack of financial education is clear.

5.0 Proposed Solution

The solution that is most reliable and implementable is more financial literacy courses on curriculums. Especially highschool and college, the reason being is by ages 17, a majority of youth ear income and spend it therefore, they become active economic participants. As active members in the economy, it is in their best interest to know how money works, the limitations and the benefits of 1: having money and 2: wisely allocating money. The courses on finances should be detailed and continuous for a minimum of one year and a collegial semester, along with that, the information taught must be useful and applicable to students.

Another idea would be to have a finance/economy club, where students can go and inform themselves with familiar faces and situations (other students) and make learning about the economy interactive and proactive.

The last idea is to have governmental assisted programs to inform the general public about finances and the economy. The most reachable would be through advertisements where there would be a “did you know that ...” where a cool new fact, random economic updates, the inflation rate, neglected information about debt, ect would be presented. All this effort in an attempt to marketing financial.

6.0 Discussion

This study aimed to explore the financial literacy levels among young people, with a focus on their understanding of key financial concepts such as budgeting, saving, debt management, and investing. Our results suggest that while some youth have a basic understanding of budgeting and saving, there are still some that lack knowledge of more complex concepts like debt management and investing. This lack of knowledge could cause immense implications for their long-term financial well-being as it can lead to poor financial decisions. This highlights the need for financial courses, economy clubs and government assisted programs that will help youth manage their finances effectively. Our research also found that several factors influence financial literacy, including socioeconomic background, educational exposure, and access to financial resources. This shows the importance of making sure that financial education is accessible to all youth. While our study provides valuable insights into the financial literacy levels among youth, there is still an issue to consider: The sample size was of only 50 people, which relatively small, future studies could benefit from a larger sample.

7.0 Conclusions

The overall study shows that the youth have a long way to go before reaching financial security with their current level of knowledge and money management skills. We see that there are multiple factors that contribute to the youth not being as financially literacy as they would've wanted. The education currently provided in schools about finances is very limited in information and in time which causes a lower quality of education. Then there is parental as well as sociocultural influence which alters the value and purpose attributed to money in the youth. The finance course in high school has proven to be somewhat of minimal influence after the school year is completed due to students not retaining and not applying the information they are taught. We believe that increasing government intervention would be very fruitful not just for the youth but for every economic participant.

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