

A Study Of Student's Financial Education And Spending Behavior At University Level In Bahawalpur, Punjab

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ABSTRACT

Personal finance refers to all financial decisions and actions made by a person or household, including things like saving, investing, and borrowing. People who are not financially literate or well-informed will not be able to select the appropriate investments, loans, or savings options for themselves. One of the most significant areas of people's lives is personal finance. But according to financial experts, many millennials are having trouble being financially independent and capable. The purpose of this study was to evaluate the methods that are most successful for

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financial education while also measuring the students' degree of financial literacy and spending habits. The data were collected from 120 respondents from students of public sector university of Pakistan through simple random sampling. A well developed questionnaire was designed to get information about the level of financial literacy, spending behavior and preferred sources of information for financial education. The collected data were analyzed using the Microsoft Excel and SPSS. The study shows that 65, 43, and 51.67 percent of students, respectively, have inadequate levels of knowledge regarding financial planning, expense management, and budgeting. They asserted that they lack planning, budgeting, and expense management skills about the available financial resources. There are several student responses indicated that the greatest way for them to learn about managing finances was through social media campaigns on Facebook, Twitter, and YouTube (93.33%).the majority (between 80% and 85%) believe that neither teachers nor universities offer financial literacy training, which would be beneficial for managing finances in the future. The majority of students in higher education institutions were unable to manage their personal spending, according to the analysis component of this study, since they lacked financial literacy regarding money management. According to observations, students are not even aware of the numerous formal institutions' loan programs, budgeting tools, or interest rates. This study found that social media applications are essential for businesses and individuals when it comes to personal finance.

Key words: Financial education, spending behavior, budgeting

INTRODUCTION

The vast majority of young people who start out as college freshmen have started to handle their own finances in one way or another (Bidwell, 2015), whether it's by taking out student loans, using credit cards, working, or getting financial aid funding like Ehsas scholarships or need-based grants. It is crucial to consider whether students effectively manage their finances and if they actually have some kind of knowledge in fundamental aspects of finance, regardless of where their primary source of income is from to pay for tuition, lodging, and other costs associated with their university studies. The majority of students lack the requisite knowledge or experience in fundamental areas of personal finance, including budgeting and credit card management, according to research surveys carried out globally (Laborde et al., 2013; Ergün, 2018).

According to research, people need to have a sufficient level of financial literacy and exhibit responsible financial behavior (Mien and Thao, 2015). Thinking carefully before making a purchase, paying off debts on schedule, and creating a strategy to achieve personal goals are all examples of good financial behavior (Valencia & Valenzuela, 2017). As a result, it may be said that making wise selections are inextricably tied to displaying favorable financial conduct. This is significant because wise financial decisions help to create wealth, prevent or reduce debt, and provide protection from unfavorable outcomes (Grohmann & Menkhoff, 2015). This means that a person's financial health is based on their short-, medium-, and long-term financial decisions.

Therefore, when students gain more financial information, they will have more possibilities to make wise financial decisions (Herawati et al., 2018). An informed populace on personal finance issues can support a nation's economic growth and foster financial sector stability, according to studies currently available (Lusardi & Mitchell, 2014; Sundarasan et al., 2016).

Most of literature reveals that everyone, including university students, experience less financial stress when they have adequate levels of financial literacy (Taft, et al., 2013; Heckman, et al., 2014). Students who are competent with money management can make appropriate decisions that advance their well-being and raise their standard of living (Hussain & Sajjad, 2016). It is important to remember that everybody, especially university students, experience less financial stress when they have adequate levels of financial literacy (Taft, et al., 2013; Heckman, et al., 2014). Pakistan is the third country in the world where the majority of the population lacks financial literacy among the youth, which could be one of the reasons why Pakistan has not developed as much as other nations due to its debt problems. There are many countries where the common people are not well-educated regarding financial tools (Ahmad et al., 2016)

The lack of financial literacy among young people, particularly in Pakistan, is one of the main issues that third-world nations face. Due to this issue of financial incompetence, young individuals are trapped in a never-ending cycle of stress and money issues. Only those who study finance are aware of the products and practices of the financial world, hence financial literacy among young people is not very high in Pakistan. This study aims to determine if university students understand the value of financial literacy and how it affects their ability to make sound financial decisions. The structure of the world's economy is currently evolving quickly, financial markets are frequently volatile, and financial crises have occurred more frequently recently. Therefore, it is imperative that policymakers raise the bar for financial literacy for implementing a variety of financial education initiatives for its citizens; governments can affect the nation's savings rates (Gale, et al., 2012). Therefore, the main objectives of this study were to quantify the level of financial literacy and spending behavior of student and to analyze the tools effective for financial education.

1- MATERIAL AND METHODS

A well developed questionnaire that was self-administered was used to gather the research's data from 120 students of Public sector University located in Bahawalpur. The questionnaire contained close ended questions on demographic data, including gender, age, education, income level, occupation, and size of the family in addition to 3 point Lickert scale about level of financial literacy. The collected data were cleaned, screened and analyzed using SPSS and Microsoft Excel. In addition to this group discussion were arranged with student to collect more information about various parameter related to financial literacy.

2- RESULT AND DISCUSSIONS

The data in Table 1 demonstrates that there were mainly male respondents in our study, with a percentage of 63.33 out of 120 respondents. Female students constitute 36.67 % of the total. This information highlights the trend that male student have more access to university education in comparison to female student. The data show that a large number of students 64.17 % fall in an age group of 18-25 years and only 15 % have age above 30. 25 respondents out of total 120 have an age between 25 to 30 years. This implies that the after completing intermediate degree, students enroll in BSC degree and most of them after completing degree left the university due to securing jobs in different sectors. Similarly data gathered about degree enrolled by the students also show that the majority 53.33% enrolled the BSC degree while only 5.83 % were the PhD students. Similarly a small portion 26.67 % and 14.16 % were found enrolled in MSC and M.Phil Degree. This figure reveals that we had 120 respondents in total, of which 19 had CGPAs between 1 and 2.5, 54 had CGPAs between 2.5 and 3, and 47 had CGPAs in the range of 3 to 4. This implies that majority of students have an average grades in their respective degrees.

Table 1: General Characteristics of Respondents

Distribution of respondents based on gender		
Male	76	63.33%
Female	44	36.67%
Total	120	100 %
Distribution of respondents based on Age group		
18-25	77	64.17%
25-30	25	20.83%
Above 30	18	15%
Total	120	100%
Distribution of respondents based on Degree enrolled		
BSC	64	53.33%
MSC	32	26.67%
M.Phil	17	14.16%
PHD	7	5.83%
Total	120	100%
Distribution of respondents based on CGPA Secured		
1-2.5	19	15.83%
2.5 -3	54	45%
3-4	47	39.17%
Total	120	100%
Awareness about National Financial Literacy Program of State Bank		
Yes	48	40%
No	72	60%
Total	120	100%

The National Financial Literacy Program for Youth was introduced by the National Institute of Banking & Finance (NIBAF) (NFLP-Y). The program's primary goal is to provide Pakistani adolescents and school-aged children with vital financial education in order to improve their ability to manage their money and their comprehension of financial issues. The goal of NFLP-Y is to link young people with financial institutions that provide banking goods and services. The results showed that majority of the respondents 60% were unaware of this program which highlight that students are not inclined towards getting financial education or they use their personal management skills to manage finance.

Table 2: Level of Financial Literacy regarding different Aspects

S.No		High	Medium	Low	Total
1	Saving	87	22	11	120
		72.5%	18.33%	9.176%	100
2	Financial Planning	27	15	78	120
		22.5%	12.50%	65.00%	100
3	Expanses Managements	45	23	52	120
		37.5%	19.17%	43.33%	100
4	Budgeting	33	25	62	120
		27.5%	20.83%	51.67%	100
5	Use of Credit cards	55	35	30	120
		45.83%	29.17%	25.00%	100
6	Emergency funds	45	56	19	120
		37.5%	46.67%	15.83%	100
7	Students Loans	35	24	61	120
		29.167%	20.00%	50.83%	100
8	Interest Rates	22	34	64	120
		18.333%	28.33%	53.33%	100
9	Need based scholarship	78	20	22	120
		65%	16.67%	18.33%	100

Saving is crucial for a country's protracted economic and development process. Aside from that Savings serve as a backup plan for individuals and nations during economic downturns and economic crises. A great number of students 72.5 % had higher level of awareness about the importance of saving and only 9.17 % had little knowledge about saving. During discussion they argued that saving means Putting aside extra income for future purchases, emergencies, or living

expenses. They know that extra cash can be saved in a variety of venues, including banks, credit unions, investment accounts, and your own locked-up home. Financial planning is a methodical process for achieving one's objectives in life.

A financial plan serves as a roadmap for your financial future. In essence, it assists you in maintaining control over your earnings, outlays, and assets so that you may manage your finances and accomplish your goals. The data reveals that majority of students 65, 43.33 and 51.67 percent show low level of knowledge about financial planning, expense management and budgeting. They argued that they do not know how to do planning, budgeting and expense management about the finance available. About 22.5, 37.5 and 27.5 % of students who had high level of literacy about financial planning expense management and budgeting respectively argued that they belong to business family and learned from their parents and experience that how extra finance can be managed. These results are in line with the finding of Lusardi, et al., 2010; Laborde et al., 2013 and Lantara & Kartini 2015) who also found low level of financial literacy in students regarding different elements.

Student loans assist students in paying for college by filling up financial gaps and giving them the necessary money to cover educational costs. To make sure you make wise, effective decisions about how to pay for your education, it's crucial to thoroughly comprehend the application procedure, disbursement regulations, and payback requirements for student loans. Majority of student 50.83 and 533.33 % had very limited knowledge about the loan and interest rate at which the loan is offered by various formal financial institutions. During discussion they highlighted that they usually dependent on parents to pay university fees and to bear other expenses. They further illumined that they never had loan from any institution and their parents usually prefer informal sources of loan like family members and friends etc.

Table 3: Spending Behavior of respondents and Participation in Financial Literacy Session

S.No	Behavior	Yes	Percent	No	Percent
1	Careful in spending money	78	65%	42	35%
2	Save money each month	28	23.33%	92	76.67%
3	Use monthly budget	22	18.33%	98	81.67%
4	I usually give advice about finances to my friends	26	21.67%	94	78.33%
5	I attended the NFLP of State bank	8	6.67%	112	93.33%

6	I get advice on budgeting and financial planning from teacher	23	19.17%	97	80.83%
7	University offering financial literacy education	18	15%	102	85%

Data in Table 3 elucidate that majority of the students 65 percent use the money very carefully while spending on different basic needs (food, stationary, cloths etc). During discussion they highlighted that the monthly expense received from family is not too much and they must be careful in spending. The 76.67 Percent of respondents believe they lack financial restraint while making purchases, and preserving money from their monthly salary is not a priority for them. Due to limited funds available from family, they are unable to save any money by the end of month. Similar to this, the majority 81 percent of respondents do not have and follow monthly spending plan and do not provide their friends and family with financial advice due to their own poor levels of financial awareness.

To further explore the level of awareness about the financial literacy, students were asked to provide response about Participation in the NFLP of State bank and majority 93% replied that they had not attending this session because lack of awareness about this program. Similar to the above, majority 80 % and 85 % of the view that teachers or university do not conduct any financial literacy sessions which could be prolific for managing finance in future. These results helped to conclude that making wise financial decisions requires a thorough understanding of finances, and many young adults regret lacking that information.

Table4: Preferred source of Information for Financial Literacy

S.No	Source	No	Percentage	Rank
1	Social media	112	93.33%	1
2	Tv	98	81.67%	2
3	Seminars and Sessions in university	76	63.33%	3
4	Other Institution (Banks)	26	21.67%	4

A new platform for collaboration, idea sharing, and information sharing is social media. Nowadays, people of all ages actively share their thoughts, concepts, and opinions online. Politics, industry, global culture, education, and other areas have all been affected by social media's transformation of how people communicate. This trend is present in personal finance as well

(Carlsson, Larsson, Svensson, & ström, 2017). Learning has become a mobile pastime that is only a click or swipe away thanks to the advancement of technology. Social media is now the favored option for personal finances because the younger generation loves using it for information gathering (Cao & Liu, 2017).

The respondents were asked to rank various information sources that can be effective in providing financial education to large number of audience. A vast number 93.33 % of students replied that social media campaigns related to financial education on face book, twitter, YouTube will be best option for them to get knowledge about managing finance. The results are in line with a 2015 study found that 57% of millennials prefer to handle their accounts through financial mobile apps (Griffin, 2016) Approximately 81% , 63% and 21 % preferred Television, university seminars and banks as source of education respectively.

3- CONCLUSION

As a result, this study's conclusion is that financial literacy is crucial for every student since it provide an opportunity to manage their finance in most effective way. From a young age to a professional level, financial literacy is significant in every person's life. According to the analysis portion of this study, the majority of students in higher education institutions were unable to manage even personal expenses due to a lack of financial information about money management. Observations revealed that students do not even have knowledge about financial planning, budgeting, loans and interests rates offered by various formal institutions. These findings have a wide range of practical applications, particularly in this unstable time when social media and other new communication and collaboration technologies are upending traditional methods for facilitating personal finance both individually and organizationally. According to this study, social media applications are crucial for both individuals and companies when it comes to personal finance. It illustrates the need for people and businesses to make the most of these technologies and the advantages that social media may offer in order to increase consumer financial satisfaction and personal prosperity.

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