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Financial education in young people: A comparison of two institutions of higher education

La educación financiera en jóvenes: Comparatativo de dos instituciones de educacion superior

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ABSTRACT
The aim of this paper is to analyze the characteristics of the financial education of students of two higher education institutions in the State of Mexico. It was found that Institution 2 is in a better position than Institution 1 by presenting more favorable aspects in 3 of the 5 variables analyzed, however, it is also deduced that the students surveyed in both schools present a low level of financial education by presenting a lack of knowledge and skills in the variables studied and also showing negative aspects that could put their financial situation at risk.

Keywords: Financial education, Financial literacy, Financial education in university students.

INTRODUCTION

Financial education is a process of acquiring knowledge, where skills are developed to make better financial decisions, with the aim of increasing the standard of living of personal, family and the country. This is possible to the extent that individuals take care of and manage their resources and responsibly use financial products and services. It also allows families to generate the necessary resources for their stability and development and, therefore, to achieve the formation of their patrimony. At the same time, financial education fosters the development of a financial culture that permeates the country's level of development because more informed and demanding citizens are formed, promoting the competitiveness of institutions to have greater development in the country (CONDUSEF, 2009).

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Similarly, the Organisation for Economic Co-operation and Development (OECD, 2005) points out that financial education is a process through which individuals better understand financial concepts and products and develop the skills necessary to make informed decisions, assess financial risks and opportunities, and improve their well-being.

In our country, the Ministry of Finance and Public Credit (SHCP) in conjunction with the Ministry of Public Education (SEP), have recognized the importance of incorporating financial education in order for children to know about topics such as income, spending, resource management, consumption, credits, mortgages, credit and debit cards, to promote, among other aspects, family and personal prosperity (SEP, 2008).

In a survey conducted by Banamex (2014) among young Mexicans, it turned out that there is a clear need for economic and financial education, since a quarter of those surveyed consider their economic situation to be bad or very bad, and more than half admit to not being well prepared to make financial decisions. It points out that young people face various difficulties in the economic environment, such as the lack of planning and foresight for the future, which implies that few savings and investment actions were carried out in the most productive stages of their lives; a lower probability of having a formal bank and savings account compared to those aged 25 to 64 and a higher risk of over-indebtedness due to easy access to consumer credit and the expansion of new financial products and services, without the accompaniment of financial education.

In personal finance, the ability of a person or family to save, invest and spend (considering obtaining credits and loans) is important in order to manage and distribute assets or resources efficiently. The (CONDUSEF, 2009) suggests some recommendations for healthy finances:

1. Make a budget: know how much you have and what you spend it on, in order to have a healthy management and achieve long-term financial goals.
2. Save: It is recommended to save at least 10% of your net monthly income.
3. Don't get into debt: avoid getting into debt at a level greater than 30% of your monthly income.
4. Diversify investments: Investing in multiple options reduces risk and increases the chances of winning.
5. Multiply sources of income: the standard of living will be more assured in the event of losing a source of income.

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6. Compare: look for the best option for your needs based on the comparison of the cost of the financing you want.
7. Use your credit card responsibly and wisely.
8. Be punctual in payment: paying on time balances finances by avoiding the payment of late interest, late payment or collection fees.
9. Consume wisely: make a shopping list comparing quality and price and avoid unnecessary expenses.

In this way, the study of financial culture and education, especially in young people, through studies of perception, attitudes and behaviors about the management of their finances, indirectly favors the educational tools that promote the integral development of young people in Mexico. Derived from the above, the purpose of this study is to comparatively analyze the characteristics of the financial education of students of two higher education institutions.

DESCRIPTION OF THE METHOD

The present research has a descriptive scope and is cross-sectional, since the data collection was done at a single time and time: the month of June 2023. Statistical information is considered about the aspects related to the financial education of the students of the UAEM Atlacomulco University Center (hereinafter Institution 1) and the Tecnológico de Estudios Superiores de San Felipe del Progreso (Institution 2), both of which are public institutions of higher education located in the nearby municipalities of Atlacomulco and San Felipe del Progreso. in the State of Mexico. To this end, a non-probabilistic convenience sample of 50 students from each institution was considered, considering the ease of access and the availability of people to be part of the sample. Data collection was carried out through an instrument developed by the ad hoc authors for this research based on questionnaires on financial education from different sources such as OECD and CONSUCEF and the information collected denotes only the perception of the students, which is a limitation of this research. Table 1 outlines the variables analyzed.

Table 1. Study Variables

Dependent variable	Independent Variables
Financial Literacy	1. Budget
	2. Savings
	3. Investment
	4. Credit
	5. Insurance

RESULTS

Respondents are between the ages of 19 and 22 and 82% report that the family income is less than 15,000 pesos per month in both educational institutions. The results are presented for each variable analyzed.

BUDGET VARIABLE

The purpose of the budget variable is to evaluate the extent to which students know, prepare or use a plan or record of their own or their household's income and expenses, in a limited period of time, which can be weekly, biweekly or monthly.

Table 2 shows that the majority of respondents make decisions about their own money or that of their household, although they are older in institution 2 (86% and 46%). Less than half make a plan to manage income and expenses, or keep track of them: in these two respects, institution 2 has higher percentages. At both institutions, 23% of students identify the money for outstanding payments. At Institution 1, a higher proportion of students take note of outstanding payments, track their expenses, and use technological elements (direct debits) for their regular expenses.

Table 2. Budget

Elements	Institution 1	Institution 2
Making day-to-day decisions about your own money	78%	86%
Making Day-to-Day Decisions About Money in Your Home	42%	46%
Plan for Managing Income and Expenses	19%	29%
Expense Log	15%	20%
Separating money from pending payments	23%	23%
Take note of outstanding payments	17%	11%
Track expenses	13%	8%
Using automatic payments (direct debits) for regular expenses	13%	8%

Source: Authors' own creation

SAVINGS VARIABLE

This aspect evaluates knowledge about saving and the habit of keeping money formally or informally, allowing you to use it in the future for some eventuality or in whatever you decide.

According to Table 3, only 37% of Institution 1 and 28% of Institution 2 have the habit of saving in formal instruments, while 63% and 72%, respectively, do so from informal sources. 38% of the students surveyed recognize that they are not in a position to face an expense equivalent to the monthly income, without borrowing money or help from family or friends.

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Table 3. Saving

Elements	Institution 1	Institution 2
Saving informally	63%	72%
Saving in a formal way	37%	28%
Ability to deal with an unforeseen event autonomously	38%	38%
Ability to cope with losing income	22%	22%

Source: Authors' own creation

In the same way, only 22% of them could continue to meet their daily expenses, for three months, without borrowing money or moving house; In the event that people bring resources home, they lose the main source of their income.

INVESTMENT VARIABLE

This aspect identifies the level of knowledge and the use of financial resources to allocate them to an economic activity or capital investment instruments, allowing profits to be obtained in the future. Table 4 shows that 68% of the students surveyed from Institution 1 and 60% from Institution 2 are concerned about resorting to formal sources of information on financial products (accounts, cards, credits, investment accounts, etc.). 84% of respondents from Institution 1 and 90% from Institution 2 admit to having knowledge about at least 1 financial product, while only 56% from Institution 1 and 64% from Institution 2 make use of at least one financial product.

Table 4. Investment

Elements	Institution 1	Institution 2
Use formal sources of information on financial products	68%	60%
Knowledge of financial products	84%	90%
Knowledge of cryptocurrencies, mutual funds, and trusts	17%	18%
Management of financial products	56%	64%

Source: Authors' own creation

In addition to the above, it is also identified that 17% of Institution 1 has knowledge about cryptocurrencies, investment funds or trusts, while in Institution 2 it is 18%.

VARIABLE CREDIT

This variable includes the opinion, knowledge and use of a credit instrument, which is commonly called money lending and is used to solve some need, which must be repaid in a certain time, generating interest that will have to be paid in the same time. Table 5 contains the results of this variable, highlighting that in Institution 1 only 22% of students have or have had to

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resort to some credit, while 40% in Institution 2 have or have had a credit at the time of applying the survey. It is also observed that 53% of students in Institution 2 resort to formal sources of debt and only 35% resort to formal sources. 44% of respondents have or have had a credit card at Institution 1 and highlight that only 80% of respondents know the consequences of not paying debts on time.

Table 5. Credit

Elements	Institution 1	Institution 2
Credit Management	22%	40%
Credit Card Usage	44%	40%
Use of Informal Source Debt	40%	53%
Use of Formal Source Debt	38%	35%
Knowledge of consequences for not paying debts on time	86%	80%

Source: Authors' own creation

SAFE VARIABLE

Based on the data in Table 6, it is considered that 66% of the students in Institution 1 indicate that they have knowledge about the subject of insurance, and in Institution 2 they represent 78%. It is observed that in Institution 1 48% of students have taken out insurance, while in Institution 2 it is 50%. This contrasts with the fact that 16% and 20%, respectively, have distrust in insurers, although 65% and 48% recognize that it is important to have insurance and make comparisons before taking it out.

Table 6. Sure

Elements	Institution 1	Institution 2
Knowledge of the subject of insurance	66%	78%
Use of life, medical, or education insurance	48%	50%
It is not advisable to have insurance because it is very expensive and does not work	19%	20%
Has a distrust of insurers	16%	12%
Importance of having insurance and making comparisons between different insurers	65%	48%

Source: Authors' own creation

CONCLUSIONS

With financial education, knowledge, skills and attitudes are acquired with which people make informed decisions about the efficient use of the financial products offered by a country's financial institutions, which allows them to optimize their economic resources and improve their quality of life. The aspects that make it up are: budget, savings, investment, credit and insurance.

By virtue of this work it can be established, as far as the budget is concerned, the positive aspects found were that the respondents make financial decisions about their money or that of their family, however, less than half of them have a plan to manage income and expenses, keep a record of expenses and keep track of them or set aside money for unforeseen events. These last aspects have a negative connotation, as they denote a lack of control over their finances and lack of knowledge of the importance of the budget as a tool to manage their resources, in half or more of the students surveyed in both institutions, although in institution 2 it is in a better position in terms of these aspects.

From savings, it is concluded that the students of both institutions lack good savings practices, since more than half save informally and less than half of them have the capacity to face unforeseen events autonomously; although Institution 1 is better positioned as it has a lower percentage of informal savings and a higher percentage of formal savings compared to Institution 2.

In the investment aspect, it is concluded that most students consider that they do know about investment instruments and more than half resort to formal sources of information on this subject, which is a positive aspect, however, more than half lack knowledge about cryptocurrencies, investment funds and trusts. In both institutions, more than half of those surveyed use at least one financial product (card, insurance, investment, etc.). It is also concluded that Institution 2 is better positioned by having higher percentages of students who know about financial products, cryptocurrencies and investment funds and also manage them.

In terms of credit, Institution 1 is in a better position considering that it has a lower percentage of indebted students, a lower percentage of informal sources of debt and a higher percentage of formal sources of debt, in addition to having a higher percentage of students who know the consequences of not paying debts on time.

On the subject of insurance, it is concluded that institution 2 is better positioned by having 3 positive aspects out of the 5 evaluated: a higher percentage of its students have knowledge on the subject of insurance and use it, in addition to presenting a lower percentage of students who distrust insurers.

From all of the above, it can be deduced that the students surveyed in both schools have a low level of financial education as they lack knowledge and skills in the variables studied and show negative aspects that could put their financial stability at risk. Notwithstanding the above, institution 2 is in a better position than institution 1 as it presents more favorable aspects in 3 of the 5 variables analyzed.

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The information obtained in this work will be used, in the future, to design strategies that raise the level of financial education of university students that improve their abilities to make adequate financial decisions.

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