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Investigating Factors that Affect the Acquisition of Financial Competences

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Abstract: The study and analysis of financial literacy has been the subject of numerous studies and research, either in Hungary or in an international context. The knowledge acquired in the educational system plays a key role in the formation of our financial culture. The pandemic has further intensified the reconsideration of traditional offline ways of acquiring knowledge and we have learned to use online educational platforms at lightning speed. Our current research was conducted during the pandemic and aims to assess the methodological transformation in terms of financial literacy. The way financial literacy is acquired, the method how it is delivered, the educational tools and forms utilised are perceived differently by educators and differently by students. It has always been a timely question whether the instructor's perspective and approach successfully meet the expectations of the audience. We consider it very important not only to be able to innovate the content of the curriculum, but also to bring it closer to expectations regarding the teaching methods, particularly in the field of finance. The pandemic situation has clearly highlighted the important fact that traditional face-to-face teaching can indeed innovate and offer solutions that do not necessarily require face-to-face presence. We have also seen that the lack of face-to-face presence has a negative impact on the development of human relationships and that, particularly in adult education, a form of education that does not require face-to-face presence can be more successful.

Keywords: Financial culture, Education, Competence, Financial literacy

Introduction

The main topic of our paper is the reorganisation of the education system in the wake of the pandemic coronavirus in early 2020, which is a very timely issue. The pandemic has substantially transformed the previously familiar and commonly used education system and its methodology. In the present research, we will examine the methodology of financial education. The timeframe of the research is May-June 2021, which suggests that both teachers and students have already gained considerable experience of blended learning. We also examined the educational system and the methods used by the respondents in connection with the financial knowledge they had previously acquired. We also sought to find out to what extent the respondents consider it necessary to reform financial education, to what extent the theory/practice ratio meets current student expectations, and to what extent students who are already working can make use of the knowledge they have acquired. Blended learning has already been widely accepted in the field of foreign language teaching, and several studies have been carried out, including a study by Aminuddin Hashemi and Kew SI NA 2020, who pointed out that the methodology of blended learning had made a positive impact on the development of all four skills - reading, writing, speaking and listening. Of course, the success of blended learning depends on many factors, the most frequently mentioned being the need for personal presence in a given profession or job,

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but we also believe that the purpose of the person who wants to participate in a blended learning system, the level of previous education, the level of prior training, the need for the company of others who want to learn, are all important. The transformation of the education system is not only a question of content, but also of how all the relationships and information channels will be developed that will be crucial in the future life of the individual if education is mostly online.

Literature Review

In this section, we would like to shed light on the concept of blended learning with the help of literature, and also how different disciplines define this concept and field. "Blended learning means mixed educational methods in Hungarian." According to Sandor Forgo's definition, 'blended learning is a comprehensive info-pedagogical strategy based on learning and educational theory and methodology, which, by integrating the diverse forms of cognition and communication of human existence, provides the learner with optimal knowledge acquisition without space and time constraints through a learning support system' (Forgo, 2021). The ratio of online to face-to-face teaching methods may vary from one training area and level to another. The impact of the coronavirus has made educators aware of the range of options available to them, not realising that they were already available, but previously it was just impossible to think that they could be successfully applied to areas of education. Perhaps one of the most difficult things to achieve was to keep the level of interest in the classroom, building on techniques used in traditional training methods, which ultimately had to be adapted, and another difficulty was to address accountability. Our experience shows that we have a wide range of online tools, we are familiar with them, and they are widely used, but continuous feedback, accountability, learning stimulation and sustaining interest are areas for improvement. We believe that there is a link between financial literacy and financial culture, which is confirmed by several previous research findings, and this is also important because it is a non-negligible aspect of how households react to their financial issues and thus generate systemic risk, either in terms of the functioning of the banking system or the expenditure side of public finances. A very important finding of the research conducted by Agnes Csiszarik-Kocsir and colleagues in 2021 is that 'the results suggest that the existence of financial and economic studies influences the knowledge and the perception of the impact of specific crises, including the most relevant one in the present. The results demonstrate that a stable level of attitudinal cognition is crucial for the relevance of the perception of crises and thus avoids cognitive dissonance that leads to misperception. Pinter et al. (2021) examine method of payments among the Hungarian population. The study shows people with higher education has a higher willingness to pay electronically which shows the different in financial culture among people. Since 2016 the State Audit Office of Hungary (SAO) has been playing a major role in the field of financial literacy in Hungary, mobilising 104 institutions to deliver training. In 2020, 1310,352 people participated in 122 training courses'. With the rise of technological innovations - and certainly also partly due to the COVID-19 pandemic - the proportion of training courses that include online, digital knowledge dissemination has almost doubled. In addition to the use of traditional teaching methods, situational learning solutions have come to the foreground in 2020. The latter is particularly suitable not only for imparting knowledge, but also for shaping mentalities and attitudes, and financial personalities. (Nemeth, 2020) (Vajna Iatvanne 2015) (Molnar et al., 2021)

In addition to examining the methodological issues of financial education, Szeles & Szeles (2019) also dealt with the transfer of accounting issues and rules. The constantly appearing new information and rules make it necessary to think more thoroughly about the answers to the questions of the teaching methodology.

Methodology

Our survey was conducted online in 2021 and the questions were closed questions. The platform for completing the questionnaire was electronic community platforms, using an online questionnaire editing application. The time interval for completing the online questionnaire was one month, during which n=208 evaluable responses were obtained.

Data collected through questionnaires were processed and analysed using the SPSS statistical software package.

Hypothesis 1: Respondents value the role of money most in their own value system.

Hypothesis 2: In our multicultural world, the knowledge of technical terms in a foreign language is a particularly important factor.

Hypothesis 3: Respondents would prefer to focus on the practical part of the content of financial education.

In terms of processing, the topics were surveyed as closed questions. The majority of the variables obtained were measured on nominal and ordinal scales, which provided a good basis for examining distributions. The sample distribution was as follows: 27.40% male and 72.60% female. The mean age of the respondents was 29.87 years with a standard deviation of 9.73 years. The age of the sample varied between 19 and 55 years. Based on the data obtained, the sample covers the age groups that are most actively involved in finance and most involved in making responsible decisions about it. Of the sample studied, 45.67% had secondary education, 23.56% had tertiary education and 30.77% had a BSc or MSc qualification. The resulting distributions suggest that the sample is mainly concentrated on the respondents with secondary and tertiary education.

Results

73% of the respondents were female, with men showing a lower response rate of only 27%. 81% of those who completed the questionnaire said they were 40 years old or younger. In terms of the highest educational attainment, nearly 70% had a certificate of secondary education or higher but not equivalent to a degree. Nearly 30% of respondents also had a BSc/MSc degree.

Respondents were asked to rate from 1 to 5 the importance of career, family, friends, money and social status in their lives. For career, most respondents gave a value of 4, which, for us, represents the important content. For the importance of family, almost 80% of respondents gave the highest score, but it is interesting to note that 20% placed it in the important category but not to the most important category. However, based on this result, our first hypothesis is rejected as family received the highest score of 5 for being the most important. The role and presence of friends was considered extremely important by 32% of the respondents, 41% put it "only" in the important category and for 20% this relationship was of medium importance. So, how important is money in our lives? From the answers provided, it is very important, but not the most important. Social status, i.e., living up to the expectations of others, is less important, being the least important factor in the respondents' lives of all the factors studied, with the highest proportion of respondents (43%) rating it as of medium importance. The figure below summarises the proportion of respondents who have selected the most important indicator for each of the factors examined.

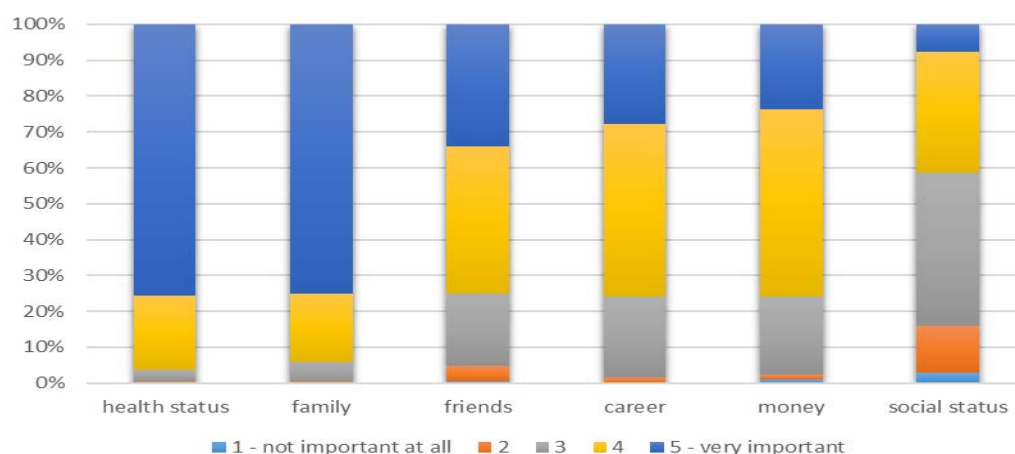


Figure 1. Distribution of respondents by the importance they attach to the following factors (N=208)

The central issue of this article is financial education and how it is perceived. As shown in the graph below, a significant proportion of respondents consider financial education important in adulthood. It is important to note that nearly 100% of respondents have already studied finance at the time of the survey or studied finance in the past. The financial knowledge acquired is not necessarily linked to previous vocational secondary education because almost 60% of respondents acquired their financial and economic knowledge outside secondary education, as confirmed by the high response rate to the next question, where 90% of respondents had acquired this knowledge in higher education. As far as teaching methodology is concerned, more than 50% of respondents had regularly encountered problem solving on a board during their studies, and this could be identified as the most familiar form of knowledge transfer. Unfortunately, 35% did not encounter situational games, a similar depressing finding is the use of self-organised assignments and the knowledge of this, i.e., students were not required to give short reviews or presentations during their training. Self-assignment at home is a very well-known and frequently used teaching method for almost 60%. As far as the assessment of financial literacy is

concerned, tests represent a high percentage, which is linked to the assessment via computer, i.e., finance can be effectively assessed and practised online, as evidenced by a high public awareness rate. The training of financial literacy shows an equal proportion of knowledge and use of word documents and excel spreadsheet, which suggests that the respondents were able to put the knowledge acquired to good use at the workplace. The graph below shows the familiarity with the use of Excel spreadsheet.

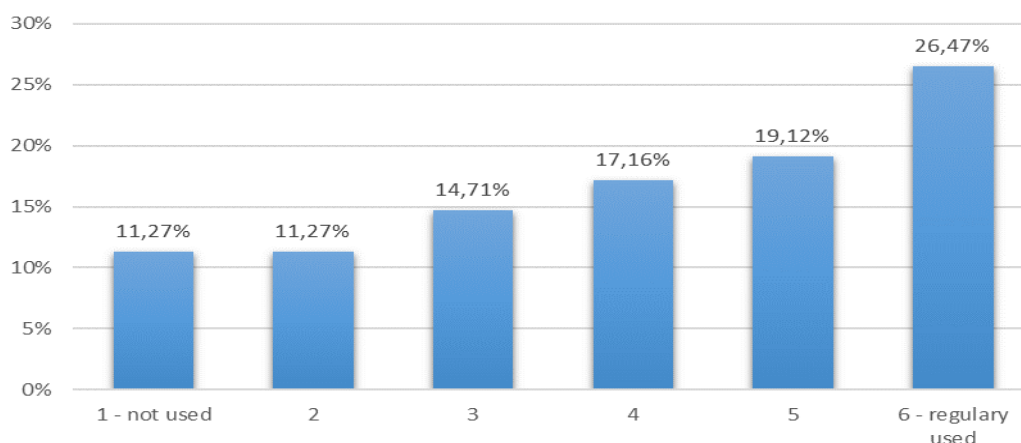


Figure 2. Have you used Excel during your financial studies? (N=208)

Unfortunately, the respondents had less field experience, which would be relevant to see how the knowledge acquired in class works at the real workplace. The use of computer programmes to help people learn various financial skills could also help them to integrate more effectively into the workplace, but 40% of respondents had not encountered this during their studies. Another area of questions asked concerned the teaching methods that students would like to see in their training. The figure below shows the assessment of involving an external expert.

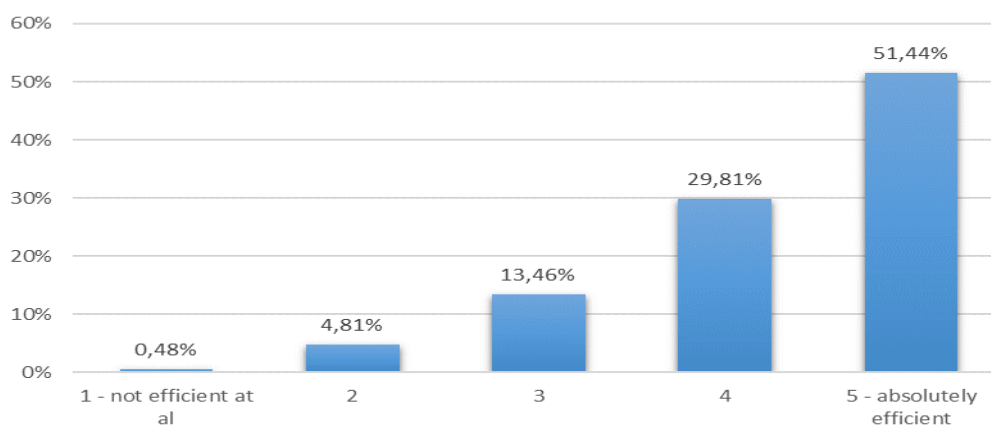


Figure 3. Distribution of respondents according to how effective they consider the lectures given by the invited experts during the training (N=208)

80% of students consider that it would be very useful to have an external expert in their training. In terms of keeping up to date, the internet was mentioned as an indispensable tool. Among the teaching methodologies, the use of the Internet was identified by 90% as an effective tool. The use of an interactive whiteboard is considered by almost 40% of respondents as a less appropriate teaching tool for teaching finance. We found it interesting how important the respondents think it is to learn technical terms in a foreign language and formulated our hypothesis 2 in this context. The graph below shows that more respondents consider it less important to know special professional terms in a foreign language, which leads us to conclude that Hypothesis 2 is not confirmed.

In terms of the knowledge acquired, respondents would consider a ratio of 40/60 to 50/50% for theory/practice to be appropriate. Our third hypothesis is not confirmed, as respondents also prefer to learn the theoretical parts. Almost 50% of respondents thought at the time of completing the questionnaire that they would like to improve their financial knowledge in the future, even in higher education. It is important to note, however, that lack of

freetime is a major barrier to the acquisition of financial literacy for 55% of the respondents. As digital literacy becomes more widespread, as our survey has shown, the use of the internet will play a major role in the acquisition and maintenance of financial literacy in the future.

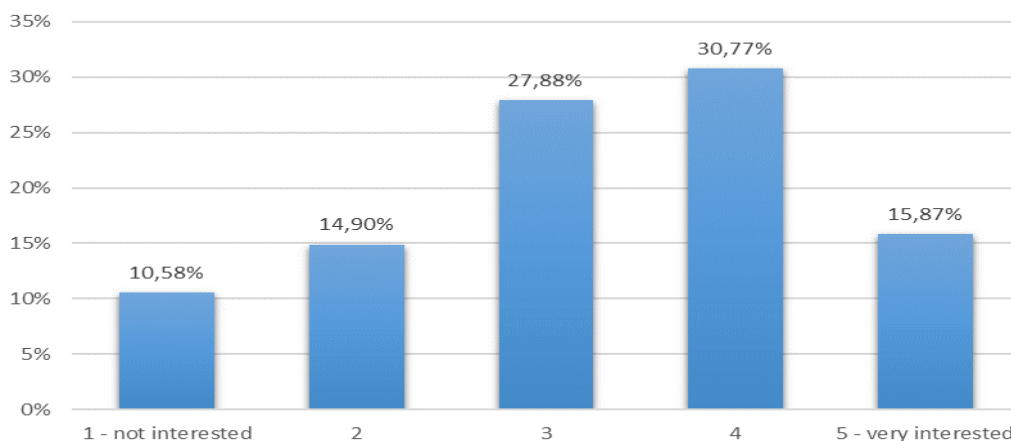


Figure 4. Distribution of respondents according to how interested they are in financial/economic knowledge in a foreign language (N=208)

Summary

Overall, it can therefore be concluded that, based on the opinions of the participants in our primary research, the need for the use of electronic methodological solutions in the field of financial education, which imply greater student autonomy, is accepted. The interactive interfaces provided by the Internet are not only successful for language training, but also for the teaching of financial subjects. Students prefer training in their mother tongue and do not require the use of foreign language terms in their training. It is expected and proven that the instructor's knowledge should be up-to-date and solid, and that there should be sufficient flexibility. In subjects with a financial dimension, it may be important not only to update the content, but also to think ahead in terms of teaching methodology. The pandemic has shown that a wide range of digital educational methodological tools can be applied to the teaching of finance, and it is therefore worth considering rethinking methodological issues in both theoretical and practical areas.

Scientific Ethics Declaration

The authors declare that the scientific ethical and legal responsibility of this article published in EPESS journal belongs to the authors.

Acknowledgements or Notes

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