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ASSESSMENT OF FINANCIAL LITERACY: CASE STUDY OF BUSINESS STUDENTS

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Abstract

The study of financial literacy on business students aims to highlight the financial literacy level of senior students of bachelor degree and postgraduate students. Although the study illustrates how financial literacy associated with socio- demographic characteristics, financial education, financial behavior, family background, and social capital. The study employs mixed research methodology in which an administered questionnaire and focus group tools are used. The study finds that students' interest for obtaining financial information is very low which reflects a low level of financial literacy. Although, theresults show a critical red flag of warning in understanding the basic financial concepts (inflation, simple interest rate calculation and portfolio diversification). Moreover, the results find that family background and financial socialization play a significant role in shaping family members' financial literacy weather intentionally or spontaneously. Based on theresults of the analysis and focus group justification, theresearcher recommends that there is an insisting need for; enhancing the role of the universities in improving financial literacy, and recommends future studies to expand the range of study in light of the role of high education ministry, universities and financial institutions.

Keywords: *Financial Literacy, Financial Knowledge, Financial Behavior, Financial Education*
JEL Classification: *A2, G4, M5*

FİNANSAL OKURYAZARLIĞIN DEĞERLENDİRİLMESİ: İŞLETME ÖĞRENCİLERİNİN ÖRNEK OLAY ÇALIŞMASI

Öz

Bu çalışmanın amacı, dördüncü sınıftaki lisans öğrencilerinin ve yüksek lisans öğrencilerinin finansal okuryazarlık düzeyini araştırmaktır. Çalışmada, sosyodemografik özelliklerin, finansal eğitimin, finansal davranış ve deneyimin, aile geçmişi ve mali durumun ve sosyal sermayenin finansal okuryazarlıkla ne ölçüde ilişkili olduğu gösterilmektedir. Çalışmada veri toplamak ve analiz yapmak amacıyla bulunan 348 üniversite öğrencisine uygulanan anket sonuçlarının test edilmesi ve doğrulanması amacıyla odak grup yöntemi kullanılarak karma bir araştırma metodolojisi uygulanmıştır. Araştırma sonucunda öğrencilerin finansal bilgiye olan ilgisinin çok düşük olduğu, enflasyon ve basit faiz oranı gibi finansal kavramların öğrencilerin tarafından anlaşılmadığı ortaya çıkmıştır. Bu sonuçlar, öğrencilerin düşük bir finansal okuryazarlık seviyesine sahip olduğunu yansıtmaktadır. Son olarak, finansal okuryazarlık düzeyi iyi olan bir sosyal ortam ile bireyin finansal okuryazar olması arasında anlamlı bir ilişki olduğu görülmüştür.

Anahtar Kelimeler: *Finansal Okuryazarlık, Finansal Bilgi, Finansal Davranış, Finansal Eğitim*
JEL Sınıflandırması: *A2, G4, M5*

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1. Introduction

Recently, financial literacy has given a great attention, as it is considered the key driver of the positive financial behavior. Researches of financial literacy; (Lusardi and Mitchell, 2011: 497-508; Potrich et al., 2015: 1-12; Garg and Singh, 2018: 173-186) approve that many factors such as socio-demographic characteristics, experience, and social capital may affect individual's financial literacy. Financial skills become an insisting need more than ever before, as these skills play influential role in investment decisions, retirement planning, investment style, savings, borrowing and repaying decisions. Individuals increasingly become active participants in financial market, however, the participation in the complex financial products is difficult to master especially for financially unsophisticated investors.

Financial literacy of people expresses their ability to understand how money works, the basic financial concepts, and manage savings, retirement planning, portfolio choice and investing decision. Particularly, financial literacy assigns the required skills and knowledge to make person able to take effective decisions in his/her financial practice like savings, and investment of financial resources.

Distinctly, financial behavior is the most obvious evidence of having financial literacy. It is clear that people who less financially literate are found to be less likely to save, plan for retirement or participate in financial market. As a result, people who possess higher financial literacy have better financial outcomes and efficient decisions. While, well financial behavior bases on well financial literacy and knowledge, financial knowledge in most cases bases on family background, in which individuals, whose their parents where engaged in financial activities are more likely to know about financial risks and other financial concepts. Although, parents teaching and orientation has influential role in improving individual financial literacy especially the practical teaching as in shopping and other economic socializations.

Financial literacy is varied according to specific demographic groups, gender, age, education levels, employment status and others, therefore the study starts with reviewing the literature that examines into what extent people are financially literate? Lusardi and Mitchell (2011: 497) find that financial literacy is low around the world, unheeding with the global market development. While, many studies find that most of people neither understand the basic financial concepts nor perform simple calculations. The real financial literacy mostly examining in two dimensions: understanding the financial knowledge and applying it in daily financial practices.

As Financial experience has a growing presence in term of interpreting individual's financial literacy. Studies reveal that individuals experience will affect personal recognition of financial matters. In some cases, affordable childhood experience weather financial socialization with parents or in schooling channel may affect negatively on adulthood financial literacy, and vice versa. In other words, people who experience severe financial situation which will influence positively on their financial literacy and financial decision making.

Recently, social capital attains the researchers' paramount importance attentions in explaining financial literacy. They find that individuals' peers have a key contribution in individual's financial information necessary for saving and other financial decisions. Having well-informed peers will orient individual's financial practices, in parallel with peers, social networking and trusting others will enhance financial literacy and improve financial behavior and decisions.

In short, today there is a global trend toward improving people financial literacy in which people is increasingly requiring to decide how much to save, where to invest, plan for retirement, and to take on responsibility for careful financial decisions of their assets while meeting their needs. These critical practices need a well financial literate individual who could utilize all available financial and non-financial resources in making financial decisions. And for so, this study will examine financial literacy and its influential factors such as socio-demographic characteristics, financial experience, family background, social capital and communication, and into which factors are related to financial literacy and effect on individuals' financial behaviors.

This study divided into six sections, which are; section one presents the literature review. Section three presents the methodology. Section three presents the study validity and reliability. Section five presents statistics and analysis. Section six presents the discussion and conclusion.

2. Literature Review And Hypotheses Development

2.1. Financial Literacy Background

Financial literacy illustrates the requiring knowledge and skills for handling the daily life financial challenges and decisions (Sohn et al., 2012: 969). In which, people who are financial literate are expected to make informed financial decisions and competently ready to handle confusing array of financial transactions and select the appropriate among different financial products. Consequently, financial illiteracy is a serious issue in an increasingly sophisticated economic and complex financial world.

Nevertheless, several prior studies have shown that people with low financial literacy are more likely to face debt struggles (Lusardi and Tufano, 2009: 332), less likely to invest in the stock exchange (Rooij et al., 2011a: 443), less likely to successfully manage financial resources (Stango and Zinman, 2007) and less likely to make effective retirement plan (Lusardi and Mitchell, 2007a: 205; Lusardi and Mitchell, 2007b: 35; 2009: 1). More recently Lusardi (2019: 1), asserts on that there is an obvious correlation between having low level of financial literacy and inefficient borrowing and making ineffective spending and financial planning,

Additionally, financial literacy varies across particular socio-economic groups (Chen and Volpe, 2002: 289). As the young people with high levels of financial literacy have more willingness to save (Brounen et al., 2016: 13-15), in the same regard, many studies examine to which extent the financial education programs are effective (Gale and Levine, 2010; Hathaway and Khatiwada, 2008; Willis, 2009).

Williams and Oumlil (2015: 642) define financial literacy as: "… a measure of the degree to which one understands key financial concepts and possesses the ability and confidence to manage personal finances through appropriate, short-term decision-making and sound, long-range financial planning, while mindful of life events and changing economic conditions." While, Potrich et al. (2016: 357) conceptualize financial literacy as: "… a combination of the consciousness, knowledge, ability, attitude and behavior that are necessary to make financial decisions and, accordingly, to achieve individual financial wealth."

As, financial literacy and financial knowledge are related expressions, Lusardi and Tufano (2009: 1-46) assert on the correlation between having economical and financial knowledge and having financial literacy as the individual's saving, spending or capital investing decisions are significantly influenced by financial knowledge. However, Potrich et al. (2016: 368-370) contend that financial education has been used as an equivalent term of financial literacy however the two terms are conceptually different. As well Criddle (2006) concludes financial knowledge is not just limited in checking banking accounts or establishing future plans it is further critical for the whole procedures of learning, understanding and determining appropriate objectives among various array of alternatives.

2.2. Research Hypotheses Development

While, being financial literate person refers possessing the basic financial concepts and skills, most of people in all over the world even in United State of America could not understand the financial basic concepts such as inflation, portfolio diversification, the difference between real and nominal values and performing simple financial calculations (Lusardi, 2015: 269). Moreover, many studies (Lusardi and Mitchell, 2010; 2011; 2017; Lusardi et al., 2020) find that the people who possess the requiring financial knowledge to make financial plans are very few. Rooij et al. (2011a: 468) show that financial literacy is very related to numerous types of behavior. After a while, Potrich, et al. (2015: 2) find that financial literacy is divided into two dimensions; The ability to understand financial issues which reflects the individual's financial knowledge and education, in addition to the ability to apply these knowledges in managing real financial status. While regarding business Rooji, et al. (2011a: 460) suggest that the financial knowledge is accompanying with saving, investing and other financial practices. Lusardi and Tufano (2009: 24) conclude that the financial skills become essential for daily complex financial choices.

Thus, the hypothesis below was derived: H 1: Households are financial literate.

As previous studies assert on that individuals' socio-economic and demographic factors influence on their financial literacy and knowledge (Garg and Singh, 2018). Lusardi and Mitchell (2011: 504) assert on that living in urban areas make people more financially literate than living in countryside. In countries with diversified social and economic status like southeast Asia, financial literacy of people is particularly correlated with availability of resources and financial pressures (Arora and Marwaha, 2014: 252). As noted by Potrich et al. (2015: 1) that citizens living in developed and emerging countries became controlled by financial literacy as the economic and financial circumstances getting difficult in recent years, due to that people with poor financial literacy are supposed to take ineffective financial decisions.

Thus, the hypothesis below was derived: H 2: There are statistically significant differences at 0.05 level among the respondents toward "financial literacy for Students at the faculty of Commerce" due to Socio-demographic characteristics.

Furthermore, Lusardi and Mitchell (2011: 506) find that financial literacy is very low around the world, irrespective of the development level of financial market and retirement plans. Accordingly, the rapid and alarming development in financial markets does not contribute to people financial knowledge meanwhile, the direct financial experience enhances the people's financial knowledge, therefore, people who severely underestimate the power of interest compounding are more likely to experience difficulties repaying debts (Lusardi, 2015: 268). Grohmann et al. (2015: 18) reveal that adults' level of financial literacy could be explained by their childhood experiences as financial socialization by parents in the adolescent years positively influences children's financial literacy in adulthood, in which people who had been encouraged to budget and save by parents are more likely to be able to make effective financial decisions due to the early engagement into the financial life. Intriguingly, Lusardi et al. (2010: 364-367) conclude that there is a weak positive relation between financial literacy and work experience in high school, in contradicting Webley and Nyhus (2013: 25) find that there is a positive relation between adolescent working experience and debt level but negatively related to the young adult's savings.

Thus, the hypothesis below was derived: H3: Financial experience has statistically significant relationship with financial literacy at 0.05 level.

Many studies confirm that there is an influential correlation between financial literacy and financial behavior, Mouna and Jarboui (2015: 808) find that financial literacy can affect the investors' behavior. However, Rooij et al. (2011b: 594) find that less knowledgeable households tend to take out mortgage loans with unfavorable terms. Pellinen, et al. (2011) explain how the financial knowledge and competencies alone in not enough if the individuals are not able to use them in practices, as the successful investor who has financial awareness and understanding in parallel with her/his capability to act upon this knowledge. From financial perspective Lusardi and Tufano (2009) explain the correlation between financial literacy and financial behavior such as; saving and portfolio choices, in which the less financially literates are less likely to join stock market or plan for retirement. In the same regard, Grohmann et al. (2015: 2) emphasize on that individuals with high financial literacy are more likely to have better financial and economic outcomes as they have effective financial decisions.

Thus, the hypothesis below was derived: H4: Behavioral finance has statistically significant relationship with financial literacy at 0.05 level.

The financial knowledge is strongly influenced by family background of the young, especially whose mothers had college educations and sharing the knowledge and making decisions with the family members, improve their financial understanding. Furthermore, young whose parents had participated in stock market while they were teenagers are more likely to understand financial risk (Lusardi et al., 2010: 373). Almenberg and Dreberb (2015: 141) confirm that many families, because of their little information about stock market, are away from stock market participations, also the numeracy measures of financial literacy can predict participation in stock market.

More precisely, Grohmann et al. (2015: 16) assert on that the parental financial teaching such as budgeting pocket money or encouraging saving positively influences on their children future orientation in the age of 18 to 32, in addition, the parental teaching in college years of their children strongly influences on children's financial knowledge and behavior than in high school years.

Focusing on parenting role and upbringing styles such as; discussing financial and shopping decisions with children has an effect in away or another on children future financial literacy and economic socialization

Thus, the hypothesis below was derived: H 5: Family background has statistically significant relationship with financial literacy at 0.05 level.

Furthermore, Lusardi et al. (2010: 364) illustrate that social capital affects financial literacy in which almost colleagues vitally contribute on information and financial choices among each other, particularly the decision related retirement plans or pension participations. Moreover, induvial whose colleague is well informed, is more likely to be financially literate (Lusardi and Mitchell, 2011: 504). General speaking social capital plays a vital role in affecting of financial literacy, in which Lusardi (2015: 269) asserts on that social communication is a key contributor for improving financial literacy.

Thus, the hypothesis below was derived: H6: Social capital and communication have no statistically significant relationship with financial literacy at 0.05 level.

3. Methodology

This study employs a mixed research methodology where both quantitative and qualitative research methods were used. In order to collect quantitative data an administered questionnaire tool has been conducted as quantitative descriptions that could simplify large amounts of data in a sensible way, while focus group interview has been used to collect qualitative data that validate collated quantitative data in parallel with explaining the results and suggesting reasonable solutions.

3.1. Sample

The study selects targeted random sample that represents the population. There are many reasons that justify the decision of selecting university students in Gaza Strip (Palestine) for this study as sample, which are the following:

- Selecting students who are studying in faculties of commerce, particularly bachelor students at the forth level and postgraduate students (master) is due to the need to examine students' financial literacy after they have been studied financial or economic courses and exposed to financial knowledge.
- Financial literary is not commonly studied in the academic and educational context as on the society level in general, especially when considering emergent and unstable markets such as Gaza Strip.
- Among the students, the study chose university students because of evidence reported by the literature review.

- University students have to be ready to make decisions that will define their current and future financial independence.

To select random sample from the research population, the equation (1) showed in the study of (Krejcie and Morgan, 1970: 607) has been used to determine the appropriate minimum sample size which represents the research population well:

$$n = \frac{X^2NP(1-P)}{ME^2(N-1)+X^2P(1-p)} \quad (1)$$

Whereas:

n: the required sample size.

N: the population size.

P: population proportion assumed to be 0.5 (50%).

ME: Margin of Error at 5% (0.05).

X2: the table value of chi-square for 1 degree of freedom at the desired confidence level (3.86), at confidence level of 0.95 or at significant level of 0.05.

By using equation (1) and among the research population of 1594 students, the appropriate research sample size of 310 students was identified, from all targeting universities in the study. However, the study increased the sample size to 348 students to improve the accuracy of results and answers, as shown in Table 1:

Table 1**: Illustrates The Distribution Of Study Sample On Target Universities**

University	Total	%	Sample	% Male	% Female	Sample of Male	Sample of Female
Islamic University - Bachelor	333	0.21	73	0.59	0.41	43	30
AL-Aqsa University - Bachelor	321	0.20	70	0.50	0.50	35	35
AL-Azhar University - Bachelor	272	0.17	60	0.60	0.40	36	24
University of Palestine - Bachelor	129	0.08	28	0.83	0.17	23	5
Al-Azhar University - Master	71	0.04	16	0.61	0.39	9	6
Islamic University -Master	468	0.29	103	0.73	0.27	75	27
Total	1594	1.00	350	0.63	0.37	221	127

Note: Fourth Level Students in the faculty of commerce in 2016 (bachelor's degree).

3.2. Procedures And Data Collection Methods:

The researcher used two primarily research tools which are; administered questionnaire for collecting quantitative data and focus group interview for obtaining qualitative data.

Before start collecting data, an exploratory random sample used to expand the basic knowledge about the research subject, object and about research variables. Therefore, the questionnaire was subjected to a pilot study which is represented by exploratory sample before employing in the study. After the pilot study, all ambiguous questions, negatively worded questions and confusing questions were omitted to develop a refined questionnaire. Example of the questions that have been removed from the questionnaire: "Let's assume that you saw the same product in two different stores. The primary selling price of it was NIS 1,000. One store presented a sale of NIS 150, while the other one presented a 10% sale. Which one is a preferable deal".

Regarding the pilot study, the researcher distributes a random exploratory sample contain of 30 questionnaires to students in faculty of commerce and economics in Gaza Strip.

3.2.1. Questionnaire

An administered questionnaire has been conducted in universities in Gaza Strip, which was distributed among a representative sample of all targeting universities. As the study was conducted in Arab community, it was a must to translate the research questionnaire into Arabic language to assure the ability of respondents' understanding the questions.

The questionnaire consists of six dimensions, the first dimension represents in "Socio-demographic characteristics" with 8 questions, the second dimension represent in "financially literate" with 15 questions, the third dimension represent in "Financial behavior" with 4 questions, the fourth dimension represents in "Family background" with 4 questions, the fifth dimension represents in "Financial experience" with 4 questions, finally the sixth dimension represents in "Social capital and communication" with 11 questions.

3.2.2. Focus Group

After collecting and analyzing data, the need for discussing results and justifying the reasons behinds the results was important to validate the results, add meaning to the study findings and obtain suggestions for resealable solutions. Therefore, the study conducted focus group interview with financial professionals who significantly contributed to the research results and its validity.

A brief presentation has been prepared and presented by the researcher at the binging of the focus group session, in order to give the participants a clear background about the questionnaire findings. Then the professionals and the researcher discussed;

To what extent the results are confidence?

How it could be explained that a third or more of the students have low level of financial literacy?

How students' financial literacy could be improved?

4. Research validity and reliability

Validity and reliability of research tool are significant to measure the generalizability of the research findings. Validity shows the ability of the study to describe and estimate what is designed to measure, as high degree of validity reflects the real and assumed concept of the study.

While the reliability asses to what extent the research tool can be assured the same results, if another researcher uses the same research tool under the same conditions will reach almost to the same results, this means that the study enjoys a high degree of stability.

4.1. Research Validity

The questionnaire was examined by a number of arbitrators who have professional and academic experiences in the field of the research. The researcher has modified, deleted, and added the necessary parts to the questionnaire in response of the arbitrators' suggestions. In addition, the questionnaire underwent to pre-test on the exploratory sample contains of 30 respondents as a means to ensure the clarity of the questionnaire and disclosure the weaknesses, considering the representation of research variables.

To improve research validity, the researcher came out by number of modifications on the research tool, and reformulated the questionnaire in according to notes made by arbitrators, until the questionnaire takes the final form. The modifications that have been made by considering the opinions of the arbitrators which represent the need to simplify the tool and commitment as much as possible to vernacular in the formulation of questions for ease the respondents' understanding.

Therefore, the researcher endeavored to remove many worded questions in the questionnaire for keeping questions simple, exact, concise, avoiding double meaning questions and constructing questions in simpler and more focused questions.

Interestingly, focus group interview contributes significantly in improving the research validity as the financial professionals agreed on some results while justified other results, which also add meaning to the findings.

4.2. Research Reliability

The researcher applied the questionnaire on 30 respondents from research sample before two weeks from the questionnaire distribution to reach to the percentage that can be trusted, and so the questionnaire achieved the Elseco metric characteristics.

5. Statistics and analysis

Test the normal distribution of the sample, If the data is normally distributed parametric tests are usable, if not nonparametric tests are used. As the research data are normally distributed the parametric test is applied. According to Central Limit Theorem if the size (n) of selected sample is larger than 30 respondents, the normal distribution conditions are applicable.

Once the quantitative data collected by the questionnaire, there is a need for checking missing or inconsistencies values in the data. The analysis of the quantitative data has been conducted by the Statistical Package for Social Science (SPSS V.24).

5.1. Testing Hypotheses

The Pearson correlation coefficient has been used to test the hypotheses and correlations among the study variables. However, some statistical tests have been used, as Independent Sample T test for testing the differences between variable that have two groups, while, Post hoc (LSD – Least Significant Differences) test has been used to show the exact differences between variable that have more than two groups, in addition to One Way ANOVA test for testing the differences in students' financial literacy due to the socio-demographic characteristics differences.

Table 2: **Illustrates The Results Of The Hypothesis Test**

Factors	Mean	Test Statistic	Sig.	Comment
Gender				
Male	12.9	T=-1.21	0.227	There is no significant difference.
Female	13.5			
Did you have any university courses in Finance or Economy				
Yes	13.3	T=3.225	0.003	There are significant differences.
No	10.7			
Do you have paid/unpaid job				
Yes	14.2	T=3.750	0.000	There are no significant differences.
No	12.5			
Do you used to listen to the daily economic bulletin?				
Always	15.0	F=1.12	0.332	There are no significant differences.
Sometimes	13.7			
Rarely	12.6			
Never	11.1			
Do you used to read daily economic newspaper (printed or electronic)?				
Always	14.5	F=5.07	0.002	There are significant differences.
Sometimes	13.5			
Rarely	13.6			
Never	11.5			
Have you ever dealt with the banks?				
Yes	14.1	5.24	0.000	There are significant differences.
No	11.6			
Imagine you are going to receive amount of money; would you prefer to receive 2,500$ today or 3,000$ in 80 days?				
Today, receive 2,500$	13.4	2.07	0.039	There are significant differences.
In 80 days, receive 3,000$	12.3			

The Pearson correlation coefficient has been used to test the hypotheses and correlations among the study variables. In which statistically, null hypothesis (Ho) assumes that there is no statistically significant relationship, while the alternative hypothesis (H1) assumes a statistically significant relationship, the, study shows the validity of the hypotheses test results based on 0.05 significant level, as the null hypothesis is rejected and the alternative hypothesis is accepted if the sig value is below the 0.05 level; in which the relationship is significant.

In order to test the main hypothesis which assumes households are financial literate, the study test the sub-hypotheses. The following are the test of the hypotheses to verify the relationship between financial literacy and study variables:

H 2: There are statistically significant differences at 0.05 level among the respondents toward "financial literacy for students at the faculty of commerce" due to socio-demographic characteristics

To test this hypothesis T test has been used for the independent variable that have two groups such as gender. While, the One-Way ANOVA test has been used to test the differences attributed to other variables consisting of more than two groups. Although, LDS test has been used to find the least significant differences, Table 2 shows the tests results. The test shows the following findings:

- There are no statistically significant differences in the students' financial literacy due to the gender, at a significance level of 0.05.
- There are statistically significant differences in the students' financial literacy due to the differences in the variable of a studying financial or economic courses, the differences in the variable of having job, at a significance level of 0.05.
- There are statistically significant differences in the students' financial literacy due to the differences in the variable of listening to financial and economic bulletins. The tests of Post hoc has been used to find out the exact differences, where the differences between listening to the economic bulletins always and rarely in favour for those who always listen to the economic bulletins with an average difference of 2.318 degree. Also, there are differences between those who listen to economic bulletins always and never, as the differences are in favour of those who listen to economic bulletins always, with an average difference of 3.853. While, there are differences between those who listen to economic bulletins sometimes and rarely where the differences for the benefit of those who listen to the economic bulletins sometimes with an average difference of 1.076 degrees. In addition, there are differences between those who listen to economic bulletins rarely and never where the differences for the benefit of those who listen to the economic bulletins rarely with an average difference of 1.535 degrees, at the level of 0.05.
- There are statistically significant differences in the students' financial literacy due to the differences in the variable of reading economic news. Where, the tests of Post hoc has been used to find out the exact differences, where the differences between those who read the daily economic news always and never in which the differences are in favour of those who always read the daily economic newspaper with an average difference of 2.981 degree, also there are differences between those who read the daily economic news sometimes and rarely in which the differences are in favour of those who read the daily economic newspaper sometimes with an average difference of 1.931 degree, while, there are differences between those who read the daily economic newspaper rarely and never, these differences are for the benefit of those who read the daily economic newspaper rarely with an average difference of 2.020 degree, at the level of 0.05.
- There are statistically significant differences in the students' financial literacy due to the differences in the variable of dealing with banks, the differences are in favour of students who deal with banks, at a significance level of 0.05.
- There are statistically significant differences in the students' financial literacy due to the differences in the variable of risk aversion preferences, the differences were in favour of

the students who prefer to receive $2500. This means that students prefer avoiding risk, at a significance level of 0.05.

H 3: Financial experience has statistically significant relationship with financial literacy at 0.05 level. When testing the relationship between the dependent variable "financial literacy" and the independent variable " financial experience " the obtained Pearson correlation is (r = 0.348), as shown in Table 3. This correlation is statistically significant at 0.05, where the value of the calculated significance (Sig=0.000). This indicates a statistically significant relationship between financial experience and financial literacy of the students of the faculty of commerce in the universities of the Gaza Strip. Thus, the study accepts the alternative hypothesis that assumes financial experience has statistically significant relationship with financial literacy at 0.05 level

Table 3: **Illustrates the Test of the Relationship Between Financial Experience and Financial Literacy**

	Dependent Variable (Financial literacy)		
ndependent VariableI	N	Pearson Correlation	Sig. (2-tailed)
Financial experience	348	0.348*	0.000

* Significant at the 0.05 level

H 4: Financial literacy has statistically significant relationship with financial behavior at 0.05 level. When testing the relationship between the independent variable "financial literacy" and the dependent variable "financial behavior" the obtained Pearson correlation is (r = 0.506). This correlation is statistically significant at 0.05, where the value of the calculated significance (Sig = 0.000), as shown in Table 4. This indicates a statistically significant relationship between the financial literacy and the financial behavior of the students of the faculty of commerce in the universities of the Gaza Strip. Thus, the study accepts the alternative hypothesis that assumes financial literacy has statistically significant relationship with financial behavior at 0.05 level.

Table 4: **Illustrates the Test of the Relationship Between Financial Literacy and Financial Behavior**

	Dependent Variable (Behavioral finance)		
Independent Variable	N	Pearson Correlation	Sig. (2-tailed)
Financial literacy	348	0.506*	0.000

* Significant at the 0.05 level

Table 5: **Illustrates the Test of the Relationship Between Family Background and Financial Literacy**

	Dependent Variable (Financial literacy)		
Independent Variable	N	Pearson Correlation	Sig. (2-tailed)
Family background	348	0.189*	0.000

* Significant at the 0.05 level

H 5: Family background has statistically significant relationship with financial literacy at 0.05 level. When testing the relationship between the dependent variable "financial literacy" and the independent variable " family background " the obtained Pearson correlation is (r = 0.189). This correlation is statistically significant at 0.05, where the value of the calculated significance (Sig = 0.000), as shown in Table 5. This indicates a statistically significant relationship between Family background and financial literacy of the students of the faculty of commerce in the universities of the Gaza Strip. Thus, the study accepts the alternative hypothesis that assumes family background has statistically significant relationship with financial literacy at 0.05 level.

H 6: Social capital and communication have statistically significant relationship with financial literacy at 0.05 level. When testing the relationship between the dependent variable "financial literacy" and the independent variable " social capital " the obtained Pearson correlation is (r = 0.143). This correlation is statistically significant at 0.05, where the value of the calculated significance (Sig=0.008), as shown in Table 6. This indicates a statistically significant relationship between social capital and financial literacy of the students of the faculty of commerce in the universities of the Gaza Strip. Thus, the study accepts the alternative hypothesis that assumes social capital and communication have statistically significant relationship with financial literacy at 0.05 level.

Table 6: **Illustrates the Test of the Relationship Between Social Capital and Financial Literacy**

	Dependent Variable (Financial literacy)		
Independent Variable	N	Pearson Correlation	Sig. (2-tailed)
Social capital	348	0.143*	0.008

* Significant at the 0.05 level

The main hypothesis which assumes that household are financial literate is accepted due to the acceptance of the sub-hypotheses, in which testing the study hypotheses illustrates that:

- There are differences between students' financial literacy due to the differences in socio-demographic characteristics.
- There is a significant relationship between financial experience and financial literacy, in which people who have financial experience have higher level of financial literacy.
- There is a significant relationship between financial behaviour and financial literacy, as people who have higher level of financial literacy have a positive financial behaviour.
- There is significant relationship between family background and financial literacy in which people who have family organize their financial issues well, have higher level of financial literacy than those who their families are in financial mess.
- There is a significant relationship between social capital and financial literacy, as it's obvious that people who have friends or acquaintances work in financial institutions, have high level of financial literacy.

6. Discussion

In the light of the study results, researcher concludes some findings which are presented below based on the study dimensions.

Socio-demographic characteristics and financial literacy: The results indicate that there is an obvious low level of students' interest in obtaining financial information, which reflects a low level of financial literacy. In which majority of the students rarely follow economic and financial news as they are away from the daily bubbling financial issues, also a high level of risk aversion shown by the respondents as they prefer to receive less money today rather than wait and get more. The findings comply with the study Atkinson and Messy (2011: 664) that finds the purpose of financial education is to enhance the motivation to acquire information, develop the ability to utilize this knowledge while engaging in financial activities and control emotional factors that impact on financial practices and decisions and finally have well informed individuals with strong financial background.

Basic concepts of financial knowledge and financial literacy: A clear gap in the students' knowledge regarding financial institutions besides a high trend to trust of informal financial parties as respondents prefer investing with an experienced invertor rather than with formal financial institutions. However, financial local market recently faced several cases of investors who have been bankrupted as they depended on informal investors. These results are requiring educational institutions (universities and high education ministry) to intervene to comply between curriculums and local financial market, Lusardi (2019: 7) confirms on the role of financial institutions, as it is important to provide financial education in the community, in places where people go to learn. Unfortunately, regarding the basic financial literacy concepts there is critical red flag of warning has to be considered by educational institutions, especially for young who are going to face along array of future financial decisions, which require them to be well financially informed and knowledgeable.

Financial behavior and financial literacy: As financial behavior is the practical reflection of financial literacy, the study analysis describes students' financial literacy based on their financial behavior. The study results show that students' recognitions of the important factors reflecting on the consequences of a particular financial action. Based on that, the study finds about 60 percent of the students expected behaviors reflect high level of financial literacy. However, Atkinson and Messy (2012: 665) shows that the way people behave when choosing financial products is also an important aspect of their overall financial literacy.

Family background and financial literacy: Family background and financial socialization play a significant role in shaping family members' financial literacy weather intentionally or spontaneously, the analysis of results shows; organizing money and managing day-to-day financial activities are followed by about 60 percent of students' families, most of the students' families trend to spend extra money on new basic necessities or save it in term of mortgage or cash and about 62% of the students' families facing financial crises.

Organizing and budgeting money do not always is due to limited income, but it is more significantly correlated with high level of financial literacy. However, most of the income shortfalls are irrevocable but managing it well may a cause for improving young financial literacy as it is considered an early financial experience. Complying with Grohmann et al. (2015: 4) who found that many factors will contribute and improve financial literacy as the parents' education, having insufficient economic experience and other factors.

Financial experience and financial literacy: The findings indicate that financial experience contributes significantly in improving financial literacy, as the results show that; more than third of the students who have financial obligations face difficulties in making payments, about 43% of students use banking services and deal with exchange companies and majority of respondents do not have financial obligations, however, 75 percent of those who have financial debts are committed to make payments on time. Interestingly, the study supposes that those who use financial services or have financial obligation and well obligated in making payments, have high level of financial literacy as they obtaining financial knowledge through their own experiences.

Social capital and financial literacy: Social capital plays critical role in influencing students financial literacy, the most influential social factor is played by parents, in which the study analysis finds that; students who their parents have high educational level and have jobs are expected to have high level of financial literacy as they are able to answer questions related to inflation and interest rate which provides an obvious indicator for having positive level of financial literacy. While, students who their families have private business are more likely to be familiar with financial knowledge. Although, the study results show that having professionals or family members work in financial institutions affect positively on students' financial knowledge.

On other words social acquaintances have a direct impact on improving individual financial behaviors, consisting with Lusardi et al. (2010) and Tauni et al. (2016) who find that peer characteristics may also play a role in explaining differences in financial literacy, as informal communication and socialization is more likely to promote financial knowledge and improve financial behaviors.

7. Conclusion

The insisting needs to make students self-sufficient and responsible enough to handle and face challenges of their personal and societal financial life, motivates researcher to study financial literacy for students. As neither individuals nor societies can achieve their potentials without being financial literates, it is necessary to consider financial literacy as important as basic literacy no less than the ability to read and write.

This study aims to highlight the financial literacy level of students, though, examines in multiple university the financial literacy of bachelor senior students who are at the fourth level and graduate students (master), illustrates how financial literacy significantly associated with socio demographic characteristics, financial education, financial behavior and experience, family background and financial status, and social capital.

To sum up the study finds that students' interest for obtaining financial information is very low, which reflects a low level of financial literacy. Unfortunately, results show a critical red flag of warning regarding the lack of understanding the basic financial concepts (inflation, simple interest rate calculation and portfolio diversification). Moreover, the results find that family background and financial socialization play a significant role in shaping family members' financial literacy weather intentionally or spontaneously. Although, using financial services reflects a high level of financial literacy as financial knowledge has been obtained through personal experiences. Finally, the study finds a significant correlation between financial literacy and having financially literate social capital.

Based on results of the analysis and focus group justification, researcher recommends that there is an insisting needs for; enhancing the role of the universities in improving financial literacy, universities have to accommodate and match between financial courses content and the financial market, it would be beneficial for students to communicate with professionals who work in financial institutions or who have financial experience and recommends future studies to expand the range of study in light of the role of high education ministry, universities and financial institutions.

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