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Financialliteracy is necessary to successfully navigate life’s complicated financialdecisions.

Unfortunately, basic financial skills of budgeting and saving areoften never taught to young adults. There have been numerous studies that findthat young adults are not being provided a sufficient financial education. Forexample, Mandell (1997) examines financial literacy for a sample of high schoolstudents and finds that these students are not receiving a sufficient educationin financial matters.

Often the tendency to incur excessive debt develops at avery young age. Mae (2005) finds that 76% of undergraduate students have creditcards and 47% have four or more cards. These students had an average creditcard debt of $2, 169.

In today’s consumer society, the importance of savings andbudgeting is critical to financial success. Regardless of income, an individualwill eventually go bankrupt if they spend more than they earn. We have seencountless celebrities and athletes who earn millions of dollars go bankrupt dueto poor budgeting, inadequate savings and excessive debt. Budgeting, controlling debt and maximizing savings are the keys to financial success. Financialeducation should begin at a young age so young adults can begin their careermaking prudent financial decision that will help them achieve financialsuccess. There is very little data that examines the financial literacy ofyoung adults and the extent that they are provided courses in money management.

In this paper, we use data from a survey conducted in 2012 by the Programme forInternational Student Assessment (PISA). This organization has been gatheringinformation about 15-year old student’s math and science abilities for yearshowever the 2012 survey is the first survey that included questions about moneymanagement and financial literacy. The countries that participated in the 2012PISA Students and Money survey are: Australia, Belgium, Czech Republic, Estonia, France, Israel, Italy, New Zealand, Poland, Slovak Republic, Slovenia, Spain, United States of America, Shanghai-China, Colombia, Croatia, Latvia, andRussian Federation. In this paper, we examine the following research questions. 1.

Is financial literacy for each country correlated with GDP per capita? 2. Is financial literacy for each country correlated with social equality? 3. Is financial literacy correlated with the availability of money managementcourses? Werun a regression model to determine if money management courses impactfinancial literacy in each country.

We run a cumulative probit model to examineif students who take money management courses are more likely to avoid debt. Thefollowing section reviews the pertinent literature on this topic.