

## **Research Article**

### **Does High Level of Financial Literacy Improve Financial Well-Being of Young Adults in Bristol and Istanbul?**

*Yüksek Düzeyde Finansal Okuryazarlık Bristol ve İstanbul'daki Genç Yetişkinlerin Finansal Refahını Geliştirir mi?*

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#### **Abstract**

A high level of financial well-being is dependent on an individual's level of financial literacy, as it increases the chance of making sound financial decisions. In this context, the aim of this research is to raise financial literacy among young adults in order to prevent them from making poor financial decisions. The financial literacy level of young individuals in Bristol, UK, and İstanbul, Turkey is measured using the characteristics of financial knowledge, financial behaviour, financial attitude, and culture. This study focuses on people in their late teens or early twenties to thirties — young adults – because they comprise the majority of the population in these two different regions. As a result, the economies of Bristol and İstanbul are heavily influenced by the financial decisions of young individuals, as are existing financial goods and services such as pensions, investments, savings, loans, mortgages, and insurance. The study's findings show that financial knowledge is the most significant factor in raising young adults' financial literacy levels, yet financial well-being may not improve unless financial knowledge is put into practice.

**Keywords:** Financial Literacy, Financial Knowledge, Financial Behaviour, Financial Attitude, Financial Well-Being

#### **Öz**

Yüksek düzeyde finansal refah, bireyin finansal okuryazarlık düzeyine bağlıdır çünkü yüksek finansal okuryazarlık düzeyi, iyi finansal kararlar alma olasılığını artırır. Bu nedenle, makalenin amacı, genç yetişkinlerin finansal okuryazarlık düzeylerini, etkin olmayan finansal kararlar vermelerini önleyerek geliştirmektir. Bristol, İngiltere ve İstanbul, Türkiye'deki genç yetişkinlerin finansal okuryazarlık düzeylerini ölçmek için finansal bilgi, finansal davranış, finansal tutum ve kültür faktörleri kullanılmıştır. Bu çalışma, bu iki şehrin nüfusunun çoğunluğu genç yetişkinlerden oluştuğu için, onlu yaşların sonunda veya yirmili yaşların başında ve otuzlu yaşların başındaki bireylere odaklanmaktadır - genç yetişkinler. Bristol ve İstanbul ekonomileri genç yetişkinlerin finansal kararlarından oldukça etkilenmektedir. Ayrıca, emeklilik, yatırım, tasarruf, kredi, ipotek ve sigorta gibi mevcut finansal mal ve hizmetlerin tümü genç yetişkinlerin finansal kararlarından etkilenmektedir. Araştırmanın sonucu, genç yetişkinlerin finansal okuryazarlık düzeyini artıran en önemli faktörün finansal bilgi olduğunu, ancak finansal bilgi uygulamalarda kullanılmadıkça genç yetişkinlerin finansal refahının iyileştirilemeyeceğini ortaya koymaktadır.

**Anahtar Kelimeler:** Finansal Okuryazarlık, Finansal Bilgi, Finansal Davranış, Finansal Tutum, Finansal Refah

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## 1. Introduction

Individuals' financial quality of life is determined by both their financial resources and their ability to properly employ those resources. The majority of people have insufficient financial resources and are illiterate on how to manage them. As a result, financial literacy is critical not just for future financial well-being but also for today's financial well-being (Hayes, 2010 in Gokmen, 2012).

The diversity of financial services and the complexity of financial goods is growing as a result of innovation and globalisation, which means there are more situations where people need to manage their finances. Furthermore, due to the rising complexity of financial matters, people may be increasingly exposed to financial fraud and prone to making poor financial decisions. The complexity of new financial products, as well as the widespread use of excessive debt, can contribute to societal financial issues (OECD, 2018). Individuals require better financial understanding in order to discover a solution to this challenge (Dasdogan, 2015). As a result, governments and regulatory entities have attempted to improve financial literacy among citizens through financial education (OECD, 2018).

A huge number of nations have limited knowledge of basic financial services, sometimes not recognising the hazards associated with these services, according to Russia G20 (2013) and the OECD (2013). Another key conclusion is that people with inadequate financial literacy do not prepare for their future and do not make smart decisions about how to handle their financial resources.

The findings of the Russia G20 and OECD (2013) study were supported by Bird et al. (2014), who found that those with a low degree of financial awareness borrow more and have more difficulties doing so. Furthermore, compared to their more financially literate colleagues, they save less, employ high-cost mortgage loans, and prepare for retirement insufficiently. To purchase the financial products and services they require, people must have a certain level of financial awareness. Individuals must be aware of their financial consumer rights and duties, as well as be appropriately prepared to manage the numerous risks they confront, such as investment dangers and investment secrecy (Miller et al., 2009).

The UK and Turkey, according to the OECD (2015), have a poor level of financial literacy. In 2018, unsecured debt in the UK reached an all-time high, including personal loans, credit cards, store cards, and overdrafts. As a result, it is critical that people understand how to talk about debt, which necessitates financial education. People might feel more at ease about their financial conditions if they were given greater financial education (The Guardian, 2019).

Financial literacy is not just a problem in developing countries. Because financial goods in developed countries are increasingly sophisticated, it also worries investors in highly developed financial markets. Due to insufficient planning and their failure to anticipate market uncertainties and risks, investors in these markets are at risk of financial losses (Zucci, 2019). As a result, wealthy economies must pay just as much attention to financial literacy as developing economies.

Financial literacy is not fully taken into account in both developed and emerging countries, as seen by the Global Financial Crisis of 2007/08, commonly known as the subprime mortgage crisis (Klapper et al., 2013). The subprime mortgage crisis was mostly caused by a lack of financial understanding. According to Iannicola (2011), 28% of mortgage borrowers were surprised by greater mortgage payments than expected, and the majority of them were unaware of the basic aspects of mortgages. Because of their misinterpretation of the words used, they had overpaid for their residences. Furthermore, the subprime loan crisis was inescapable due to predatory lending by financial institutions and borrowers' lack of financial literacy (Guest, 2017).

Most studies have focused on specific cohorts, such as university students (Ergun, 2018; Erner, 2016; Alkaya and Yagli, 2015; Potrich et al., 2015; Cameron et al., 2014; Sarigul, 2014; Crain, 2013), the elderly population (Lusardi et al., 2014; Lusardi and Mitchell, 2008; Xue et al., 2018), or the general population (Lusardi and Mitchell, 2008 (Aksoylu et al., 2017; Eker, 2017; Guest, 2017; Chen and Lemieux, 2016; Kunovskaya, 2010; Tschache, 2009; Volpe, Kotel and Chen, 2002). This study is unique in that it focuses entirely on people aged 18 to 29.

The findings of this study will demonstrate whether there is a link between financial literacy and financial behaviour in this group of people. The financial literacy of young people has never been studied before. Individuals between the ages of 18 and 29 who come from varied cultural and economic

backgrounds have never been compared before. This age group's financial decisions are critical for economies since they define the economy's future.

In brief, the most significant component is explored as a first aim of the research in order to raise the financial literacy level of young adults. The study's second aim is to identify the most essential aspects that influence young adults' financial literacy, particularly the social and cultural factors that influence their financial literacy.

The following research questions are intended to address the stated objectives:

- What are the most important factors in developing financial literacy among young adults?
- How do social, demographic, and cultural factors influence the financial literacy of young adults in Bristol and Istanbul?

## **2. Financial Literacy: A Definition**

The definition of financial literacy has evolved to be as complicated as the economy itself. On the term, there are differences of opinion among researchers and institutions. Individuals' ability to handle their money is the most basic definition of financial literacy. This does not imply that the concept of financial literacy was introduced in the early 1900s, although it was (Remund, 2010). Since 2000, financial literacy has been divided into five categories based on this concept: managing personal finances, effectively planning future financial needs, communicating financial concepts, financial concept knowledge and making sound financial decisions.

As a result, it is proposed that financial literacy should be thought of as combining these five components (Remund, 2010). The main problem with this definition is that it includes making sound financial decisions as part of the definition of financial literacy. Making sound financial judgments is, in fact, the result of having a high level of financial literacy (Bodie, 2006). As a result, it should be separated from the definition of financial literacy. If Remund (2010) had taken into account individual financial behaviour, the term might have been more applicable. The following definition of financial literacy takes into account financial behaviour.

A definition of financial literacy, according to Angela et al. (2009), should include financial knowledge, financial skills, and financial behaviour. Individuals' financial abilities and perceived financial understanding are influenced by their financial expertise. Individuals' financial behaviour, on the other hand, is influenced by their financial knowledge, perceived knowledge, and financial abilities. As a result, financial literacy is described as the acquisition of information about financial concepts and fundamental economics (Ibid). It is, in particular, people's capacity to properly manage their money resources using their financial knowledge and skills. One of this definition's shortcomings is that it ignores a person's financial attitude. However, one of Angela's et al. (2009) study's benefits is that the necessity of financial knowledge for financial literacy has been demonstrated.

Lusardi separated financial literacy into two categories: basic and advanced (2008). Risk diversification, interest rate operation, and inflation impacts are all fundamental topics. Investment funds, the risk-return relationship, equities, and bond operations are all covered in advanced financial literacy. Similarly, Vijayvargy and Bakhshi's (2018) definition of financial literacy emphasises an individual's ability to comprehend financial matters. To become financially educated, people need understand how money works, as well as how to invest, manage, cut taxes, contribute, earn, and produce money. Other factors that affect financial literacy include saving practises, tax preparation, financial planning, personal finance, and credit cards (Ibid). These criteria would have been more thorough if they had included financial behaviour and attitude, as these aspects have an impact on people's financial literacy levels (Bodie, 2006; Atkinson and Messy, 2012; OECD, 2015; Alkaya and Yagli, 2015).

Financial literacy is the ability to understand and know about financial issues. Individuals typically utilise it for personal financial transactions. Financial literacy is the ability to make sound financial decisions based on the evaluation and comprehension of relevant data. It guarantees that a person's expenses and income are in balance. At the same time, it shapes people's financial attitudes about investment, borrowing, lending, saving, diversification, and budgeting information (Bodie, 2006).

Furthermore, organisations like PACFC, the OECD, and the NFEC have attempted to define financial literacy. It is the most sensible way to manage financial resources based on individuals' knowledge, abilities, and access, according to PACFC (2013). According to the OECD (2015), a person's financial well-being is influenced by a combination of attitude, knowledge, behaviour, skills, and awareness of how to make good decisions. Individuals, families, and global communities with the knowledge and skills to best achieve their goals and make effective and confident decisions are characterised as financial literacy by The NFEC (2018). In short, when comparing all of the financial literacy definitions proposed by scholars and institutions, it appears that financial knowledge, attitude, and behaviour should all be included.

### **3. Financial Literacy's Components**

Because of globalisation and technological advancements around the world, financial goods and services have become more sophisticated, and competition among individuals has increased. Furthermore, due to the rapid expansion in the world's population and resource competitions, civilizations are being oriented toward saving, both in terms of source and income, in order to prevent future issues (Eker, 2017). As a result, Eker (2017) emphasises the significance of saving as part of financial literacy. Savings that are not invested in the financial sector do not improve financial security. As a result, concentrating on financial knowledge rather than merely saving would be more beneficial. To begin, the components of financial literacy must be properly understood if the degree of financial literacy is to be raised.

Financial literacy has the potential to minimise financial hardship, improve societal financial well-being, and prevent future difficulties. There is no consensus among studies on the components of financial literacy. While financial knowledge, financial attitude, and financial behaviour have all been identified as components of financial literacy in the literature (Capuano and Ramsey, 2011; Atkinson and Messy, 2012; PACFC, 2013; Alkaya and Yagli, 2015; OECD, 2015; Erner, 2016; Chen and Lemieux, 2016), some researchers have only used financial knowledge to assess financial literacy (Capuano and Ramsey, 2011; Atkinson and Messy, 2012; PACFC, 2013; Alkay (Bucher-Koenen and Ziegelmeyer, 2011; Cameron et al., 2014; Aksoylu et al., 2017). One of the drawbacks of focusing solely on financial knowledge is that it neglects to consider financial behaviour and attitude.

Individuals should be familiar with financial terms such as interest rate, compound interest rate, time value of money, inflation, and risk-return. Future-oriented money management, such as saves and spending, is influenced by financial behaviour and attitude to acquire fundamental financial knowledge (Alkaya and Yagli, 2015). Financial knowledge, financial behaviour, and financial attitude are three unchanging and essential parts of financial literacy, according to PACFC (2012), Atkinson and Messy (2012), OECD (2015), Erner (2016), and Chen and Lemieux (2016).

#### **3. 1. Financial Knowledge**

Financial literacy is divided into two categories: macro and micro. Financial knowledge is one of the most important components of financial literacy. General economic terminology like annual budgeting plan, current account, foreign trade, and inflation make up macroeconomic financial understanding. Microeconomic financial knowledge, on the other hand, is concerned with the elements that influence an individual's or an institution's economic and financial condition (Ozdemir, 2011). Lusardi supports the idea of dividing financial expertise (2008).

According to Lusardi (2008), financial knowledge is divided into two categories: basic and advanced. Basic financial knowledge is characterised as the capacity to comprehend inflationary consequences, understand interest rates, and comprehend the time value of money. The capacity to comprehend the stock market, mutual funds, bond functions, and basic asset pricing ideas is classified as advanced financial knowledge. Financial knowledge, on the other hand, has been defined as learning financial concepts, financial products, and services, such as interest, inflation, and the time value of money, bonds, and the stock market (Atkinson and Messy, 2012). Even when financial knowledge is explained without being divided into categories, these research indicate the same conclusion. The most important element is that financial knowledge should be applied in real-world situations. Individuals may not profit from financial literacy if this is not the case.

People must acquire a certain level of financial knowledge in order to get the most out of the limited resources at their disposal. Furthermore, financial education has a favourable impact on an individual's financial well-being and aids in the prevention of financial hazards (Temizel and Bayram, 2011). Individuals with a high level of financial awareness make investments in order to plan for the future. They understand how financial markets work and are prepared for the risks and uncertainties that come with them. In addition to financial education, financial information is gained by interactions with family, friends, and the media (Hilgerth et al., 2003). The study found that, in addition to financial education programmes, financial knowledge can be learned from financially well-educated relatives or friends. As a result, societal issues may have an impact on people's financial literacy, and these should be regarded as part of financial literacy.

### **3. 2. Financial Behaviour**

Individuals' financial behaviour has a huge impact on their well-being, especially when a financial catastrophe is approaching (Bernanke, 2006). Financial behaviour determines an individual's financial well-being, hence financial behaviour is the most significant aspect of financial literacy (Atkinson and Messy, 2012). This explanation is unsatisfactory since people with limited financial knowledge engage in risky financial behaviour. It means that financial knowledge and financial behaviour have a beneficial relationship. In contrast to Atkinson and Messy (2012), Hilgert et al. (2003) discovered that financial knowledge is the most critical component of financial literacy.

Individuals' financial behaviour is heavily influenced by their qualities, knowledge, identity, and psychological variables (Bergner, 2011; Garcia, 2013). Positive financial behaviour, such as saving, can improve financial well-being. Savings are a crucial component, since they can provide financial security as well as credit freedom. Bad behaviours, such as careless borrowing, on the other hand, might have a negative impact on financial well-being (Atkinson and Messy, 2012).

Internal and external factors influence financial behaviour, according to Capuano and Ramsay (2011). External determinants include social and economic situations, whereas internal elements include cognitive capacity and psychological factors. Financial knowledge interacts with subjective standards, perceptions, and attitudes to form financial behaviour. Koropp et al., (2014) make a significant point with their explanation of financial behaviour composition. However, one point that needs to be addressed is whether cultural variations have an impact on financial behaviour.

Young people's financial behaviours are formed in part by their families, but they are also influenced greatly by their peers. Their purchasing habits, particularly in terms of product selection, are influenced by the latter (Kretschmer and Pike, 2010; Masche, 2010; Moore and Bowman, 2006 in Shon et al., 2012). In conclusion, it is apparent that social variables influence people's financial decisions.

### **3. 3. Financial Attitude**

In essence, an individual's attitude refers to their general response to events, feelings, and opinions (Atkinson and Messy, 2012). According to Henager and Mauldin (2015), attitude is a behaviour that people have and are expected to have when confronted with a scenario or occurrence. Another significant part of financial literacy is financial mindset, which refers to people's savings for their future objectives. If a person has a bad attitude regarding putting money down for the future, he or she is unlikely to save. People who are concerned about their immediate needs are less inclined to save for emergencies or establish long-term financial plans (Hamarat and Ozen, 2015).

Individuals with a financial awareness attitude are more cautious when it comes to spending money and tend to save more for the future. As a result, parents may be able to offer an excellent education for their children and improve their retirement income. Individuals' financial literacy degree determines whether they have a good attitude about saving. Individuals with a high level of financial literacy are more likely to plan their costs ahead of time. They also compare the prices of the things they intend to purchase. They spend their money more carefully and sparingly as a result of this mentality (Sahin and Baris, 2017).

In contrast to personality, situational and environmental circumstances frequently influence attitudes, making it more unstable than personality qualities. Individuals have various attitudes regarding money in terms of spending, saving, and gaining it. To begin with, money can be saved and used as a form of

security. Second, money may be used to purchase social standing, which leads to acceptance and acknowledgment in society. Money may confer control status and authority in this situation. Finally, money can be associated with acts of generosity and compassion. Finally, money might denote the independence that permits people to break out from their regular routines (Stumm et al., 2013).

#### 4. Methodology

The level of financial literacy of young individuals was explored in this study. The majority of the literature on financial literacy focuses on the situation in the United States. Furthermore, the majority of financial literacy studies focused on various age groups, such as university students (Ergun, 2018; Potrich, 2016; Sarigul, 2014), the elderly population (Lusardi et al., 2014; Lusardi and Mitchell, 2008), or the general population (Lusardi et al., 2014; Lusardi and Mitchell, 2008). (Kunovskaya, 2010; Tschache, 2009; Volpe, Kotel and Chen, 2002). In general, researchers employ a survey as a typical means of assessing financial literacy (Volpe et al., 2002; Angela et al., 2009; Lusardi et al., 2014; Potrich, 2016).

In addition, the financial literacy literature lacked a standard survey questionnaire. In order to address the lack of consensus, the OECD and the International Financial Education Network (INFE) developed a major financial literacy survey in 2011. The research technique of the OECD and INFE was employed in this study because it has been used by many academics since 2011. (Atkinson and Messy, 2012; Crain, 2013; Bucher et al., 2014; Alkaya and Yagli, 2015; Aksoylu et al., 2017).

The aim of this study is to look into the factors that influence financial literacy among young adults in Bristol and Istanbul who are between the ages of 18 and 29. Prior to data collection, an online survey was prepared. To begin, the survey was administered to ten young adults in Bristol and Istanbul as pilot research to ensure that the questionnaires were understood. Participants were given questionnaires that were printed and circulated. In the event of a misunderstanding, they were instructed to indicate the queries. All of the questions were comprehended by all of the participants; thus the questionnaires were used as is.

The survey was completed by 415 young adults from Bristol, UK, and Istanbul, Turkey, and 403 of the 415 surveys received were accepted for the study. Only two surveys did not specify their city, but the rest of the portions of their surveys were correctly completed, therefore their surveys were accepted for the study. Their responses were utilised to obtain general results by merging the responses of participants from Bristol and Istanbul. Their responses were not considered in the examinations for Bristol and Istanbul. 12 surveys were not completed, and responses to socio-demographic questions that were required for classification were not provided. The demographic factors of the participants are highlighted in Table 1.

**Table 1: Demographic Variables of Participants**

Participants		Bristol, UK	Istanbul	TOTAL	
Gender	Male	101	86	187	401
	Female	102	112	214	
Education	Post-graduate education or equivalent (e.g. master's degree, PhD or advanced professional training)	38	44	82	401
	University-level education (e.g. degree or higher-level vocational training)	139	135	274	
	Upper secondary school or high school	25	18	43	
	Lower secondary school or middle school (where relevant)	1	1	2	
Marital Status	Single	118	112	230	401
	Married	83	86	169	
	Divorced	-	-	0	
	Blank	2	-	2	
Employment	In paid employment (work for someone else)	140	142	282	401
	Self-employed (work yourself)	16	8	24	
	Student	42	47	89	
	Unable to work due to sickness or ill-health	5	-	5	
	Unemployed	-	1	1	
Income	£0 p.a. - £9,999 p.a.	45	45	90	401
	£10,000 p.a. - £19,999 p.a.	10	18	28	
	£20,000 p.a. - £29,999 p.a.	132	110	242	
	£30,000 p.a. - £39,999 p.a.	11	11	22	
	£40,000 p.a. - £59,999 p.a.	4	10	14	
	+£60,000 p.a.	1	4	5	

Females complete the survey in higher numbers than males, as shown in Table 1. The bulk of the participants have completed their education at a university level. Furthermore, the majority of them are single. Finally, they are employed, with an annual income of between £20000 and £29999.

#### 4. 1. Financial Knowledge Assessment

This study uses the OECD's (2015) financial knowledge scale. Division, time value of money, interest paid on a loan, calculation of interest plus principal, compound interest, risk and return, inflation definition, and diversification are among the topics covered in the financial knowledge questions. These themes are frequently used in the literature to assess an individual's financial knowledge (Bucher-Koenen and Ziegelmeyer, 2011; Knoll and Houts, 2012; Cameron et al., 2014; OECD, 2015; Chen and Lemieux, 2016; Aksoylu et al., 2017).

The number of correct answers to the financial knowledge questions was used to calculate the financial knowledge score. Participants were asked nine questions about financial knowledge in general, but one of them was about their self-assessed financial knowledge, which was used to assess their perceived financial knowledge. As a result, the financial literacy score was not calculated using the self-assessment financial knowledge question. It was solely utilised to make a comparison. The computation of the financial knowledge score is shown in Table 2.

**Table 2: Financial Knowledge Score Calculation**

Topics	Questionnaire Type	Assessment
Division	Open-ended Questions	1 point was given for correct answer, 0 in all other cases.
Time Value of Money	Multiple Selections	1 point was given for correct answer, 0 in all other cases.
Interest paid on loan	Open-ended Questions	1 point was given for correct answer, 0 in all other cases.
Calculation of interest plus principle	Open-ended Questions	1 point was given for correct answer, 0 in all other cases.
Compound interest	Open-ended Questions	1 point was given for correct answer, 0 in all other cases.
Risk and return	True/False Questions	1 point was given for correct answer, 0 in all other cases.
Definition of inflation	True/False Questions	1 point was given for correct answer, 0 in all other cases.
Diversification	True/False Questions	1 point was given for correct answer, 0 in all other cases.



#### 4. 2. Financial Behaviour Measurement

Financial behaviour scores were calculated using the OECD's (2015) financial behaviour scales. Consideration of purchases, timely bill payment, keeping track of financial affairs, long-term financial goal setting, taking responsibility and creating a household budget, active saving, selecting financial products, and borrowing are all examples of financial behaviour. These are the most commonly discussed themes in the literature (Capuano and Ramsey, 2011; PACFC, 2012; Garcia, 2013; Atkinson and Messy, 2014; OECD, 2015; Alkaya and Yagli, 2015; Chen and Lemieux, 2016). Normally, participants were asked eight questions about their financial behaviour. For questions six and seven, participants had the option of selecting multiple answers, each of which was worth one point. The computation of the financial behaviour score is shown in Table 3.

**Table 3: Computing of Financial Behaviour Score**

Topics	Questionnaire Type	Assessment
<b>Considered purchase</b>	Five-point Likert type scale	1 point was given for respondents who put themselves at 4 or 5 on the scale (agree), 0 in all other cases.
<b>Timely bill payment</b>	Five-point Likert type scale	1 point was given for respondents who put themselves at 4 or 5 on the scale (agree), 0 in all other cases.
<b>Keeping watch of financial affairs</b>	Five-point Likert type scale	1 point was given for respondents who put themselves at 4 or 5 on the scale (agree), 0 in all other cases.
<b>Long term financial goal setting</b>	Five-point Likert type scale	1 point was given for respondents who put themselves at 4 or 5 on the scale (agree), 0 in all other cases.
<b>Take a decision about money</b>	Yes/No Questions	1 point was given for yes answer, 0 in all other cases.
<b>Active saving</b>	Multiple Selections	1 point was given for correct answer, 0 in all other cases.
<b>Choosing products</b>	Multiple Selections	1 point was given for correct answer, 0 in all other cases.
<b>Borrowing to make ends meet</b>	Multiple Selections	1 point was given for correct answer, 0 in all other cases.



#### 4. 3. Financial Attitude Assessment

Individuals' attitudes toward money are the focus of the financial attitude questions. Financial attitude scores were measured using the OECD's (2015) financial attitude scale. Three statements were used to calculate the financial attitude score. According to the OECD (2015), it is the sum of the three statement values multiplied by three. As a result, the score ranges from 1 to 5. Lower numbers denote a short-term financial strategy, whereas higher numbers denote a long-term strategy (Angela et al., 2009; PACFC, 2012; OECD, 2015; Erner, 2016; Chen and Lemieux, 2016; Vijayvargy and Bakhshi, 2018). The computation of the financial attitudes score is shown in Table 4.

**Table 4: Computing of Financial Attitudes Score**

Attitude	Assessment
I tend to live for today and let tomorrow take care of itself	Average value = Sum of the values for three statements / 3
I find it more satisfying to spend money than to save it for the long term	
Money is there to be spent	

#### 4. 4. Culture's Evaluation

The culture score was calculated using the OECD's (2015) culture scale. Risk, time, norm, freedom, and social status are all covered by the culture questions. These are the most commonly discussed themes in the literature (Xu and Zia, 2012; Cameron et al., 2014; Potrich et al., 2015; OECD, 2015). Table 5 shows how the culture score is calculated.

**Table 5: Culture Score Calculation**

Topics	Questionnaire Type	Assessment
The Risk	Five-point Likert type scale	1 point was given for respondents who put themselves at 4 or 5 on the scale (agree), 0 in all other cases.
Time	Five-point Likert type scale	1 point was given for respondents who put themselves at 4 or 5 on the scale (agree), 0 in all other cases.
Norm	Five-point Likert type scale	1 point was given for respondents who put themselves at 4 or 5 on the scale (agree), 0 in all other cases.
Freedom	Five-point Likert type scale	1 point was given for respondents who put themselves at 4 or 5 on the scale (agree), 0 in all other cases.
Social Prestige	Five-point Likert type scale	1 point was given for respondents who put themselves at 4 or 5 on the scale (agree), 0 in all other cases.

To summarise, the overall financial literacy scores were calculated by adding all of the results together. It was also expressed as a percentage to show the level of financial knowledge among young individuals. Financial literacy is defined as a combination of financial knowledge, financial behaviour, and financial attitude (Angela et al., 2009; PACFC, 2012; OECD, 2015; Erner, 2016; Chen and Lemieux, 2016; Vijayvargy and Bakhshi, 2018), as well as cultural and socio-demographic factors (Angela et al., 2009; PACFC, 2012; OECD, 2015; Erner, 2016; Chen and Lemieux (Xu and Zia, 2012; Cameron et al., 2014; Potrich et al., 2015).

## 5. Findings

In this section research findings were presented.

### 5. 1. Reliability Statistics

The survey approach was used to perform the study. The survey was completed by 415 young adults. Twelve of the participants' responses are incorrect since they did not finish the survey in its entirety and did not complete the consent page. As a result, the answers of 403 participants were used to generate the study's results.

If Cronbach's Alpha is between 0.8 and 0.9, research reliability is considered good (Kalayci, 2010), and if it is between 0.7 and 0.8, reliability is considered acceptable (Kalayci, 2010). (Yin, 2003). The reliability statistics for financial knowledge, financial behaviour, financial attitude, and financial culture are shown in Table 6.

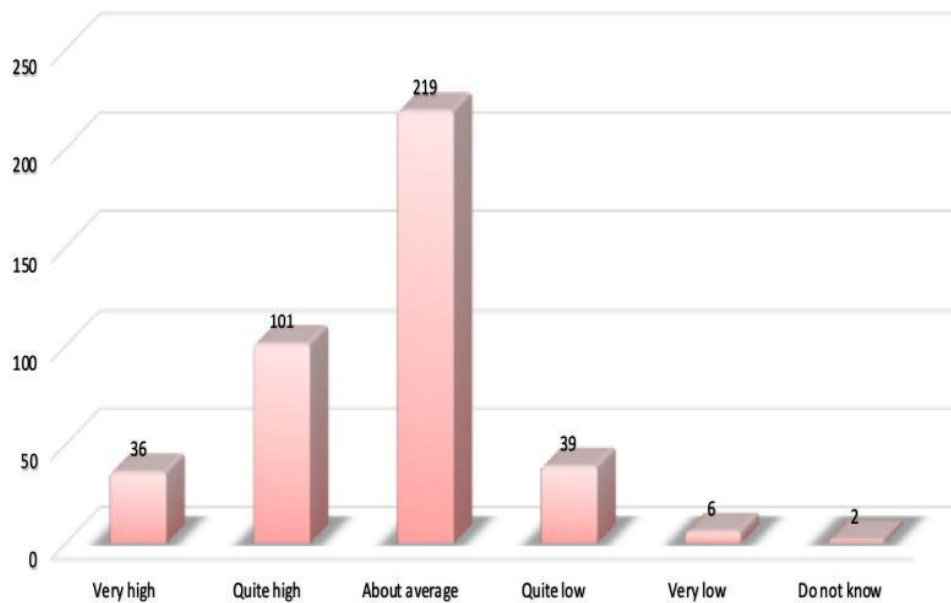
**Table 6: Reliability Statistics**

Variables	Cronbach's Alpha	N of Items
Financial Knowledge	0.715	8
Financial Behaviour	0.753	8
Financial Attitude	0.773	3
Culture	0.710	10

Because their Cronbach's Alpha coefficients are between 0.7 and 0.8, the reliability of financial knowledge (0.715), financial behaviour (0.753), financial attitude (0.773), and culture (0.710) is acceptable.

### 5. 2. Self-Assessment of Financial Knowledge

Table 7 shows that 54.3 percent of participants believe their financial knowledge is about average, while 25.1 percent say it is rather high. 9.7% of the participants rated their financial knowledge as extremely high, while 8.9% rated it as quite low. 1.5 percent of participants say their financial knowledge is very limited, and 0.5 percent say they have no idea what they know about money. In conclusion, the majority of the participants (88.3%) rated their financial knowledge as average or above average.

**Table 7: Self-Assessment of Financial Knowledge Distribution**

Participants were asked about topics such as compound interest, inflation, time value of money, bonds and equities, and risk diversification (OECD, 2015) to assess their financial literacy. Furthermore, perceived financial awareness is just as crucial as actual financial literacy (Pudlo and Gavurova, 2012). When people's perceived financial understanding exceeds their actual financial literacy, they are more likely to take risks. Individuals may be overconfident if their perceived financial knowledge is higher than their real financial literacy level. These people, according to Allgood and Walstad (2016), like to believe that they have the ability to predict events. They are overconfident in their predictions, even if there is a little chance of success in the financial markets. At the same time, this circumstance has an impact on investments, savings, retirement planning, and debt management. (Leonard, 2012).

Young adults in Bristol and Istanbul have an average level of perceived financial awareness. As a result, young adults in Bristol and Istanbul are more likely to take a typical risk. Furthermore, perceived financial knowledge is a major predictor of saving behaviour, and the two have a positive correlation (Henager and Mauldin, 2015). According to this finding, young adults' saving behaviour is on par with the rest of the population. To gain future welfare, young adults' saving behaviour should be improved (Leonard, 2012).

Simultaneously, any discrepancy between perceived financial knowledge and financial literacy implies that people are unaware of their need for financial education (Agnew and Szykman, 2005). Individuals may not feel the need to enhance their financial literacy if perceived financial information exceeds their degree of financial literacy. As a result, achieving the goal of financial education will be tough. Because they recognise their average financial understanding, young adults in Bristol and Istanbul are more inclined to expand their financial knowledge through financial education.

This finding was contrasted by city in order to better understand the impact of cultural influences on perceived financial knowledge. Table 8 shows the self-assessment of participants' financial knowledge by city.

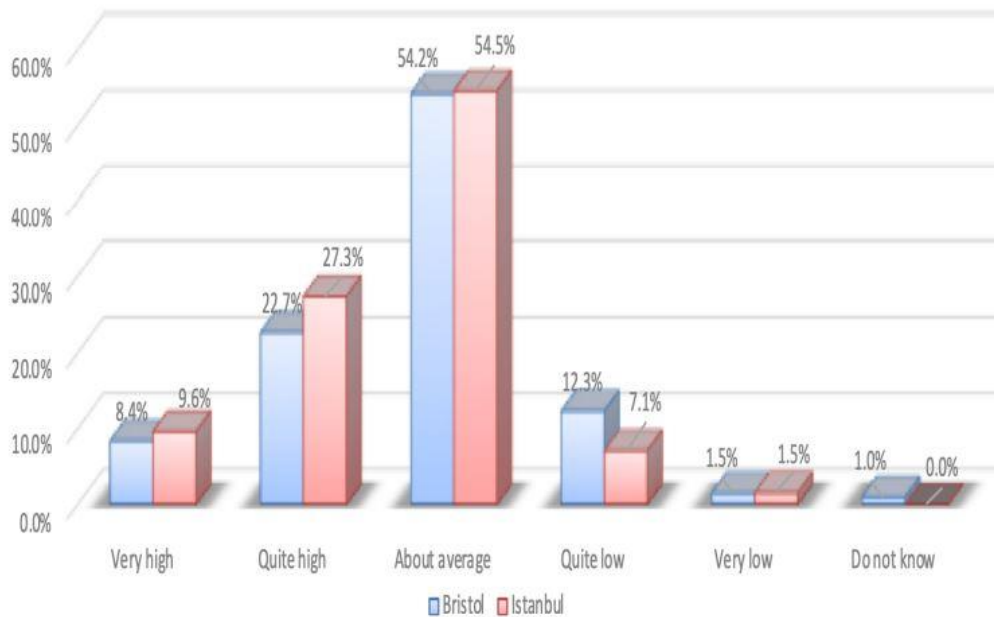
**Table 8: The Distribution of Financial Knowledge Self-Assessment in Comparison**

Table 8 reveals that the participants in Istanbul believe they know more about finance than the people in Bristol. Although the percentage of participants in Bristol and Istanbul who believe their financial knowledge is about average is fairly similar in both cities, the percentage of participants in Istanbul who believe they have quite high or very high financial knowledge is higher than the percentage of participants in Bristol. In addition, the percentage of Bristol participants who consider their financial knowledge is quite limited is higher than the percentage of Istanbul participants. In both Bristol and Istanbul, 1.5 percent of participants rated their financial knowledge as very low. In Bristol, 1.0 percent of participants are unaware of their degree of financial knowledge, whereas in Istanbul, all participants are aware of their level of financial knowledge.

In conclusion, young adults in Istanbul have slightly better financial understanding than those in Bristol. Young adults in Bristol believe they have a higher degree of financial understanding than those in Istanbul, whereas young adults in Istanbul believe they have a lower level of financial knowledge than those in Bristol. It suggests that while young adults in Istanbul may be more risky than those in Bristol (Henager and Mauldin, 2015), their saving behaviour may be better (Leonard, 2012). As a result, young individuals in Istanbul, in particular, require a certain level of financial literacy in order to better manage their risks.

When compared to Istanbul, young adults in Bristol are more conscious of the importance of financial education. Because more young adults in Bristol believe they have a poor degree of financial literacy, it is possible to conclude that culture influences young adults' perceived financial literacy level, albeit in a little way. According to OECD research from 2015, the UK and Turkey have similar levels of financial literacy. As a result, financial literacy is an essential topic for both developed and developing countries. This study reveals that their perceived financial literacy levels are relatively similar, regardless of development level.

### 5. 3. Analysis of Financial Literacy

Participants in Bristol and Istanbul were answered eight financial knowledge questions to get their financial knowledge score. Division, time value of money, interest paid on a loan, calculation of interest plus principal, compound interest, risk and return, inflation definition, and diversification are examples of financial knowledge questions. Table 9 illustrates the participants' responses to the financial knowledge questions in Bristol and Istanbul.

**Table 9: Answers to the Questions on Financial Knowledge**

Financial Knowledge	Total = 403			
	1		0	
	Frequency	Percentage	Frequency	Percentage
Division	376	93.3%	27	6.7%
Time value of money	342	84.9%	61	15.1%
Interest paid on a loan	385	95.5%	18	4.5%
Calculation of interest plus principle	336	83.4%	67	16.6%
Compound interest	323	80.1%	80	19.9%
Risk and return	385	95.5%	18	4.5%
Definition of inflation	392	97.3%	11	2.7%
Diversification	291	72.2%	112	27.8%

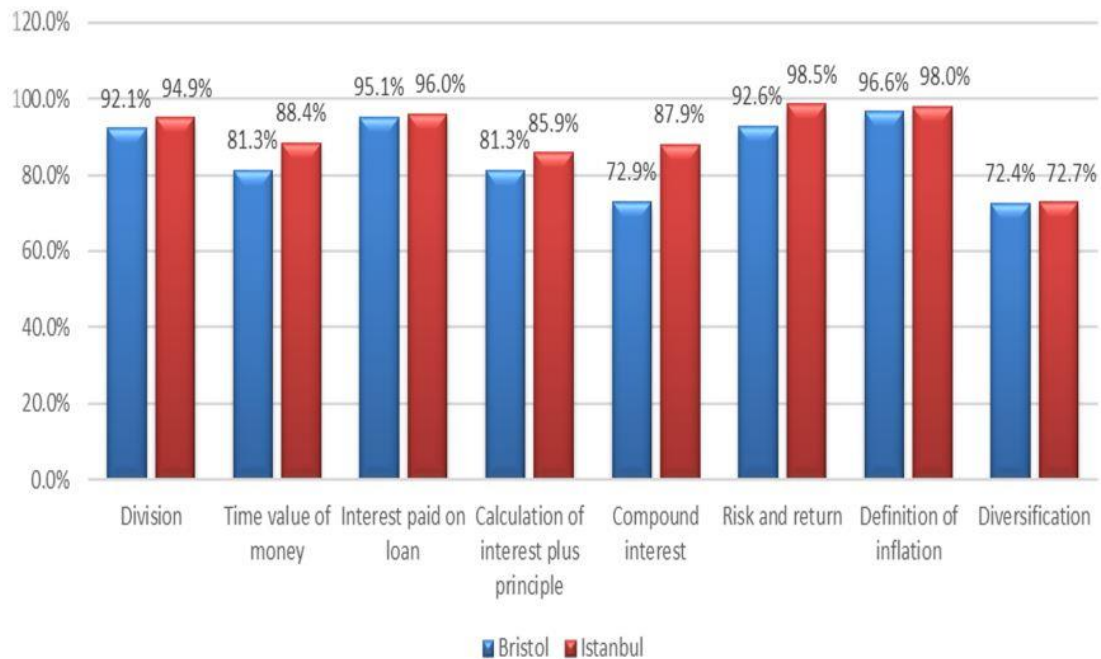
Table 9 shows that the definition of inflation is a hot topic among participants in Bristol and Istanbul (97.3%). The majority of the questions were answered correctly, including risk and return (95.5%), interest paid on a loan (95.5%), and division (93.3%). In both Bristol and Istanbul, nearly 90% of the participants correctly answered these four questions. Diversification (27.8%), compound interest (19.9%), interest plus principal computation (16.6%), and the time worth of money are all topics that participants in Bristol and Istanbul are unfamiliar with (15.1%).

In general, young adults in Bristol and Istanbul understand fundamental financial terminology, but their understanding of complicated financial terms has to be enhanced. These findings match those of Knoll and Houts (2012), Lusardi (2013), OECD (2015), and Ergun (2015). (2018). In addition, their perceived financial knowledge was average since they are knowledgeable about basic financial concerns but not enough about sophisticated financial issues. Young adults are familiar with risk and return, but they are unsure of how to manage the risks involved with their investments. As a result, young individuals in Bristol and Istanbul are less familiar with diversification. Due to a lack of awareness regarding diversification, people are more prone to act riskily. In addition, young adults who are less knowledgeable about diversity frequently seek counsel from their family and friends (Lusardi and Mitchell, 2014). At the same time, due to their lack of understanding of compound interest, they are more likely to miss out on future higher returns (OECD, 2015). Even if young adults understand interest rates, Alkaya and Yagli (2015) claim that they lack sufficient understanding of compound interest. They most likely desire to build a retirement plan, but owing to a lack of compound interest knowledge, their returns are likely to be underestimated. Inflation, on the other hand, is the most well-known financial topic among young adults. They may want to invest in order to protect their money against inflation. Lower returns, on the other hand, may be acceptable because they lack advanced math abilities.

Risk diversification, compound interest, and the time worth of money should be taught to young adults through financial education in order to improve their financial knowledge. Their advanced calculation skills should also be enhanced in order for them to gain a better comprehension of these areas.

Table 10 compares the replies of the participants in Bristol and Istanbul to the financial knowledge questions. The responses in Bristol are represented by blue bars, whereas the responses in Istanbul are represented by red bars.



**Table 10: Financial Knowledge in Comparison**

Participants in Istanbul have more financial knowledge than participants in Bristol, as seen in Table 10. Participants in Istanbul are familiar with risk and return (98.5 %), the definition of inflation (98.0 %), and interest paid on a loan (96.0 %), while participants in Bristol are familiar with definition of inflation (96.6 %), interest paid on a loan (95.1%), and risk and return (92.6 percent). Diversification (72.7 %), interest plus principle (85.9%), and compound interest (87.9%) are, on the other hand, lesser-known topics in Istanbul. Diversification (72.4%), compound interest (72.9%), interest plus principle calculation (81.3%), and the time worth of money (81.3%) are also lesser-known concepts in Bristol. Participants in Istanbul have a higher level of financial awareness than those in Bristol.

Bristol and Istanbul's young adults have similar financial understanding. According to the OECD (2015), the UK and Turkey have similar levels of financial literacy. Risk diversification is a topic that young individuals in Bristol and Istanbul are less familiar with. Young adults, in general, have no idea how to deal with dangers (Sevim et., al., 2012; Lusardi and Mitchell, 2014; OECD, 2015). Although it is one of the less well-known concepts in both cities, compound interest calculation is more popular among young adults in Istanbul. Due to a greater understanding of compound interest, Istanbul's prospective saving growth is anticipated to be higher than Bristol's. In Istanbul, young adults are more knowledgeable about inflation. As a result, Istanbul has a greater understanding of the temporal worth of money than Bristol. This finding suggests that during periods of high inflation, young people in Istanbul may spend less (Ergun, 2017). At the same time, investment decisions in Bristol may be made less frequently than in Istanbul due to a lack of awareness about inflation and the time worth of money in Bristol. To make efficient investing decisions, young individuals should have sufficient knowledge of compound interest, inflation, and the time worth of money (Sarigul, 2014).

Table 11 illustrates the accurate answers given by participants in Bristol and Istanbul to the financial behaviour questions. Considered purchasing, prompt bill payment, keeping track of financial affairs, long-term financial goal setting, make a money decision, active saving, product selection, and borrowing to make ends meet are all examples of financial behaviour questions.



**Table 11: Financial Behaviour Questions Answered**

Financial Behaviour	Total = 403			
	1		0	
	Frequency	Percentage	Frequency	Percentage
Considered purchase	370	91.8%	33	8.2%
Timely bill payment	363	90.1%	40	9.9%
Keeping watch on financial affairs	309	76.7%	94	23.3%
Long-term financial goal setting	268	66.5%	135	33.5%
Take a decision about money	362	89.8%	41	10.2%
Active saving	402	99.8%	1	0.2%
Choosing products	398	98.8%	5	1.2%
Borrowing to make ends meet	271	67.2%	132	32.8%

Table 11 shows that 99.8% of participants in Bristol and Istanbul are actively saving. Before purchasing a product, 98.8% of participants demonstrate appropriate financial behaviour, and 91.8 percent of participants thoroughly analyse their financial condition, determining whether they can afford it or not. Furthermore, 90.1 percent of members pay their invoices on time. 89.8% of the participants make financial decisions on a daily basis. 33.5 percent of those polled say they don't have any long-term financial ambitions. If they are faced with a large expense, they will be unable to pay it without borrowing money or enlisting the assistance of relatives or friends.

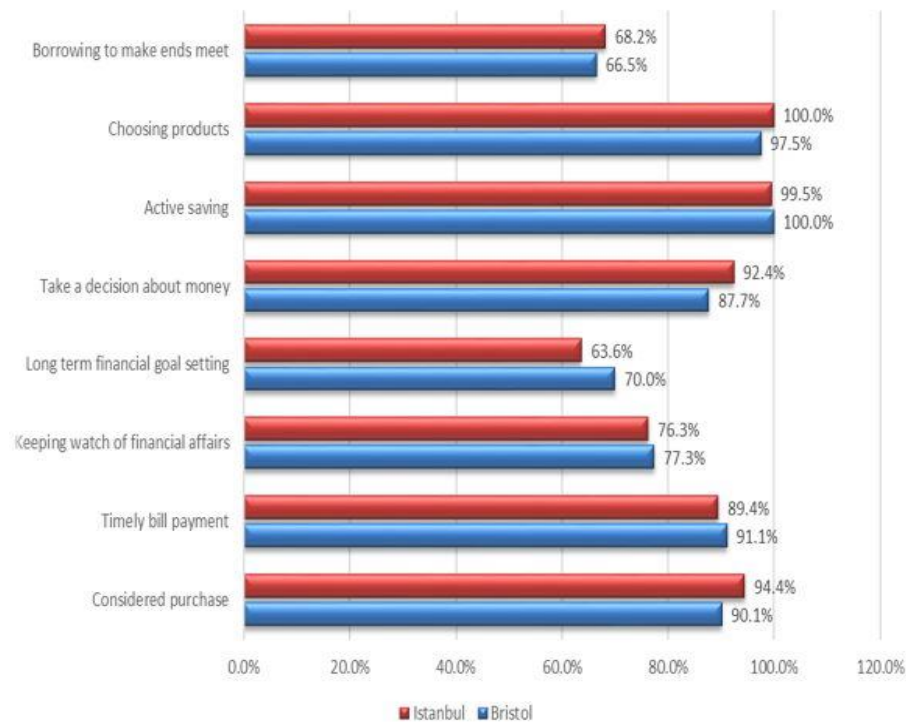
In general, young individuals in Bristol and Istanbul have been diligent in saving money over the last year. This result indicates that they were aware of the significance of saving, but that they were unable to calculate the larger return due to a lack of financial expertise. Making savings can not only improve an individual's well-being; it is also critical for both the individual and society to move these resources to which investment instrument. As a result, being financially literate enhances an individual's ability to manage his or her money and analyse investment possibilities (Temizel and Bayram, 2011). Young adults in Bristol and Istanbul, on the other hand, can access their savings if they need to spend more than their income. However, they may be forced to cut back on existing resources in this situation. As a result, if people assess their savings for appropriate financial instruments, their current resources may be less influenced by unforeseen events (Ergun, 2017).

On the other hand, the majority of young adults are unable to cover unforeseen expenses without the assistance of family or friends. This demonstrates that they are unable to choose an appropriate investment instrument due to a lack of financial knowledge and are willing to accept lesser returns as a result (Sarigul, 2014). A lack of a long-term financial plan could also be a factor. In both Bristol and Istanbul, the majority of young individuals do not have a long-term financial strategy. This demonstrates their lack of understanding of how and where to obtain financial products and services, as well as their inability to use financial instruments effectively (Hayta, 2011). As a result, young individuals are unprepared to create and manage money.

Before purchasing any product, the majority of young adults in Bristol and Istanbul carefully assess their financial circumstances to see if they can afford it. They are also dependable when it comes to paying their debts. They do not, however, know what to pay attention to while creating budgets or how to plan budgets. As a result, achieving a balance between spending and saving is impossible. Young adults borrow more due to a lack of budgeting habits (Lusardi, 2013). As a result, young adults' borrowing is

projected to rise in the future unless financial education is provided to emphasise the necessity of budgeting preparation.

Table 12 compares the financial behaviour of Bristol and Istanbul participants. The responses given in



Bristol are shown in blue bars, whereas the responses given in Istanbul are shown in red bars.

**Table 12: Financial Behaviour in Comparison**

Table 12 shows that 100% of Bristol participants are actively saving, and 97.5 percent of Bristol participants demonstrate good financial behaviour before purchasing a product. In Bristol, 91.1 percent of participants pay their bills on time. Before choosing a product, 100% of participants in Istanbul demonstrate good financial behaviour, and 99.5 percent of participants in Istanbul are actively saving. 94.4 percent of participants in Istanbul thoroughly analyse their financial condition before purchasing, determining whether they can afford it or not. 33.5% in Bristol and 31.8% of participants in Istanbul said they would be unable to pay a large bill without borrowing money or asking family or friends for assistance. Furthermore, 30.0% in Bristol do not have long-term financial goals, while 36.4% in Istanbul do.

Even though young persons in Bristol may not have long-term financial plans, it is clear that more young adults in Bristol do than in Istanbul. This means that young people in Bristol are saving more for retirement. As a result, their well-being is less prone to deteriorate. At the same time, this suggests that young adults in Bristol are less likely to buy things that are superfluous in the long run (Eker, 2017). Bristol's savings level could rise as a result of this.

Furthermore, it is projected that young adults in Bristol who set long-term financial goals will be more effective in both financial instrument selection and long-term best utilisation (Mandell, 2016). In addition, a greater number of young adults in Bristol construct a budget. This demonstrates that young adults in Bristol can make more informed investment decisions and manage their loans more effectively (Jariwala, 2013). They will be able to make more accurate decisions since they have a documented budget and compare their existing and projected expenses on a regular basis (Hogart et al., 2003).

On the other hand, more young individuals evaluate their financial condition when deciding whether or not to purchase a product. As a result, more young individuals in Istanbul are able to pay for unforeseen needs without relying on family or friends for assistance. In general, young individuals' financial behaviour is influenced by their culture (Chen and Lemieux, 2016). Young people in Bristol are more

concerned with saving, investing, and long-term planning, whilst those in Istanbul are more concerned with consuming.

Table 13 demonstrates the participants' financial attitudes in Bristol and Istanbul. The scale of financial attitudes ranges from 1 to 5. A higher number suggests that the person has a long-term financial plan, while a lower number shows that the person has a short-term financial plan.

**Table 13: Financial Attitudes in Comparison**



The overall financial attitude score of all participants is 2.14, as shown in Table 13. This demonstrates that the participants are concentrating on a short-term financial strategy rather than a long-term strategy. Participants in Istanbul had a score of 2.12, while those in Bristol received a score of 2.17. As a result, while both Bristol and Istanbul participants are likely to be focused on a short-term financial plan, Bristol participants are more focused on a long-term financial plan than Istanbul participants.

In conclusion, young adults in Bristol were more concerned with long-term goals than those in Istanbul. As a result, the level of saving in Bristol would be higher than in Istanbul. Young adults in Bristol must choose effective and precise financial instruments to do this. However, in the part on financial knowledge, it was discovered that the majority of young adults are lacking in sophisticated financial subjects. A proper financial education, including complicated financial difficulties, should be taught in order to use the savings in Bristol more effectively. In general, the financial plans of young adults are influenced by societal economic situations. The economy's uncertainties and risks have a detrimental impact on young people's long-term plans, and hence their investing, saving, and spending decisions (Eker, 2017). Although young individuals in Bristol create more long-term plans, Istanbul's young adults may have shorter plans due to the various economic constraints they face.

The responses of the cultural questions from the participants in Bristol and Istanbul are shown in Table 14. Risk, time, rules, freedom, and social prestige are all aspects of culture.

**Table 14: Answers to the Culture Questions**

Culture	Total = 403			
	1		0	
	Frequency	Percentage	Frequency	Percentage
Risk	230	57.1%	173	42.9%
Time 1	315	78.2%	88	21.8%
Time 2	70	17.4%	333	82.6%
Time 3	356	88.3%	47	11.7%
Norms 1	246	61.0%	157	39.0%
Norms 2	216	53.6%	187	46.4%
Freedom 1	326	80.9%	77	19.1%
Freedom 2	353	87.6%	50	12.4%
Social Prestige 1	101	25.1%	302	74.9%
Social Prestige 2	119	29.5%	284	70.5%

Table 14 shows that 88.3% of participants in Bristol and Istanbul are unwilling to spend money now and trust the future to take care of itself. Money offers people the freedom to do anything they want, according to 87.6% of participants in Bristol and Istanbul, and money is a tool to achieve goals, according to 80.9 percent of participants. It is clear that freedom is the most important topic for participants in Bristol and Istanbul. Despite the fact that it would be beneficial to complete chores immediately, 82.6% tend to postpone them. Money is not a tool to build friends with, according to 74.9%, and 70.5% do not do anything for money. Furthermore, 53.6% of those polled believe that people should not be in debt.

In order to understand cultural influences, young adults were asked questions about risk perception, spending habits, norms, independence, and social prestige. Young adults in Bristol and Istanbul engage in slightly riskier behaviour than the national average, but they lack awareness regarding risk diversification. According to Lusardi (2013), young adults make more risky financial decisions in general, despite their lack of knowledge on risk diversification. In Bristol and Istanbul, young individuals tend to put off purchasing in case of financial hardship or to be able to buy more tomorrow. They need to know how to improve their well-being so that they can buy more tomorrow. Effective financial instruments and saving strategies should be understood for this (Temizel and Bayram, 2011). They don't know how to enhance their money since they don't have enough understanding about difficult financial information, as stated in the financial knowledge section. As a result, many of them are adamant about not borrowing money. At the same time, they make timely payments on their bills. As a result, they believe that people should not be in debt because money gives them freedom. They can do whatever they desire more readily if they are debt-free and have adequate money (Vijayvargy and Bahkshi, 2018). Furthermore, the majority of them believe that money will not help them attain social status.

In general, young adults in Bristol and Istanbul avoid taking out loans and prefer to save their money. Because they believe that by reducing their borrowing and increasing their savings, they will have more freedom to accomplish what they desire. However, they lack sufficient knowledge on the most effective ways for achieving these goals. They are insufficient in sophisticated financial issues and budgeting, as described in the financial behaviour and financial knowledge sections. As a result, financial education on these topics should be provided to these young individuals.

Table 15 shows how culture scores compare. The responses given in Bristol are shown in blue bars, whereas the responses given in Istanbul are shown in red bars.

**Table 15: Cultures in Comparison**

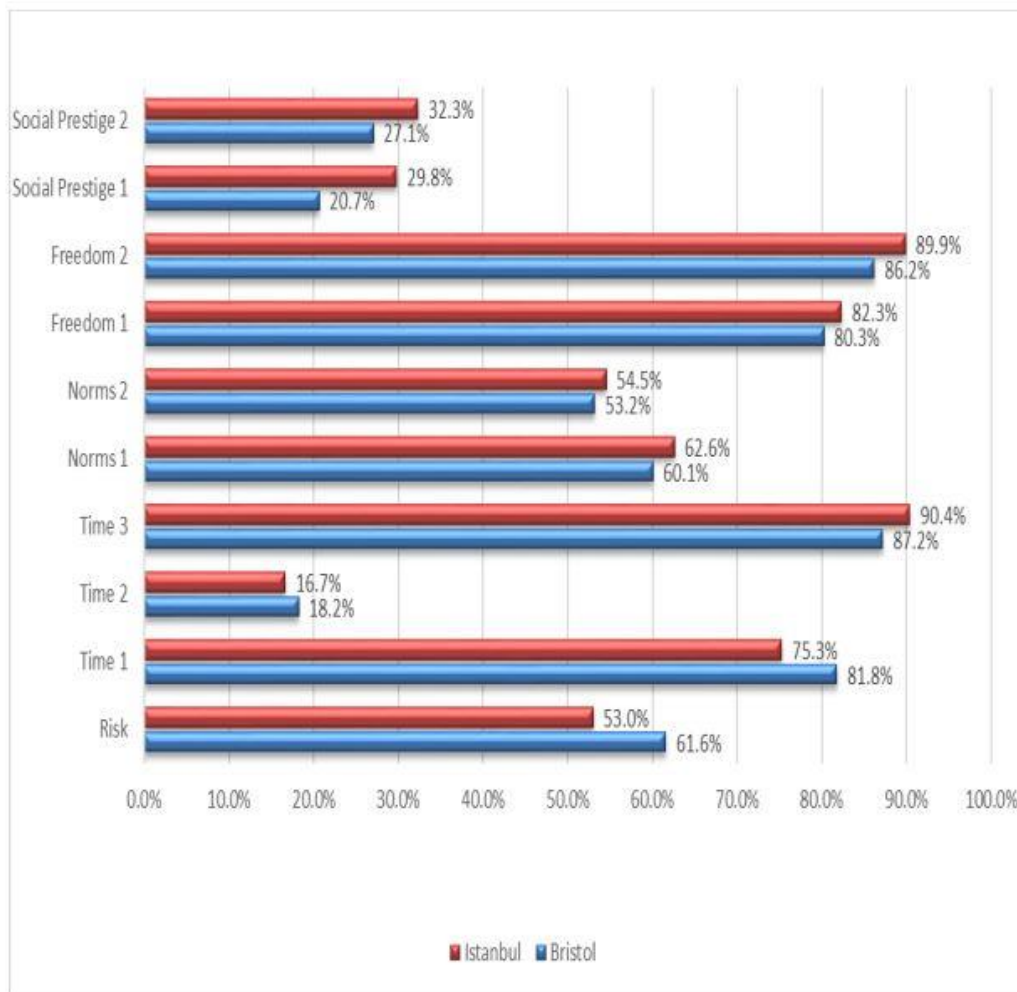


Table 15 shows that 87.2% of Bristol participants and 90.4% of Istanbul participants are unwilling to spend money now and let the future take care of itself. Money provides people freedom, according to 86.2% in Bristol and 89.9% of participants in Istanbul. In Bristol, the majority of participants (81.8%) save so that they can buy more tomorrow. Money is a tool for achieving goals, according to 82.3% in Istanbul. Even if it would benefit them to complete work immediately, 18.2% of participants in Bristol and 16.7% of participants in Istanbul do not tend to postpone tasks. For 20.7% in Bristol and 29.8% of participants in Istanbul, money is not a strategy for making friends. Furthermore, 27.1% of Bristol participants and 32.3% of Istanbul participants do not do everything for money.

In general, more young individuals in Istanbul believe that money may help them attain social status. At the same time, they believe that if they have enough money, they can do whatever they want. As a result, they may wish to improve their net worth. In Istanbul, money is seen as a means for socialising among young adults (Gokmen, 2012). As a result, a growing number of young adults believe that people should not be in debt or spend more than they earn. In Bristol, more young individuals can put off their purchases if they run into financial difficulties. They do, however, engage in riskier behaviour than Istanbul. Young adults in Istanbul may desire to avoid borrowing, but young adults in Bristol are more likely to avoid borrowing because they can simply postpone their spending. As a result, Bristol's borrowing level may be lower than Istanbul's in the future.



#### 5. 4. Financial Literacy Findings

The sum of financial knowledge, financial behaviour, financial attitude, and cultural scores was used to calculate the financial literacy score. The financial literacy score for participants in Bristol and Istanbul is shown in Table 16. The maximum score for financial literacy is 42.

**Table 16: Score on Financial Literacy**

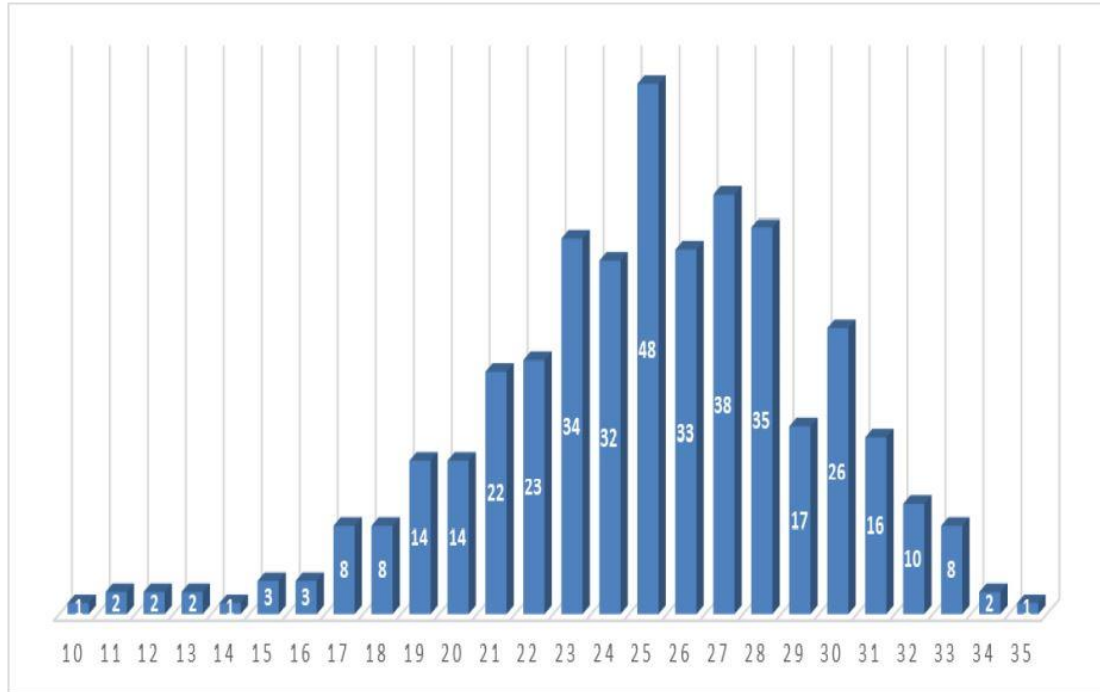


Table 16 shows that the most common financial literacy scores for all participants are between 23 and 28 points. The maximum financial literacy score is 25 points, which was granted to 48 participants (11.9%). The average financial literacy score of 38 participants (9.4%) is 27 points. The average financial literacy score of 35 participants (8.7%) is 28 points. The average financial literacy score of 34 participants (8.4%) is 23 points. The financial literacy score of 33 participants (8.2%) is 26 points, while the score of 32 participants (7.9%) is 24 points. One member receives the highest financial literacy score of 35 points. One individual, on the other hand, receives 10 points, the lowest financial literacy score.

Young adults in Bristol and Istanbul had slightly higher financial literacy scores (24.9) than the national average (21.0). This result is very comparable to that of the OECD (2015). According to the OECD (2015), the UK has slightly lower financial literacy than the norm, whereas Turkey has slightly higher financial literacy. The fact that the financial literacy score is slightly better than the national average is attributable to the fact that fundamental financial concerns were understood, but complicated financial issues were not (Lusardi, 2013; Sarigul, 2014; Yardimcioglu and Yoruk, 2016). According to Sevim et al. (2012), financial literacy and debt level have a favourable relationship. It is reasonable to assume that the debt levels in Bristol and Istanbul will remain average unless young persons' financial knowledge improves. It is well known that people with a lack of financial expertise and some market knowledge borrow more than they save. In terms of financial decisions, portfolio selection, and welfare investment, these persons exhibit more negative behaviours than financially successful people (Stango and Zinman, 2006). Young adults in Bristol and Istanbul, on the whole, dislike borrowing, but their financial literacy is slightly above average. To achieve a suitable borrowing level, it must be increased.

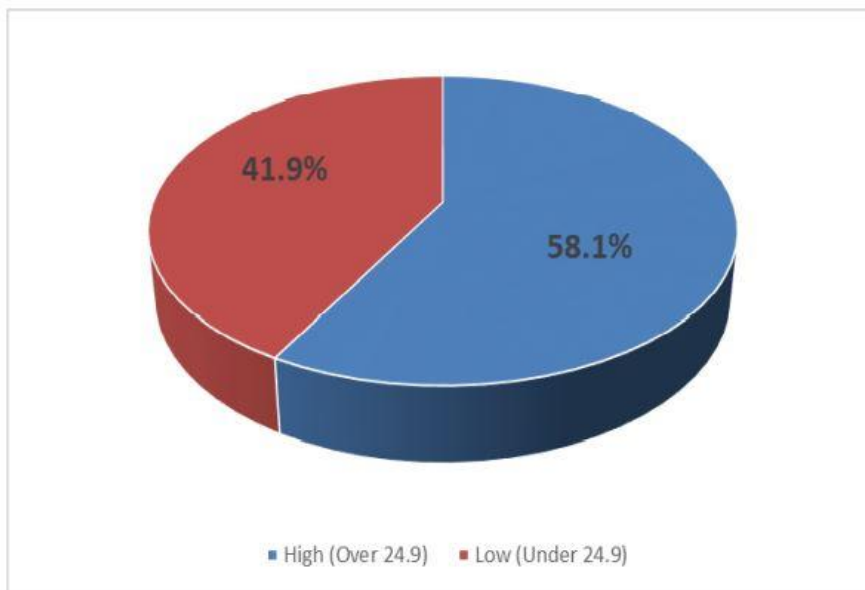
At the same time, financial literacy is one of the most important variables influencing young individuals in Bristol and Istanbul to set short-term goals (2.12 out of 5.00). Individuals who have a high level of financial literacy develop long-term plans and desire to improve their savings (Robb ve Woodyard, 2011; Henage ve Mauldin, 2015). Savings have a positive impact on the entire society. This, in turn, leads to an increase in capacity and economic growth. Individuals should be encouraged to save more at the national level within this framework. Individuals' financial literacy can be increased through



financial education studies, which can lead to success with such an incentive (Mahdzan ve Tabiani, 2013). Furthermore, even if they wish to save, young adults in Bristol and Istanbul lack knowledge about successful saving practises. One of the reasons their financial literacy score is slightly higher than the national average is because of this.

The financial literacy levels of participants in Bristol and Istanbul are shown in Table 17. To determine the participants' financial literacy level, the average financial literacy score was derived by multiplying the sum of all points by the number of participants. If the participants' financial literacy level is higher than the average financial literacy score, they have a high level of financial literacy; if it is lower, they have a low level of financial literacy. All of the participants had an average financial literacy score of 24.9. This was the starting point for determining the level of financial literacy among participants in Bristol and Istanbul. The colour blue denotes a high level of financial knowledge, while the colour red denotes a low level of financial literacy.

**Table 17: Level of financial literacy**



As shown in Table 17, 58.1 percent of the participants have a high degree of financial literacy, whereas 41.9 percent have a poor level of financial literacy. In other words, 234 people' financial literacy scores in Bristol and Istanbul are higher than the national average, whereas 169 participants' financial literacy scores in Bristol and Istanbul are lower.

According to the results of the financial literacy study, the financial literacy level of young adults in Bristol and Istanbul is slightly higher than the national average. In addition, their perceived financial expertise was slightly above average. This indicates that they were conscious of their financial problems. As a result, developing a successful financial education programme for them is simple. If young adults are ready to make up for these flaws, they can get the most out of financial education (Mandell, 2016).

Table 18 details the financial literacy scores and levels of the participants.

**Table 18: Demographic Variables and Financial Literacy Score**

Demographic Variables	FL Score	FL Level
Male	24.9	High
Female	25.0	High
Postgraduate education or equivalent (e.g. master's degree, PhD or advanced professional training)	25.8	High
University-level education (e.g. degree or higher level vocational training)	24.9	High
Upper secondary school or high school	23.3	Low
Lower secondary school or middle school (where relevant)	22.0	Low
Single	24.5	Low
Married	25.6	High
Divorced	21.0	Low
In paid employment (work for someone else)	25.1	High
Self-employed (work yourself)	26.6	High
Student	24.3	Low
Unable to work due to sickness or ill-health	22.0	Low
Unemployed	21.8	Low
£0 – £9999	24.3	Low
£10000 – £19999	21.4	Low
£20000 – £29999	25.2	High
£30000 – £39999	29.2	High
£40000 – £59999	26.8	High
£60000+	18.0	Low

Note: Green colour indicates high level while red colours represents low level.

Even if they have a high degree of financial literacy, female (25.0) have a higher financial literacy score than males (24.9), according to Table 50. Participants with a postgraduate education have the highest financial literacy score of all education levels (25.8). Participants with a lower secondary school or middle school education level have the lowest financial literacy score of 22.0. Participants with a postgraduate or university education, on the other hand, have a high degree of financial literacy, and those with a lower secondary school or middle school education have a low level of financial literacy. The financial literacy score of married participants (25.6) is greater than that of single individuals (24.5). At the same time, married participants have a high degree of financial knowledge, while single and divorced participants have a low level of financial literacy. With financial literacy scores of 26.6 and 25.1, respectively, both self-employed and employed individuals have a high degree of financial literacy. Participants who are students, unable to work owing to illness or ill health, or unemployed have low financial literacy. Participants in the £30,000–£39,999 income bracket have the highest level of financial literacy. Participants earning between £20,000 and £59,999, on the other hand, show a high level of financial literacy.

In general, female young people have a higher level of financial literacy than males. Females in the United Kingdom, Mexico, Japan, and South Africa have higher financial literacy than males, while they have lower financial literacy in Russia, France, Turkey, the United States, Germany, Brazil, Italy, Canada, China, Saudi Arabia, India, and Argentina, according to the GFLEC report (2017). Because of their longer life expectancy than men, lower income from men, and career disruptions due to childrearing, female young adults with a high level of financial literacy are critical for society's future well-being. Young women who have a high level of financial literacy are more likely to have a high

level of future happiness (Lusardi and Mitchell, 2008). Because financially intelligent people are more likely to invest in the stock market, pay attention to wages, borrow at low rates, save for retirement, and diversify risk, they are more likely to invest in the stock market and pay attention to wages (Bucher et al., 2011).

There is a positive correlation between financial literacy and education (Bucher et al., 2012). Financial literacy is higher among young adults with a higher education. In Bristol and Istanbul, young adults with a higher education level are projected to save more and choose the correct financial instruments for investment due to a higher degree of financial literacy than those without a higher education. As a result, financial education, which will promote financial literacy, should begin with young individuals in societies who have a poor level of education.

In both Bristol and Istanbul, married young individuals have the highest level of financial literacy (Temizel and Bayram, 2011). Because their financial situation is more stable, married young adults are more careful when making financial decisions. Students, on the other hand, have a lower degree of financial literacy (Lusardi, 2013), while unemployed young adults have the lowest level of financial literacy (Chen and Lemieux, 2016). In Bristol and Istanbul, young adults who work for themselves have the highest financial literacy. In addition, there is a link between financial literacy and income level (Hayta, 2011). Because there were insufficient participants earning above £40,000 in this study, the financial literacy level of young individuals earning over £40,000 is dropping.

In Bristol and Istanbul, married females young adults with a postgraduate degree and a high salary who work for themselves have the highest financial literacy. In Bristol and Istanbul, divorced male young adults with a lower secondary school education and no job had the lowest financial literacy.

### 5. 5. Bristol's Financial Literacy Score

The financial literacy score of participants in Bristol is shown in Table 19. The maximum score for financial literacy is 42.

**Table 19: Bristol's Financial Literacy Score**

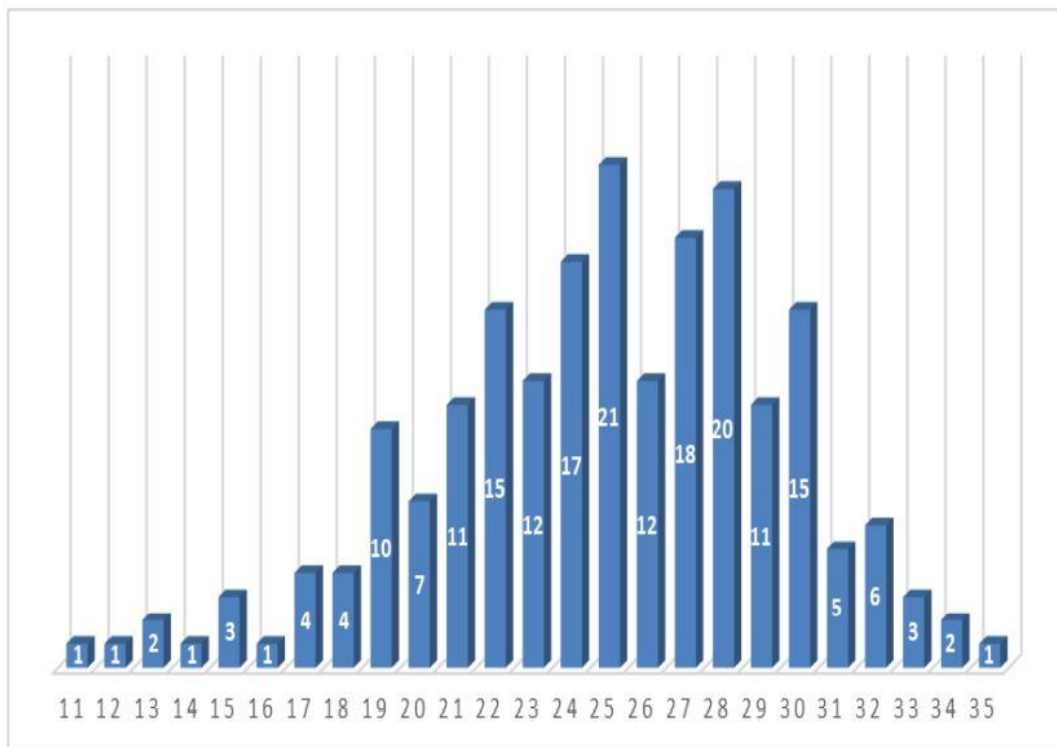


Table 19 shows that the most common financial literacy score in Bristol is 24 points, which was given to 21 people. Twenty competitors received a total of 28 points. A total of 18 participants have a 27-point

financial literacy score. One person had the highest financial literacy score of 35 points, while another received the lowest financial literacy score of 11 points.

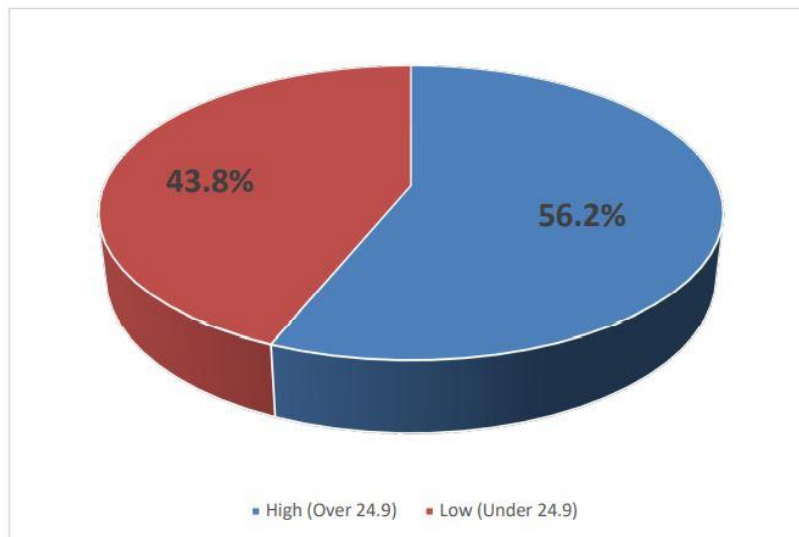
Young adults in Bristol have a financial literacy level of 24.8 out of 42, which is slightly higher than the national average. Individuals' ability to make sound financial decisions is hampered by the variety and complexity of financial tools and products accessible in the financial markets. Bristol's young adults lack sufficient knowledge of complex financial difficulties. Furthermore, financial markets are becoming more difficult every day as a result of technology advancements (Temizel and Bayram, 2011). To improve their financial literacy, young individuals in Bristol should be educated on complex financial issues. Otherwise, they may lose their welfare benefits in the future.

Individuals who save a portion of their earnings rather than spending them altogether can make a major contribution to ensuring social as well as individual prosperity. Individuals with a high level of financial knowledge are more likely to make wise savings decisions (Bucher et al., 2012). Because there is a positive association between financial literacy and savings, young individuals in Bristol are anticipated to save slightly more than the national average. Compound interest is also a little-known financial concept among young adults in Bristol. This demonstrates how advanced financial knowledge might boost their saving habits.

Young individuals in Bristol, on the other hand, are more likely to engage in risky financial behaviour, although risk diversification is a less well-known topic among them. This is one of the reasons behind the country's low financial literacy. Furthermore, they lack sufficient knowledge of how to prepare a budget. Financial education regarding these topics can help them improve their financial literacy.

The financial literacy level of participants in Bristol is shown in Table 20. Participants with a financial literacy score of more than 24.9 have a high degree of financial literacy; otherwise, they have a low level of financial literacy. The colour blue represents a high level of financial knowledge, while the colour red implies a low level of financial literacy.

**Table 20: Bristol's Financial Literacy Level**



In Bristol, 56.2% have a high degree of financial literacy, whereas 43.8% have a poor level of financial literacy, as seen in Table 20. In other words, 114 individuals have a financial literacy score higher than the national average, while 89 have a financial literacy score lower than the national average. The majority of Bristol participants have a good level of financial literacy.

The financial literacy score and level are compared by demographic characteristics in Table 21.

**Table 21: Financial Literacy Score in Bristol, UK based on Demographic Variables**

Demographic Variables - Bristol	FL Score	Level
Male	24.6	Low
Female	25.0	High
Postgraduate education or equivalent (e.g. master's degree, PhD or advanced professional training)	25.9	High
University-level education (e.g. degree or higher level vocational training)	24.7	Low
Upper secondary school or high school	23.6	Low
Lower secondary school or middle school (where relevant)	27.0	High
Single	24.0	Low
Married	26.1	High
In paid employment (work for someone else)	24.9	High
Self-employed (work yourself)	26.7	High
Student	24.3	Low
Unemployed	21.8	Low
£0 – £9999	24.3	Low
£10000 – £19999	20.7	Low
£20000 – £29999	24.9	High
£30000 – £39999	29.7	High
£40000 – £59999	30.3	High
£60000+	11.0	Low

Note: Green colour indicates high level while red colours represents low level.

Table 21 shows that female participants in Bristol have a higher financial literacy score (25.0) than male participants in Bristol (24.6). Female participants have a high level of financial literacy, whereas male participants have a low level of financial literacy. Young people with a postgraduate education have a high level of financial literacy, with a financial literacy score of 25.9. Participants with a lower secondary school or middle school education level have a high degree of financial literacy, with a financial literacy score of 27.0. Participants with a university, upper secondary school, or high school education had a low level of financial literacy. In addition, married participants have a better level of financial literacy than single participants. Participants who are self-employed or employed have a high degree of financial literacy, whereas students and jobless participants have a low level of financial literacy. Participants with incomes ranging from £20,000 to £59,999 have a high level of financial literacy.

In Bristol, female young adults have a greater level of financial knowledge than male young adults. Female young adults in Bristol are more likely to buy in stocks and pay attention to fees, diversify risk, borrow at low interest rates, and save for retirement (Lusardi and Mitchell, 2008). In Bristol, young adults with a higher education have a high level of financial knowledge. Only one young adult in Bristol had a lower secondary school education, which explains why young people with lower secondary school education have the highest financial literacy. There were insufficient participants with less than a high school diploma to measure their financial literacy. Individuals' education levels should be enhanced in order to increase financial literacy in Bristol, as there is a favourable association between education and financial literacy (Mandell and Klein, 2009). It would be costly to do research without boosting individual education levels. At the same time, financial difficulties can be addressed through school-based educational programmes. In Bristol, married young adults also have a greater level of financial literacy. Students have a poor level of financial literacy, while unemployed young adults in Bristol have



the lowest level. Students have a low level of financial literacy in general (Cameron, 2014). This demonstrates that pupils do not receive adequate financial education. Young individuals in Bristol have a good association between their income level and their financial literacy. Only one young adult with a salary of above £60,000 took part in the poll, hence this category has the lowest financial knowledge.

In conclusion, married female young adults with a higher education, a higher income, and who work for themselves have the highest level of financial literacy. Financial literacy is lowest among single male unemployed young adults with a low education and poor income.

### 5. 6. Istanbul's Financial Literacy Score

In this section, Istanbul's financial literacy was assessed. Table 22 illustrates the participants' financial literacy scores in Istanbul. The maximum score for financial literacy is 40.

**Table 22: Istanbul's Score in Financial Literacy**

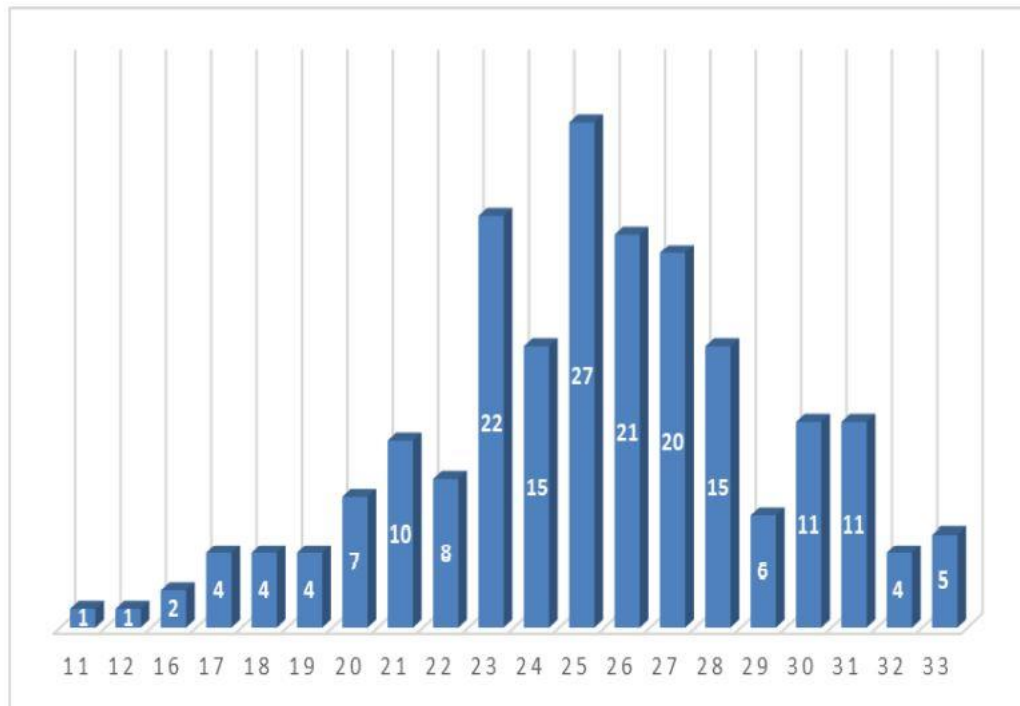


Table 22 shows that the most common financial literacy score (given to 27 participants) is 25. The average financial literacy score of 22 participants is 23 points. Twenty-one participants have a financial literacy score of 26, while twenty others have a score of 27. Five participants in Istanbul received the maximum financial literacy score of 33 points. One participant, on the other hand, received the lowest financial literacy score of 11 points.

Istanbul's young adults have a somewhat higher level of financial literacy than the national average (25.2 out of 42.00). Compound interest, risk diversification, time value of money, and interest plus principle computation were unfamiliar concepts in Istanbul. Even if they have a good understanding of basic financial issues, they can be regarded to be lacking in advanced financial knowledge. As a result, their financial understanding is slightly above average. To improve their financial literacy, young individuals' financial awareness of complicated financial concerns should be improved (Turkey Economy Bank, 2017). In Istanbul, young adults' lack of understanding of compound interest may be a barrier to achieving larger profits. Simultaneously, as indicated in the financial behaviour section, it implies that they may have problems keeping the balance between income and spending due to a lack of budgeting skills (Lusardi and Scheresberg, 2013). As a result, the amount borrowed may rise. Furthermore, as indicated in the financial behaviour section, when they are faced with unforeseen bills, they are unable to pay them off without enlisting the assistance of friends or relatives. Their financial literacy may have decreased as a result of these factors. When young individuals' lack of financial education is addressed, their financial behaviour can be improved (Mandell, 2016). Advanced finance topics such as savings



methods, debt management, and the need of budgeting should be included in financial education for young adults in Istanbul.

Table 23 illustrates the level of financial literacy among Istanbul participants. If the participants in Istanbul have a financial literacy score of greater than 24.9 points, they have a high level of financial literacy; otherwise, they have a poor level of financial literacy. The colour blue denotes a high level of financial knowledge, while the colour red denotes a low level of financial literacy.

**Table 23: Istanbul's Financial Literacy Level**

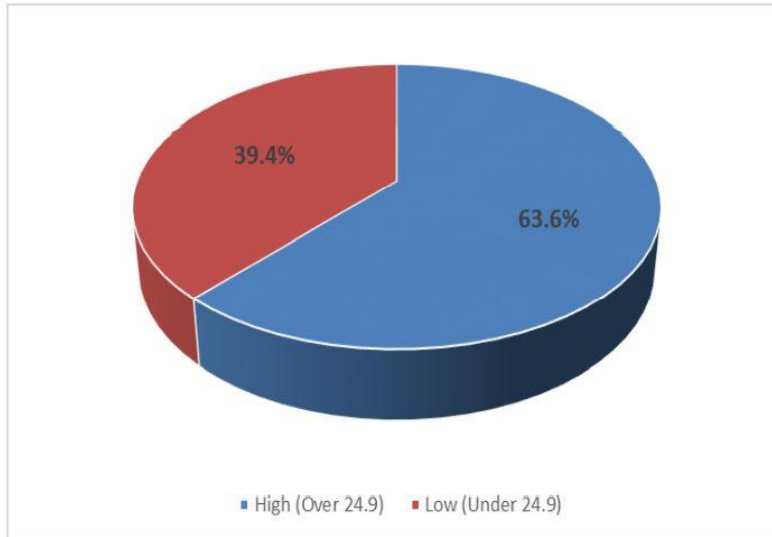


Table 23 shows that 63.3% of Istanbul participants have a high degree of financial literacy, whereas 39.4% have a poor level of financial literacy. In other words, the financial literacy scores of 120 participants are higher than the Istanbul average, while the financial literacy scores of 78 people are lower than the Istanbul average.

The financial literacy score and level of participants in Istanbul are compared in Table 24.

**Table 24: Istanbul's Financial Literacy Score based on Demographic Variables**

Demographic Variables - Istanbul	FL Score	Level
Male	25.2	High
Female	25.1	High
Postgraduate education or equivalent (e.g. master's degree, PhD or advanced professional training)	26.3	High
University-level education (e.g. degree or higher level vocational training)	25.2	High
Upper secondary school or high school	22.9	Low
Lower secondary school or middle school (where relevant)	17.0	Low
Single	25.2	High
Married	25.2	High
In paid employment (work for someone else)	25.3	High
Self-employed (work for yourself)	26.5	High
Student	24.7	Low
Unable to work due to sickness or ill-health	22.0	Low
£0 – £9999	24.4	Low
£10000 – £19999	22.5	Low
£20000 – £29999	25.8	High
£30000 – £39999	28.6	High
£40000 – £59999	25.4	High
£60000+	19.8	Low

Note: Green colour indicates high level while red colours represents low level.

Table 24 shows that both females and males in Istanbul have a high degree of financial knowledge. Males have a 0.1 point advantage over females in terms of financial knowledge. Participants with a postgraduate or university degree have a high level of financial literacy, whereas those with an upper secondary or high school education, as well as lower secondary and middle school education, have a low level of financial literacy. In Istanbul, however, the financial literacy score of married participants (25.2) is equal to that of single individuals (25.2). Furthermore, both groups possess a high level of financial knowledge. Participants who are employed or self-employed have a high degree of financial literacy, whereas those who are students or unable to work owing to sickness or ill-health have a low level of financial literacy. Participants with incomes ranging from £20,000 to £59,999 have a high level of financial literacy.

Male young adults in Istanbul have a greater level of financial literacy than females. Women in Istanbul have a lower degree of financial literacy, which might have serious effects. Throughout their lives, women are frequently paid less than males. Their professions are hampered by the need to care for their children. They also have a longer lifespan than men. For these reasons, having a higher level of financial literacy than men will be advantageous. As a result, authorities should prioritise developing female financial literacy and providing women with tools to make sound financial decisions (Bucher-et Koenen's al., 2014). In addition, there is a link between financial literacy and the educational level of young individuals (Lusardi et al., 2014; Ergun, 2017). In Istanbul, young adults with a higher education are more financially literate. In this regard, including financial knowledge-enhancing courses in the education curriculum and allowing students to conduct application studies connected to their learning may help them to improve their financial knowledge and competences even further. In Istanbul, both married and unmarried young adults have the same level of financial knowledge. There aren't any distinctions between them. In Istanbul, young individuals who work for themselves have a greater level of financial knowledge. In Istanbul, students have a low degree of financial literacy (Jorgensen, 2007).

In conclusion, male young adults with a postgraduate degree who work for themselves have the highest level of financial literacy, whereas female young individuals with a lower 220 secondary school education who are unable to work owing to sickness or ill-health have the lowest level of financial knowledge.

## 6. Conclusion

In this section, the answers to the research questions and contributions of the research were presented.

**Research Question 1:** What are the most important factors in developing financial literacy among young adults?

The most critical component in improving young adults' financial literacy is their financial understanding. Advanced financial subjects, in particular, should be taught to them. Furthermore, because financial behaviour and attitude constitute the application of financial information, they have a significant impact on financial literacy. Individuals who do not put their financial knowledge to good use are less likely to have positive financial behaviour and attitude. In other words, unless individuals have a particular level of financial education and use it, it is impossible to have healthy financial behaviour and attitude. As a result, financial knowledge, particularly advanced financial subjects, is one of the most important components in increasing young individuals' financial literacy.

Even though young adults come from many cultural backgrounds, their financial literacy levels are very similar. This finding matches that of the OECD's (2015) study. According to the OECD (2015), the UK has a somewhat lower degree of financial literacy than the norm, whereas Turkey has a slightly higher level. Bristol's financial literacy level is little lower than the national average, whereas Istanbul's financial literacy level is slightly higher.

Although young individuals in Bristol and Istanbul have a good understanding of basic financial literacy, they lack knowledge of complex financial difficulties. This is a problem that many young adults and students face (Knoll and Houts, 2012; Lusardi, 2013; OECD, 2015; Ergun, 2018). First and foremost, because risk diversification is a lesser-known subject, it should be taught to them in order to improve their financial literacy. Young adults are prone to taking chances, but they have little idea how to handle the hazards linked with their investments (Sevim et al., 2012). At the same time, individuals may be at

risk of losing money because they are unable to handle risks, and financial markets are becoming increasingly complex every day (Vijayvargy and Bahkshi, 2018).

Thus, individuals will firstly ensure economic safety and welfare for themselves and their families and then contribute to the economic development of society. However, it is not easy for individuals to make a saving decision. Savings plans require mathematical knowledge, the ability to calculate net present value, and the ability to understand the benefits of saving early, but it requires time and effort to acquire this knowledge and skills (Altunoz, 2014). Every individual in society is expected to be financially literate, albeit at a basic level.

At the same time, they lack sufficient understanding of compound interest. As a result, they could be willing to accept lower returns than anticipated (Van Rooij, 2012). In a nutshell, young adults must be taught how to save effectively. When a person saves, the goal is to meet future needs and desires, as well as to prepare for probable future emergencies (Temizel and Bayram, 2011). As a result, the individual must estimate future needs and create an expenditure plan, determining how much of their income to spend, how much to save, and how to convert savings to investments in the most efficient manner. Due to the poor income acquired during their youth, young adults are unable to satisfy their demand for consumption, hence borrowing is used to compensate for the disparity between consumption and income (Gokmen, 2012; Chen and Lemieux, 2016). At the same time, most young adults in Bristol and Istanbul are unable to cover unforeseen expenses without seeking assistance from family or friends. They should be taught how to manage their debt. The process of borrowing should also be covered in financial education. The decision to borrow is the first stage in the borrowing process. The second step is to figure out how much money will be borrowed, based on the interest rate. The individual must be able to make a rational decision and identify the most reasonable option by evaluating debt contracts based on their expenses in the second stage. If a person lacks financial understanding, they are more likely to have issues such as an inability to calculate and understand the cost of borrowing, resulting in financial difficulties during the debt's lifetime (Robb and Sharpe, 2009).

The importance of budgeting should be instilled in them. As a result, individuals can simply control their income and expenses (Selvakumar et al., 2018). Budgeting also aids young adults in making better decisions by allowing them to compare current and planned expenditures (Hogart et al., 2003). Young individuals in Bristol and Istanbul should develop a long-term rather than a short-term financial strategy. Due to the growth in the life expectancy of people, it is necessary for young persons to develop a retirement plan. Individuals who want to preserve their existing standard of living or have more than the benefits of the public pension system use the voluntary private pension system to save and invest after they retire (Gokmen, 2012).

To summarise, complicated financial themes such as time value of money, risk diversification, effective savings techniques, budget preparation, and long-term financial planning should be taught to young adults in Bristol and Istanbul in order to improve their financial literacy.

**Research Question 2:** How do social, demographic, and cultural factors influence the financial literacy of young adults in Bristol and Istanbul?

In Bristol, female young adults have a greater level of financial knowledge than male young adults. In Istanbul, men young adults have a greater level of financial knowledge than females. The findings are comparable to those of GLFEC's (2017) study. Throughout their lives, women are frequently paid less than males. Their professions are hampered by the need to care for their children. They also have a longer lifespan than men. For these reasons, having a higher level of financial literacy than men will be advantageous. As a result, authorities should prioritise developing female financial literacy and providing women with tools to make sound financial decisions (Bucher-Koenen's al., 2014).

In Bristol and Istanbul, young adults with a higher education have a high level of financial knowledge. Individuals' education levels should be raised in order to improve financial literacy among young adults. Because there is a link between educational attainment and financial literacy (Lusardi and Mitchell, 2007; Jorgensen, 2007; Mandell and Klein, 2009; Lusardi et al., 2014, Ergun, 2017). It would be costly to do research without boosting individual education levels. At the same time, financial difficulties can be addressed through school-based educational programmes. In this regard, including financial knowledge-enhancing courses in the education curriculum and allowing students to conduct application

studies connected to their learning may help them to improve their financial knowledge and competences even further.

In Bristol, married young individuals have a greater level of financial literacy. In Istanbul, both married and unmarried young adults have the same level of financial knowledge. There aren't any distinctions between them. In Bristol and Istanbul, students have low financial literacy, while unemployed young adults have the lowest financial literacy. Students have a low level of financial literacy in general (Jorgensen, 2007; Cameron, 2014). This demonstrates that pupils do not receive adequate financial education. In Bristol and Istanbul, young adults who work for themselves have a greater level of financial literacy.

### **6.1. Contributions of the research**

This study identifies the most critical components of financial literacy. It is financial expertise. At the same time, the most critical financial knowledge subjects that can help young individuals improve their financial literacy are presented. To begin, this study adds to the literature by identifying the most essential determinants for financial literacy and knowledge. Complex financial concerns should be taught using financial education utilising visual tools to raise the financial literacy level of young adults in two separate locations. This is the most pressing demand among young individuals in two cities to improve their financial literacy. Aside from that, strong financial habits such as saving, spending, and long-term planning should be cultivated. In addition, young adults should be taught the necessity of budget planning.

Another contribution to the literature is the emphasis on financial knowledge application. The application of financial knowledge is shown in financial behaviour and attitude. Young people should put their financial expertise to good use. Only having a high level of financial education may not help young people improve their financial well-being unless they display appropriate financial behaviour. In other words, it won't benefit them unless they put their financial knowledge into practise.

When looking at the current state of financial literacy and education, it is clear that people do not understand complex financial information, do not know how to save effectively, and have difficulties applying the financial information they have acquired. According to research conducted all across the world, the level of financial literacy is low, and they require financial education to improve their financial literacy (Lusardi and Mitchell, 2007). This investigation came up with similar conclusions. Rather than a universal financial education programme, special financial education tailored to the demands and needs of specific population segments may be more effective.

Risk diversification, time value of money, compound interest computation, the significance of budgeting preparation, effective saving techniques, debt management skills, and the importance of a long-term retirement plan should all be covered in a financial education curriculum. With the advancement of new communication technologies, access to knowledge has become more easier. The most crucial thing at this point is to comprehend and interpret the information supplied. In financial education, using visual tools and simulations is also highly successful. By putting what you've learned into practise through simulation, you'll be able to understand more complicated challenges. As a result, the quality of financial behaviours resulting from the usage of financial knowledge resources is critical (Temizel and Bayram, 2011).

Simultaneously, the relevance of financial education, which contributes to individual financial literacy, is gradually expanding today, particularly in the light of the benefits it provides on an individual and social scale. However, in order to develop a successful financial education strategy, the size of the target group to be trained and the long-term viability of the studies are critical. Furthermore, various institutions and organisations should participate in the process on a national and worldwide level, as well as build an efficient communication strategy and coordination among them (TCMB, 2015). Financial literacy is gaining popularity around the world. The majority of finance and literacy programmes, on the other hand, were developed by the financial sector rather than by education, and they concentrated on adult financial skills rather than teenage financial skills (OECD, 2015).

The employment of a wide range of methodologies is required for the implementation of financial education strategies and programmes. The goal is to provide financial literacy instruction to the entire

public as well as diverse target groups depending on the country's situation and population preferences. Almost every country with a national policy should place a greater emphasis on young people as a target group. They can achieve this by attempting to provide some form of financial education in schools. In this environment, most countries went on to create unique interactive financial websites to provide thorough information and guidance to consumers, and in some cases, they were successful (OECD, 2013).

Paying attention to the aforementioned variables will not enough. It should be attempted to conduct periodic evaluations of the effectiveness of the financial education programmes implemented in order to determine whether the financial literacy measuring data is useful or not.

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**Araştırma Makalesi****Does High Level of Financial Literacy Improve Financial Well-Being of Young Adults in Bristol and Istanbul?***Yüksek Düzeyde Finansal Okuryazarlık Bristol ve İstanbul'daki Genç Yetişkinlerin Finansal Refahını Geliştirir mi?***Işık AKIN**

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**Genişletilmiş Öz**

Son yıllarda finansal okuryazarlık, araştırmacılar, hükümetler, finansal pazarlamacılar, işverenler, bankacılar ve diğer kuruluşlar gibi çeşitli gruplar arasında büyük ilgi görmeye başlamıştır. Siyasi, ekonomik ve demografik değişkenlerin değişmesi, finansal piyasaların daha karmaşık hale gelmesi ve yeni finansal ürünlerin geliştirilmesi nedeniyle finansal okuryazarlığın önemi iyice artmıştır (Selvakumar ve ark., 2018). Ancak 2000 yılına kadar finansal okuryazarlık konusunda yeterli araştırma yapılmamıştır. Mason ve Wilson (2000), finansal refahı iyileştirmek için finansal okuryazarlık terimlerinin doğru tanımını bilmenin önemini vurgulamıştır. Bu bağlamda finansal okuryazarlık, karar vermek için gerekli olan bilgileri değerlendirerek, olası finansal sonuçların tamamen farkında olarak bir anlayış kazanma yeteneği olarak tanımlanmaktadır. Ayrıca finansal okuryazarlık, iyi finansal kararlar almaya uygun farkındalık, beceri, tutum ve davranışların bir kombinasyonu yoluyla bireysel finansal refahı elde etme yeteneği olarak tanımlanmaktadır (OECD ve INFE, 2011).

Özellikle 2008 Küresel Finansal Krizinden sonra finansal okuryazarlığın araştırılması, böyle bir krize yol açan temel faktörlerin anlaşılmasında yardımcı olmuştur (Paiella, 2016). Aslında, düşük düzeyde bir finansal okuryazarlık, 2008 yılında küresel finansal durumun etkilerini ağırlaştıran bir faktör olarak tanımlanmıştır. Dolayısıyla finansal okuryazarlık, artık küresel ölçekte ekonomik gelişme, finansal istikrar ve kalkınmanın kritik bir unsuru olarak kabul edilmektedir (INFE, 2009)

Bugün, genç yetişkinlerin çoğunun mali durumu giderek kötüleşmektedir. Genç yetişkinlerin borçları her geçen gün atmaktadır. Bu borç yükleri genç yetişkinler arasında büyük endişeye neden olmaktadır. Özellikle ABD'de 25 yaşındakiler ve gençler çok çabuk iflas etmektedir (Lusardi ve ark., 2010). Bu, genç yetişkinlerin başarılı finansal kararlar almak için yeterli bilgiye sahip olmadığını göstermektedir. Bu durum, OECD (2015), Mandell (2016), Eker (2017) tarafından desteklenmektedir. Aynı zamanda Lusardi ve Tufano (2009) tarafından finansal okuryazarlığı düşük olan kişilerin daha yüksek borçlara sahip oldukları, daha az birikim yaptıkları, para yönetimi becerilerinden yoksun oldukları ve emeklilik için plan yapmadıkları ortaya konmuştur. Finansal okuryazarlık, iyi finansal karar vermenin önemli bir bileşenidir, bu nedenle genç yetişkinlerin daha fazla finansal bilgiye sahip olması gerekmektedir.

Günümüzde, Jump\$art Coalition for Personal Financial Literacy, the National Endowment for Financial Education ve Global Financial Literacy Excellence Centre gibi çeşitli küresel kurumlar finansal okuryazarlık çalışmaları yürütmektedir. Bu kurumların amacı bireylerin finansal bilgilerini artırmaktır. Varsayım şu ki, finansal bilgideki artışın finansal davranış ve uygulamalarda değişikliklere yol açacağıdır. Bu varsayım doğru olsun ya da olmasın, davranışsal finansın bireylerin kararlarında önemli

bir faktör olduğu ortaya çıkmaktadır. Bu, hem ekonomi hem de psikolojik bilimlere atıfta bulunarak, bireylerin finansal davranışlarının araştırılmasını gerektirir (Hilgert ve diğerleri, 2003).

Bu çalışma için Bristol ve İstanbul'daki genç yetişkinler seçilmiştir. Bristol, Güney Batı İngiltere'deki en büyük şehirdir ve Birleşik Krallık ekonomisi için en önemli sekizinci şehirdir (City Bristol Council, 2018). Bristol Raporunun Ekonomik Özeti'ne (2018) göre, Bristol çokça yatırım çekmektedir ve İngiliz Temel Şehirleri arasında ilk sırada yer almaktadır. İstanbul, 2018'de Türkiye'nin GSYİH'sının %40'ını oluşturmuştur ve ülkenin en büyük şehridir (Türkiye İstatistik Kurumu, 2018). Bristol'un nüfusu İstanbul'dan çok daha düşük olmasına rağmen ekonomisi çok daha güçlüdür. Bristol nüfusunun %21,6'sını ve İstanbul nüfusunun %34,2'sini 18-29 yaş aralığındaki genç yetişkinler oluşturmaktadır, bu da genç yetişkin yüzdesini ulusal nüfus ortalamasına göre daha yüksek kılmaktadır (Kent Konseyi Bristol, 2018 ve Türkiye İstatistik Kurumu, 2018). Bu nedenle bu çalışmada, bu iki şehirdeki genç yetişkinler karşılaştırılmıştır. Bu araştırma finansal okuryazarlığın belirleyicilerini ortaya çıkarmak için Bristol ve İstanbul'daki genç yetişkinlerin kültürel, sosyo-demografik ve ekonomik yönlerine (Xu ve Zia, 2012; Cameron ve diğerleri, 2014; Potrich ve diğerleri, 2015) odaklanmıştır.

OECD'ye (2016) göre İngiltere ve Türkiye düşük düzeyde finansal okuryazarlık sorunu ile karşı karşıyadır. Yani, Birleşik Krallık ve Türkiye'deki birçok kişi, düşük finansal okuryazarlık seviyeleri nedeniyle davranışsal önyargılarından etkilenmektedir ve bu da finansal refahlarını ve bir bütün olarak ekonomiyi olumsuz etkilemektedir. Örneğin, 2018'de İngiltere'de bireysel krediler, kredi kartları, mağaza kartları ve kredili mevduatları içeren teminatsız borç, şimdiye kadarki en yüksek seviyeye ulaşmıştır. Bu nedenle, insanların finansal eğitim gerektiren borç hakkında konuşmayı öğrenmeleri hayati önem taşımaktadır. İnsanlara daha fazla finansal bilgi verilirse, finansal durumları konusunda kendilerini daha rahat hissedebilirler (The Guardian, 2019).

Veriler Bristol, İngiltere ve İstanbul'daki 415 genç yetişkinden çevrimiçi bir anket yoluyla toplanmıştır, ancak eksik veri nedeniyle bunlardan sadece 403'ü kullanılmıştır. Bireylerin finansal okuryazarlık düzeyi OECD (2015) finansal okuryazarlık ölçeği kullanılarak değerlendirilmiştir. Anket yöntemiyle veriler toplandıktan sonra her bir bileşen sayısal puanlara dönüştürülmüştür. Böylece finansal okuryazarlık puanı belirlenmiştir. Bir sonraki kısımda, farklı kültürlere mensup genç yetişkinlerin finansal okuryazarlık düzeylerini artırmada en önemli faktörler tartışılmıştır.

Sonuç olarak, finansal okuryazarlığın en önemli bileşenleri bu araştırma ile belirlenmiştir. Finansal bilgi finansal okuryazarlığı arttırmada en önemli faktördür. Buna ek olarak, genç yetişkinlerin finansal okuryazarlığını artırmaya yardımcı olan önemli finansal bilgi konuları ortaya çıkarılmıştır. Öncelikle, bu araştırma finansal okuryazarlık ve finansal bilgi için en önemli faktörleri bularak literatüre katkı sağlamaktadır. İki farklı kasabadaki genç yetişkinlerin finansal okuryazarlık düzeylerinin yükseltilmesi için karmaşık finansal konuların görsel araçlar kullanılarak finansal eğitimle birlikte öğretilmesi gerekmektedir. Bu, iki farklı şehirdeki genç yetişkinlerin finansal okuryazarlık düzeylerini artırmaları için birincil ihtiyaçtır. Bunun yanında tasarruf, harcama ve uzun vadeli planlama iyi finansal davranışlar geliştirilmelidir. Ayrıca genç yetişkinlere bütçe hazırlamanın önemi öğretilmelidir.

Literatüre bir başka katkı da finansal bilginin uygulanmasının vurgulanmasıyla yapılmıştır. Finansal davranış ve finansal tutum, finansal bilgiye sahip olmanın uygulamasını yansıtır. Genç bireyler finansal bilgilerini uygulamalarda kullanmalıdır. Genç bireyler iyi finansal davranış sergilemedikçe, sadece yüksek düzeyde finansal bilgiye sahip olmak onların finansal refahlarını artırmalarına yardımcı olmayabilir. Başka bir deyişle, finansal bilgilerini pratikte kullanmadıkça onlara yardımcı olmaz.

Risk çeşitlendirmesi, paranın zaman değeri, bileşik faizin hesaplanması, bütçe hazırlamanın önemi, etkin tasarruf stratejileri, borç yönetimi becerileri ve emeklilikleri için uzun vadeli planın önemi finansal eğitim müfredatına dahil edilmelidir. Günümüzde yeni iletişim teknolojilerinin sağladığı olanaklarla bilgiye erişim kolaylaşmıştır. Bu aşamada önemli olan verilen bilgiyi anlamak ve yorumlamaktır. Finansal eğitimde görsel araçlar ve simülasyon kullanımı da oldukça etkilidir. Karmaşık konular, öğrenilen bilgilerin simülasyon yoluyla uygulanmasıyla daha kolay anlaşılır. Bu nedenle finansal bilgi kaynaklarının kullanımı ve bu kullanımdan kaynaklanan finansal davranışların kalitesi önemlidir.



Aynı zamanda günümüzde bireysel finansal okuryazarlığın artmasına katkı sağlayan finansal eğitimin önemi, özellikle bireysel ve toplumsal ölçekte sağladığı faydalar düşünüldüğünde giderek artmaktadır. Ancak başarılı bir finansal eğitim stratejisinin kazanılabilmesi için yetiştirilecek hedef kitlenin büyüklüğü ve çalışmaların sürdürülebilirliği önemlidir. Ayrıca ulusal ve uluslararası düzeyde birçok kurum ve kuruluşun sürece dahil olması, bu kurumlar arasında etkin bir iletişim stratejisi ve koordinasyonu geliştirmesi gerekmektedir.

Finansal eğitim stratejisi ve programlarının uygulanması, çok çeşitli yöntemlerin kullanılmasını gerektirir. Buradaki amaç, finansal okuryazarlık eğitimini ülkelerin koşullarına ve nüfusun tercihiyle ilgili olarak tüm nüfusa ve farklı hedef gruplara ulaştırmaktır. Ulusal stratejisi olan hemen hemen tüm ülkeler, hedef gruplar arasında genç nüfusa daha fazla odaklanmalıdır. Bunu yapmanın bir yolu olarak, okullarda bir tür finansal eğitim sunmaya çalışabilirler.