

THE ASSESSMENT OF YOUTH FINANCIAL LITERACY IMPACT ON SAVING

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Abstract. Financial literacy and savings are very important for efficient personal finance management. If the person has an excellent financial literacy level, the amount of savings is very high. This article aims to assess the link between youth financial literacy and savings. The following tasks have been implemented: to analyse the scientific literature about financial literacy and personal finance management and assess youth financial literacy's impact on savings. In the article, the following methods of analysis are used: an analysis and summary of the scientific literature, an analysis of the survey data, and correlation regression analysis.

Keywords: finance, financial literacy, financial management, money, savings.

JEL Classification: D14, F65, G41, G51, O16.

1. Introduction

Relevance of the topic. The liberalization and deregulation of financial markets in recent decades have made a wide range of financial products and services available to consumers. Broad changes in the financial market have contributed to growing concerns about the level of financial literacy among citizens in many countries. Assessing the financial literacy level of the population is a critical component of a successful national financial education strategy, allowing policymakers to identify gaps and design appropriate responses. Financial literacy is especially important for young people as they make decisions that can have critical lifelong consequences. The increased responsibility of the younger generation requires that they know how to make sound financial decisions.

Saving is one of the most critical areas of personal finance, as it is one of the ways to help achieve planned financial goals, but young people do not always make rational decisions. One of the reasons for this is insufficient financial literacy. Low levels of financial literacy and a lack of financial education led to a situation where people may start saving later, limiting their necessary retirement goals. For these reasons, the evaluation of the financial literacy of Lithuanian youth and its impact on saving is a particularly relevant topic.

Financial literacy is seen in this study as a function of understanding a limited set of interrelated economic concepts that can be used to assess a financial situation and make informed financial decisions. Students were selected as the study's object because they are the most promising and vulnerable segment of financial service users.

Research problem. How does the financial literacy level affect young people's saving behaviour?

Research object. Financial literacy of young people and its impact on saving.

The aim. To evaluate the level of financial literacy of young people in Lithuania and its impact on saving.

Tasks to achieve the set goal:

1. To perform a theoretical analysis of financial literacy, the importance of personal financial management in its context, the assumptions of saving and evaluation methods.
2. After reviewing the level of financial literacy of the Lithuanian society, prepare a methodology for assessing the financial literacy of young people and the impact on saving.
3. Using the established methodology, evaluate youths' financial literacy level and its impact on saving.

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Research methods. The article uses such methods as scientific literature analysis, theoretical and practical statements analysis, statistical data analysis, questionnaire and empirical research data analysis, correlation-regression analysis, and graphical representation of data.

2. Theoretical aspects of financial literacy and its effect on savings

2.1. The concept of financial literacy

In recent years, economic education researchers have increasingly focused on financial literacy issues (Lopus et al., 2019). The importance of financial literacy to individuals, households and nations is evident. Everyone must deal with financial issues, regardless of education, profession, position, or salary. They must be managed daily throughout their lives, and the financial market is one of the fastest-changing areas, especially in such developing economic systems as Lithuania. To effectively manage personal finances, a person must be interested in this topic and develop skills throughout life.

Financial literacy helps model the need for financial education and explain variations in economic outcomes. Defining and correctly measuring financial literacy is essential to understanding the impact of education and barriers to practical financial choice (Huston, 2010). The current issue of financial literacy is being studied at the international level, and the trend shows that increasing the population's knowledge level in this direction can be more than helpful.

Different authors describe financial literacy similarly. Table 1 presents definitions of financial literacy from other authors.

Financial literacy has two dimensions: understanding, which refers to personal financial knowledge of financial education, and use, which refers to managing personal financial knowledge. Financial knowledge has a great impact on financial literacy. Financial knowledge is an integral and separable part of financial literacy, but not equivalent to financial literacy. Although financial literacy is mainly related to financial knowledge, empirical research shows that financial knowledge is not enough to make sound financial decisions. When measuring a person's financial literacy, it is important to determine whether financial information is available and whether one knows how to apply it properly. In this case, a person may have financial knowledge, but to be considered literate, they should be able and confident to implement it in their decision-making (Potrich et al., 2016; Gaigalienė & Karpavičiūtė, 2017).

Four innovative aspects of this definition should be highlighted. First, financial literacy is not just about knowledge and understanding, but also promotes efficient decision-making. Second, financial literacy aims to improve financial well-being, not to influence a single behaviour. Third, financial literacy affects not only individuals, but also society. Fourth, financial literacy,

Table 1. Definitions of financial literacy

Author	Definition
Grana-Alvarez, Lopez-Valeiras, Gonzalez-Loureiro & Coronado (2024)	Financial literacy combines appropriate knowledge, skills, and financial decisions necessary to achieve one's financial goals.
Gignac & Stevens (2024)	Financial literacy is the level of financial literacy or, in other words, knowledge about money, personal finance, and the economy and the ability to apply it in practice.
Tavares, Santos & Tavares (2023)	Financial literacy is the ability to make informed and effective decisions about the use and management of assets and money.
Kvieskienė (2016)	Financial literacy is the set of skills needed to properly understand and interpret financial information and make correct financial decisions based on it.
Bhutta, Blair, & Dettling (2023)	Financial literacy – knowledge and understanding of finances and financial risks, abilities, motivation, and self-confidence to apply this knowledge and experience to make effective decisions in various financial contexts, increase the financial well-being of the individual and society and participate in economic life.

Source: compiled by the author based on a literature review

like reading, writing and scientific knowledge, empowers young people to participate in economic life. Thus, financial literacy is an essential skill in the 21st century.

Most often, financial literacy is understood as the ability of people to manage their finances and make efficient financial decisions. However, the ability to manage one's personal finances is not the same as financial literacy. It is important to emphasize that the main elements of financial literacy are financial knowledge and skills in both personal finance and public finance. Financial well-being can be influenced not only by the peculiarities of personal financial management, but also by understanding the mechanism of public finance and its operation. This part is also very important. Minimum knowledge about inflation, the market, financial products and financial institutions is necessary. This is where not only financial knowledge comes into play, but also legal and tax knowledge. The lack of insight and understanding of how public finances are constructed and how decisions are made can destroy a person's financial well-being or opportunities to achieve it. Financial literacy is possible only in the presence of a combination of activities of these elements. However, the financial literacy system is also influenced by environmental factors. Therefore, to achieve the final goal, it is important to identify them and select appropriate measures to reduce the environmental impact.

Insufficient financial literacy of people in Lithuania is a big problem. Lack of financial literacy hinders the

efficient use of financial services: it limits the possibilities of long-term savings, leads to insolvency and paves the way for unfair contract terms and fraud (Ananda et al., 2024).

Financial decisions made at any stage of life are essential, but decisions made at a young age especially have a huge lasting effect on a person's financial well-being in the long term (Henager & Cude, 2016).

As in most areas of life, the most significant influence on young people is their parents' sample. Children acquire basic skills from their parents. However, the economy and progress are progressing so fast that the model of transferring the experience of parents to children is already becoming ineffective. The world is constantly changing, and now parents are learning together with their children. That is why it is necessary to promote the financial literacy of young people with additional methods, leaving the usual models.

2.2. Theoretical assumptions of savings

An inseparable area of personal finance management is saving. In economic theory and practice, residents' savings is one of the most important categories, which has an exclusive role in the country's economy – at the macro-micro level (Guglielminetti & Rondinelli, 2024).

Saving is an important part of personal finances, as it has a direct impact on a person's financial well-being, achieving financial goals, having reserves for unforeseen expenses and the general standard of living (Gaigalienė & Karpavičiūtė, 2017). Knowing that a person has accumulated savings also provides a sense of psychological security (Fisher & Anong, 2012).

Different authors interpret the concept of saving behaviour in different ways. In most cases, the concept of whether the resident is saving or not is not limited. The content of saving behaviour is usually supplemented by such aspects of saving as regularity of saving, level of saving, and goals of saving (Gaigalienė & Karpavičiūtė, 2017).

Recently, there has been a lot of discussion about the population's insufficient savings because of irrational financial goals or inadequate expectations. In Lithuania, the optimistic expectations of consumers strongly contrast with the population savings rate (the part of income that is not allocated to consumption, but is set aside for saving) – the higher the optimism of Lithuanian consumers, the lower the desire of Lithuanian consumers to set aside part of their income and save (Pomeranz & Kast, 2024). This means that the people of our country do not have the skills to set aside and save part of their income.

According to the authors (Jurevičienė & Gusienė, 2010), the low level of savings (which is the basis of investment funds) has a negative impact on the country's economic development. The low level of population savings is one of the worrying factors: it not only leads to financial instability in the long term, but also in the short term, which means that a person is not ready for unforeseen expenses due to changed circumstances (Gaigalienė & Karpavičiūtė, 2017).

Saving is an essential aspect of maintaining a healthy financial situation. However, most young people do not prioritize this aspect as much as they should. It is important to understand what determines the rationality of young people's saving decisions and their saving skills.

One possible reason for not always rational savings decisions is insufficient financial literacy (Guglielminetti & Rondinelli, 2024; Gaigalienė & Karpavičiūtė, 2017). Part of the Lithuanian population has not developed saving habits. Instead of starting to save, they turn a temporary increase in income into not-always-liquid assets or long-term financial obligations.

Ashby, Schoon, and Webley (2011) developed a model that identified the factors that encourage an adult to save. One factor behind this model is saving from a young age. Saving for a stockpile is one of the most important goals, regardless of the respondent's age (Bhutta et al., 2023). A young person has more opportunities to save before he has dependents and obligations than when he needs to pay loans, support children or help aging parents.

In summary, efficient management of personal finances ensures a quality of life that meets individual needs and an even level of consumption across the stages of the life cycle. This means that when managing one's finances responsibly, when economic and personal life circumstances change, one does not go to extremes such as getting into debt, procrastinating, or spending beyond one's real capabilities.

3. Assessment methodology of youth financial literacy and its effect on savings

3.1. Research methodology and hypothesis formulation

In recent years, assessing consumer financial literacy and the impact of financial education initiatives on economic outcomes has received considerable attention, and the scientific literature on financial literacy is growing rapidly. Financial literacy was analyzed from two different perspectives. On the one hand, factors related to financial literacy are examined (Lusardi & Mitchell, 2014; Istanti & Lestari, 2023; Putri et al., 2023), on the other hand, the relationship between the level of financial literacy of consumers and their financial decisions is analyzed (Jappelli & Padula, 2013; Panos & Wilson, 2020; Maithri, 2023). Until now, there has been a lack of comprehensive research that evaluates the relationship between young people's financial literacy level and its impact on savings and the choice of other rational money accumulation solutions for creating a better future. Very few studies focused specifically on the assessment of youth financial literacy and its impact on savings in Lithuania; therefore, in this article, youth financial literacy, as one of the significant factors determining saving behaviour, was evaluated to determine the relationship with each other.

Understanding the relationship between financial literacy and saving behaviour can provide important

insights for policymakers seeking to promote saving through financial literacy education. Increasing the financial capabilities of young people is an important goal of financial literacy and inclusion worldwide. Saving money and accumulating assets increases youth's educational and entrepreneurial opportunities (Chowa & Ansong, 2010) and encourages their future planning (Scanlon & Adams, 2009).

Increasing the financial literacy of young consumers is a social necessity and an urgent challenge in many countries. Financial literacy and financial education have become a growing area of interest due to several factors, including the economic downturn, low personal savings rates, and consumer overreliance on credit. To develop reliable and valid measures of youth financial capability, it is important to establish a clear conceptual framework.

The Lithuanian youth was chosen for the research because it is the most promising segment of users of financial services. At the same time, they can be considered a particularly vulnerable group because usually their financial situation is not so stable. Second, young people are likely to experience greater financial risk in adulthood due to increased life expectancy, reduced welfare and occupational benefits, uncertain economic and job prospects. Third, young people (aged 18–25) may also face urgent financial decisions. It is important to remember that today's youth are future or even existing financial market participants, taxpayers, depositors, and borrowers. The development of modern society gives young people much more responsibility and authority in making financial decisions, and the decisions of young people as consumers of financial services are becoming increasingly complex. When many young people start studying, they must start living independently and making financial decisions. The increased responsibility of the younger generation requires that they know to make sound financial decisions early, as decisions made at a young age have a huge lasting impact on a person's long-term financial well-being (Henager & Cude, 2016).

Special attention must be paid to such a target group as the youth. The importance of education for this age group increases due to the very low level of financial awareness among young people, as evidenced by research conducted in various countries. If you want to achieve better results in the field of economic sciences, it is no less important to develop the financial literacy of Lithuanian society, especially the young generation (He et al., 2024).

It should be noted that although the socio-economic impact of increasing the understanding of financial literacy among young people appears gradually, the global experience shows the indisputable need and the inadmissibility of delay. A good level of financial literacy is necessary for every individual, not only to achieve personal financial goals but also to ensure the life cycle. Regardless of the specific purpose, the benefits of financial literacy will be an increase in living standards and confidence in the future and the stability and prosperity of the economy as a whole and society.

The principle of hypothesis is also considered a very important element of scientific methodology. This means, that when there are not enough facts, the hypothesis is applied to answer the questions of concern, i.e., a scientific assumption that attempts to describe unknown phenomena (Kardelis, 2002). To assess whether the level of financial literacy of young people affects their savings level, the first hypothesis is tested in the work:

H1: The level of financial literacy of young people affects their savings level.

The second hypothesis in the article is tested as desired to assess whether the financial literacy of young people has an impact on the adoption of money accumulation decisions to create a better future:

H2: A higher level of financial literacy among young people increases the rational choice of money accumulation solutions for creating a better future.

Formulated hypotheses must be tested to assess the correlations and interactions between the level of financial literacy and the level of savings.

3.2. Reliability and representativeness of the research sample

In practical research, it is impossible to study the entire population, so a specific part of it is isolated – a sample. A research sample can only be precious if it is reliable and representative. A representative sample is a group of individuals or organizations selected to participate in the study, the distribution of characteristics of its members corresponds to the considered set (population) (Tidikis, 2003). The sample size is used in market research and defines the number of subjects that should be included in the sample. The specific determination of the research sample is one condition that ensures the validity of the research conclusions.

Determining the appropriate number of participants in the sample group, also known as sampling, is one of the main steps in conducting research. A survey sample was calculated to determine the number of respondents needed to be interviewed for the results to be reliable and accurately reflect the target population. For the research survey sample to be reliable and representative, it was established that the research survey sample must consist of at least 369 respondents with a 95% confidence level and a 5% margin of error, after the population has chosen young people living in Lithuania, so that conclusions about the population can be drawn from the obtained results.

3.3. Compilation of the methodology for assessing the level of financial literacy and its impact on savings

Questionnaire survey method

A study was conducted to investigate young's financial literacy level and its effect on saving, the data collection was a questionnaire survey. There is no single typical or standard method of measuring financial literacy, but

test-based or performance-based methods are commonly used to measure levels of financial literacy. Test questions are usually related to knowledge of financial products (e.g., knowledge of stocks, bonds, mutual funds or mortgages), knowledge of financial concepts (e.g., inflation, risk diversification or time value of money), and general mathematical and numerical skills. The respondent's level of financial literacy is then obtained using different means of summarizing these questions.

An alternative approach to determining financial literacy, which is common in the literature, is asking survey respondents to assess their financial capabilities. When comparing test-based and self-reported financial literacy, the literature reveals that both measures are individually related to financial decisions (Allgood & Walstad, 2015). Specifically, it shows that self-reported and test-based financial literacy predicts saving and retirement planning. Likewise, van Rooij et al. (2011) find that self-esteem and objectively measured financial literacy predict individuals' propensity to save. Many studies internationally have used the questions posed by Lusardi and Mitchell (2014). Hung et al. (2009) state that various test-based measures are generally highly correlated and, when questions are worded similarly, responses exhibit high test-retest reliability across surveys.

Considering the discussed principles of creating the methodology, the questionnaire survey for assessing the level of financial literacy and its impact on savings consisted of 23 questions, divided into three sections. The first section of the questionnaire consists of eleven questions. The first ten are intended to assess respondents' actual financial literacy. Based on foreign practice, questions included in the questionnaire include household budget, interest, inflation, risk diversification, pension planning, and tax aspects. The content of the questions in this section is intended to assess the actual financial literacy of young people. There were also questions for the subjective assessment of financial literacy of young people (subjective financial knowledge is assessed by choosing one of the possible statements describing the financial knowledge possessed by a young person: weak, lack of knowledge, but I want to learn to be interested and acquire financial knowledge; weak, lack of knowledge, but I do not want to acquire more financial knowledge; financial knowledge is sufficient, but I would like to improve it; financial knowledge is adequate, I do not like to learn more; good; excellent). This question aimed to determine whether respondents consider themselves financially literate and wish to improve their knowledge in this area, regardless of how many financial literacies survey questions they answered correctly.

The second section of the questionnaire consists of questions intended to evaluate young people's saving behaviour in such aspects as saving habits, level of saving, attitude towards saving, goals of saving, and motivation to save. The aim was to determine whether the survey respondents save, if they do, what percentage of the received income they put aside, and what the young

people's attitude towards saving is. This part includes questions to determine the respondents' saving goals (long-term and short-term), motivation to save, and where and how they save.

The third section of the questionnaire consists of questions aimed at finding out the main socio-demographic characteristics of the respondents: gender, age, work experience, income and their structure. Socio-demographic questions are an important aspect of any survey. The questions are designed to help determine what factors may influence the respondent's answers. Not every survey should include every socio-demographic question imaginable, so selecting and writing these questions is always highly case-specific and should be chosen based on the research strategy and purpose. It is necessary to define the purpose of data acquisition in advance clearly. Nevertheless, some basic set of socio-demographic data will always be useful for segmenting survey data.

The sample size is calculated according to Paniotto's formula to determine how many respondents need to be interviewed so that the obtained results accurately reflect the target population. For the research survey sample to be reliable and representative with a 5% margin of error, it was determined that the sample should consist of at least 384 respondents, with Lithuanian youth selected as the population. The research survey was conducted in 2023 (IV quarter). The survey was anonymous and voluntary.

3.4. Correlation-regression analysis method

Correlation-regression analysis is a quantitative research method that determines whether there is a dependence between the considered factors – a stochastic relationship. A stochastic relationship is a random process whose outcome is not known in advance and is determined by the interaction of many forces. The study's main purpose is to assess the level of financial literacy of young people and its impact on saving. To achieve the purpose of the research and to answer the questions of whether the financial literacy of young people affects their savings level, and how, a correlation-regression analysis is used, during which the aim is to confirm or deny the relationship between these two variables, determined based on the results of a questionnaire survey.

The article uses the results of a questionnaire survey to study the dependence of the savings level of young people on certain explanatory variables. Figure 1 highlights all analyzed factors (X) that potentially influence youth savings (Y).

The correlation coefficient (r) is calculated and its significance is evaluated according to the statistic (t) to determine whether there is a stochastic relationship between factors. The value of the correlation coefficient shows the strength of the relationship: a value close to one indicates a strong relationship, and a value close to zero indicates no dependence. The higher the correlation coefficient in absolute magnitude (further from zero), the stronger the dependence.

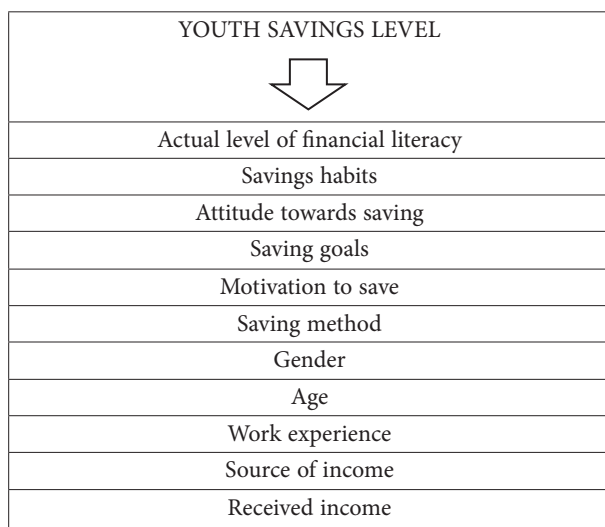


Figure 1. Factors that potentially influence the level of savings among young people (Source: compiled by the author)

To assess the significance of correlation coefficients and select explanatory variables (X) for regression analysis, the sample statistic t is calculated and compared with t_{table} . Correlation coefficients are significant when the statistic exceeds its tabular value ($t > t_{table}$).

When $t > t_{table}$, we assume that the correlation coefficient is significant, i.e., there is a stochastic relationship between the dependent (Y) and the explanatory variable (X). The equations determine which t values of the explanatory variables (X) are significant and suitable for further investigation.

In this article, the dependence of the result on several independent variables is investigated, so multiple regression analysis is used for further research. Using a multiple linear regression model aims to identify independent variables that influence the level of youth savings, i.e., the existence of a general relationship between the level of youth savings (Y) and all selected factors (X) and its analytical expression.

Based on the significance of the correlation coefficient, the relationship between all the remaining factors and the level of student savings is tested using the Equation (1) of the regression model:

$$Y = a_0 + a_1X_1 + a_2X_2 + a_3X_3 + a_4X_4 + a_5X_5 + a_6X_6 + a_7X_7 + a_8X_8 + a_9X_9 + a_{10}X_{10} + a_{11}X_{11} + e \quad (1)$$

where: Y – student savings level, X_1 – actual level of financial literacy, expressed in points from 0 to 10, X_2 – saving habits, X_3 – attitude towards saving, X_4 – saving goals, X_5 – motivation to save, X_6 – saving method, X_7 – gender, X_8 – age, X_9 – work experience, X_{10} – source of income, X_{11} – received income.

Since categorical variables, called pseudo-variables, are also included in the model, all data must be numerical, and all of them must be recoded to take only two values, 0 and 1. Thus, values of nominal variables are coded with numbers. The coding of the regression variables is presented in Table 2.

Table 2. Coding of factors affecting student savings rates

Variable	Factor	Final estimate and coding
X_2	Saving habits	I don't save – 0, I save – 1
X_3	Attitude towards saving	It is better to spend now than to save for the future – 0, it is always worth saving, etc. – 1
X_4	Savings goals	I don't save – 0, saving for future, studies – 1
X_5	Motivation to save	I do not save – 0, I am constantly interested in financial innovations; I save because I think I need to; if I knew more about saving, I would try harder to save, etc. – 1
X_6	Accumulation method	I do not accumulate – 0; I am accumulating in II and/or III pension tiers, and I have signed a cumulative life insurance contract or other. – 1
X_7	Gender	Male – 0, female – 1
X_8	Age	18–20 years – 0, over 20 years – 1
X_9	Work experience	Unemployed person – 0, employed person – 1
X_{10}	Source of income	Support from parents/guardians, scholarship, etc. – 0, salary – 1
X_{11}	Received income	Up to 200 euros – 0, 201 euros and more – 1

Source: compiled by the author

Multiple regression can be applied in two ways: taking all X values at once, removing independent variables from the model, leaving only significant ones, and applying them in pairs, looking at which is the most significant and recording, selecting the next most significant. However, in this case, the first mentioned option will be applied.

Independent variables are removed from the model after considering the indicators indicating the suitability of the regression model (Čekanavičius & Murauskas, 2014):

Coefficient of determination. This is the most important characteristic of the fit of a linear regression model to the data and is required in all descriptions. Taking values from the interval $0 \leq R^2 \leq 1$. The higher the coefficient value, the better the model fits the data and bad when $R^2 < 0.20$. There is nothing to be very happy about when $R^2 = 0.25$ (the model fits just out of trouble). True, a high value of R^2 does not yet ensure that all regressors in it are necessary, and the model makes sense.

ANOVA p-value. It shows whether regressors are associated with the dependent variable in the model. If the p-value is greater than 0.05, then the appropriateness of the regression model is very questionable (in fact, we get that Y does not depend on X). If the p-value is less than 0.05, we get confirmation that the model is not hopeless (or maybe it is quite good – we need to study it further).

T (Student) criteria for individual regressors. Helps decide whether to remove the relevant regressor from

the model. If the p-value of the corresponding criterion is < 0.05 , it is assumed that the regressor is statistically significant and usually (if there is no multicollinearity) it is left in the model. If the p-value ≥ 0.05 , then the regressor (more precisely, the multiplier to the regressor) is statistically insignificant and the regressor is left in the model only in special cases.

Thus, after considering the indicators indicating the appropriateness of the regression model, only the independent variables that have the greatest influence on the level of youth savings remain in the regression model equation.

Summing up, it can be said that low financial literacy is a global phenomenon. Concerns about the public's level of financial literacy have increased recently and will likely become an even more important topic in the future. It is now recognized that a thorough assessment of the actual level of financial literacy is required before efficient educational interventions can be implemented. This initial step is very important for two reasons. First, a reliable assessment method helps to correctly identify educational gaps or errors that educational programs must address. Second, this initial evaluation is a prerequisite for evaluating the success and impact of defined interventions.

Many studies have been conducted to assess financial literacy, but most studies have focused on adults. The level of financial literacy among young people is perhaps the area where the most progress is needed. The topic is becoming more relevant as young people today are expected to make long-term, rational savings decisions to build a better future for themselves, despite having low levels of financial literacy. Based on the method of correlation-regression analysis, the aim is to confirm or deny the relationship between the level of youth savings and financial literacy, which may affect it, based on the results of a questionnaire survey. The results of the assessment of youths' financial literacy and its impact on saving will help to accept or reject the hypotheses raised in the article and answer the main research question.

4. Results of the assessment of youth financial literacy and its effect on savings

4.1. Evaluation of results by questionnaire survey method

To determine young people's financial literacy level, a questionnaire survey was conducted based on the method of questionnaire analysis, in which 387 young people participated. The respondents who participated in the survey were evenly distributed by gender, i.e., 51.9% of the respondents were men, and 48.1% were women. Comparing the distribution of respondents by age group, the largest share was the age group of 21–23 respondents, which made up 46.8% of all respondents who participated in the survey. The 18–20 age group of respondents made up a slightly smaller part, making up 44.4% of all respondents who participated in the survey. In contrast,

the smallest part comprised respondents aged 24 and over, whose percentage share is only 8.8%.

More than half (56.1%) of the respondents who participated in the survey stated that they were working persons, while the rest (43.9%) were unemployed. 40.7% of respondents indicated salary as the main source of income. The support of parents/guardians was indicated as a source of income by a slightly smaller part of the respondents (38.5%). The rest of the respondents (11.6%) indicated the scholarship as their income and 9.2 % of the respondents indicated other income. The distribution according to monthly income was diverse, but the largest part (31.8%) comprised respondents with up to 200 euros. The rest of the respondents were divided according to their income: 21.4% were respondents with 201–400 euros, 19.9% – 401–600 euros, 18.1% – 601–800 euros and the smallest part (8.8%) consisted of respondents who have 801 euros and more.

Summarizing the results of a questionnaire survey of 387 young people, the overall average level of actual financial literacy is 5.38 points, which indicates a relatively low level of financial literacy. Young people who stated that they save and intend to continue to do so in the future were characterized by higher financial literacy. The average level of financial literacy of those young people is 5.72 points. Meanwhile, the lowest level of financial literacy was characterized by those young people who do not save, naming saving as unnecessary. The average level of financial literacy of young people who chose this answer option is only 3.48 points.

Evaluating the interest set aside for savings as a dependence of the level of savings on the level of financial literacy of young's, young people who stated that they set aside more than 20% of their income were characterized by higher financial literacy. The average level of financial literacy of young people who chose this answer option is 5.72 points. The average level of financial literacy of young people who put aside 10 to 20% of their income is slightly lower. In contrast, the lowest level of financial literacy was characterized by those young people who stated that they do not put aside. The average financial literacy level of young people who chose this answer option is only 4.31 points.

When evaluating young people's attitude to saving, young people who indicated that they believe that saving is always worth having had a higher level of financial literacy. The average financial literacy level of young people who chose this answer option is 5.56 points. Meanwhile, the average level of financial literacy of young people who believe it is better to spend now than to save for the future is only 3.26 points.

Young people save in many ways. To achieve a better future, they stated that they are saving in pension funds (their average level of financial literacy is 6.35 points), and they have accumulative life insurance (the average level of financial literacy is 5.90 points). Meanwhile, the lowest level of financial literacy was characterized by those young people who indicated that they do not save

to contribute to creating a better future. One of the reasons for this is the lack of constant income. The other part stated that they have steady income, but do not accumulate it, so the average level of financial literacy of such young people is 4.63 points).

Thus, the study results showed that young people's saving behaviour directly depends on their level of financial literacy, so the second hypothesis can be confirmed.

4.2. Evaluation of results by the method of correlation-regression analysis

Based on the obtained results, the relationship between the level of savings of young people and the factors that may influence it can be evaluated to confirm or deny the hypotheses put forward in this work and to answer the central question of this study – does the financial literacy of young people affect their level of savings, and if so, how.

The identified factors were actual financial literacy, saving habits, attitudes towards saving, saving goals, motivation to save, method of saving, gender, age, work experience, source of income, and receivables. Correlation regression analysis was used to determine the relationship.

Correlational analysis is the first stage of statistical research – correlation-regression analysis. The correlation coefficient (r) is calculated, and its significance is evaluated according to statistics (t). In this way, it is determined which factors are statistically insignificant and discarded, i.e., unsuitable for further investigation.

The decision about the significance of the magnitude of the correlation coefficient is made by calculating the sample statistic t and comparing it with t_{table} . When $t > t_{table}$ we assume that the correlation coefficient is significant, i.e., there is a stochastic relationship between the dependent (Y) and the explanatory variable (X) – the variable is suitable for further regression analysis.

Table 3 presents the results of the correlation analysis of the factors influencing the level of youth savings.

As can be seen from Table 3, all analyzed factors are statistically significant. The multiple regression model is applied by taking all the values of the variables at once and removing the independent variables from the model, leaving only the significant ones. By selecting non-significant variables, removing one by one from the model, i.e., the most insignificant indicators of model fit.

The initial regression model includes the following factors: actual financial literacy, saving habits, attitude towards saving, saving goals, motivation to save, method of saving, gender, age, work experience, source of income and income to be received.

In the first stage of regression testing, Significance $F < 0.05$ means that at least one regressor is significant. Meanwhile, we throw out the most insignificant variable from the model, savings goals (X_4), since its p -value is the highest among all values and $0.8849 > 0.05$. Thus, it can be assumed that savings goals do not affect the level of savings among young people. Attention is also drawn to the value of the coefficient of determination. In this case,

Table 3. The results of the correlational analysis of factors influencing the level of youth savings

Factor	t statistical	t table	Comparison of t	Statistical significance
Actual financial literacy (X_1)	6,98	1,97	$t > t_{table}$	Significant
Saving habits (X_2)	14,24	1,97	$t > t_{table}$	Significant
Attitude towards saving (X_3)	9,19	1,97	$t > t_{table}$	Significant
Savings targets (X_4)	11,95	1,97	$t > t_{table}$	Significant
Motivation to save (X_5)	12,62	1,97	$t > t_{table}$	Significant
Accumulation method (X_6)	4,30	1,97	$t > t_{table}$	Significant
Gender (X_7)	2,73	1,97	$t > t_{table}$	Significant
Age (X_8)	4,58	1,97	$t > t_{table}$	Significant
Work experience (X_9)	5,53	1,97	$t > t_{table}$	Significant
Source of income (X_{10})	5,49	1,97	$t > t_{table}$	Significant
Monthly income (X_{11})	6,08	1,97	$t > t_{table}$	Significant

Source: compiled by the author

the coefficient of determination has slightly decreased, but this has no effect since the change is minimal.

After discarding a statistically insignificant variable, the regression analysis with the remaining factors was repeated several more times, during which other insignificant variables not affecting the youth savings rate were removed until only significant factors remained. Insignificant variables that do not involve the level of savings among young people are savings goals (X_4), attitude towards saving (X_3), work experience (X_9), monthly income (X_{11}), age (X_8) and gender (X_7).

Equation (2) reflects the model created by regression analysis.

$$Y = 0.6235 + 0.0638 \times X_1 + 0.9426 \times X_2 + 0.7451 \times X_5 + 0.2426 \times X_6 + 0.2137 \times X_{10} \quad (2)$$

where: Y – youth savings level, X_1 – financial literacy level, X_2 – saving habits, X_5 – motivation to save, X_6 – saving method, X_{10} – source of income.

The model of the impact of financial literacy on youth savings, studied in the work, revealed that youth financial literacy, saving habits, motivation to save, method of accumulation, and source of income are significant factors about the level of savings.

The coefficient of determination reflecting the accuracy of the selected model is 0.4366. According to this result, it can be concluded that the model explains only

43.66% of the youths' savings level, which means that there are more factors influencing the youths' savings level that were not included in the model. The savings rate is 43.66% dependent on the level of financial literacy and other selected factors, and 56.34% on different factors not included in the model. These factors possibly affect the savings level of young people much more than financial literacy.

Based on the regression analysis results, it can be stated that financial literacy has a statistically significant effect on youth savings. Based on this, it is proved once again that the second hypothesis raised in this work was accepted correctly, considering the results of the questionnaire survey, using the method of graphic representation.

The results of testing two hypotheses put forward in the work are presented in Table 4.

Table 4. The results of testing two hypotheses put forward in the work

Hypothesis	Hypothesis acceptance/rejection	Explanation
H1: The level of financial literacy of youth has an impact on youth savings	The hypothesis is accepted	Considering the results of the questionnaire survey and confirming the result of the regression analysis, it became clear that there is a positive statistically significant relationship between the level of savings of young people and financial literacy.
H2: A higher level of financial literacy among young people positively affects the rational choice of money accumulation solutions for creating a better future.	The hypothesis is accepted	Taking into account the questionnaire survey results, the presence of higher financial literacy among young people has a positive effect on their rational choice of saving money.

Source: compiled by the author

The hypotheses raised in the study were accepted using the analysis methods of questionnaire survey results and correlation-regression analysis. As seen from Table 4, each could be taken based on the processed results of the questionnaire survey. The results of the correlation-regression analysis showed that the hypotheses put forward in the study were accepted correctly.

5. Conclusions

The current issue of financial literacy is analyzed at the international level, and the trend shows that increasing the population's knowledge level in this direction can be more than helpful. Assessing the role of financial literacy as a contribution to effective financial decision-making

requires a clear definition of financial literacy and a general understanding of its concept.

For more practical and better results, it is necessary to study the financial literacy of the youth to capture early perceptions not yet formed by personal experience in making important financial decisions or performing household specialization roles. To make the research sample reliable and representative, the sample of the research survey at a 95% confidence level and 5% margin of error consisted of 387 young people.

After evaluating the results of the financial literacy of young people and its impact on saving, it was found that young people have low financial literacy. The actual level of financial literacy of young people was determined to be 5.38 points. The results of the questionnaire survey revealed problematic areas of economic knowledge and skills of young people that need to be improved. The worst knowledge of young people: in the areas of pension accumulation, inflation, and taxes. Meanwhile, the young people who took part in the survey know best: the principle of simple and compound interest, the basics of a personal budget and risk diversification. One of the most optimistic conclusions is that most young people surveyed are saving. Correlational regression analysis answered the main research question. The obtained model confirms the dependence of the savings level of young people on their financial literacy. The model explains 43.66% of the youth savings rate, which means that more factors influencing the youth savings rate were not included in the model. These factors possibly affect the savings level of young people much more than financial literacy.

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