Financial knowledge among university students and implications for personal debt and fraudulent investments

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Abstract

The study is the first attempt to examine financial literacy, financial aptitude and behaviour among university students in Cyprus. The student survey covers 881 Cypriot students, aged mostly 18-24, across the five biggest universities in Cyprus. The financial knowledge scale used in the survey measures the understanding of basic concepts including interest rates, inflation, risk and diversification. Results show that 6.24% of students answered all questions correctly, with only 36.9% having a good financial knowledge proficiency level (answering at least 4 correct responses out of 6). While socio-demographic characteristics and students’ soft skills and traits distinguish high financial knowledge students, strikingly, parental background and parental advice does not seem to play an important role for high financial knowledge. Financial knowledge is also seen to have a distinct channel of influence on students’ understanding of managing their credit card debt and students’ ability to deter themselves from fraudulent investments.

Keywords: Financial knowledge, financial literacy, university students, credit card debt, Ponzi schemes

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