

AFRICAN GENERATION Y STUDENTS' KNOWLEDGE OF PERSONAL FINANCIAL MANAGEMENT

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ABSTRACT

Financial education and training lacks in South Africa. As a result, many students complete their tertiary education with a lack of preparedness for the financial challenges that await them. This paper reports on a study conducted to assess black Generation Y (hereafter referred to as African Generation Y) students' knowledge of personal financial management. The South African Generation Y cohort (individuals born between 1986 and 2005), accounted for an estimated 32 percent of the country's total population in 2015, of which the African portion of this cohort accounted for approximately 84 percent. Following a quantitative research approach, self-administered questionnaires were completed by a non-probability convenience sample of 385 students registered at the campuses of two South African public higher education institutions located in the Gauteng province. The students' financial knowledge was assessed using multiple-choice questions. The findings suggest that African Generation Y students exhibit a relatively low level of knowledge regarding personal financial management. Universities, educators, government and financial institutions can play an important role in fostering personal financial management knowledge amongst students to ensure improved personal financial management.

INTRODUCTION

The management of personal finances necessitates the establishment of a financial plan to achieve short- and long-term financial objectives. This is because individuals that invest their personal assets and income effectively, and as set out in their financial plan, are in a better position to guarantee financial security during their working life, as well as after retirement. Consequently, sound financial knowledge is essential to understand financial management related issues as well as to plan and manage personal finances efficiently (Swart, 2012). Without the necessary financial knowledge, personal financial management may be a challenging obstacle to overcome and often results in erroneous financial decisions (Boon, Yee and Ting, 2011). Cude, Lawrence, Lyons, Metzger, LeJeune, Marks and Machtmes (2006) explain that financial knowledge involves a process by which individuals use a grouping of resources, skills and background knowledge to effectively manage information and make decisions with insight of the financial consequences of that decision. According to Van Nieuwenhuyzen (2009), financial knowledge comprises the capacity to read, manage, analyse and communicate about one's personal financial state of affairs that influence material well-being. Symanowitz (2006) adds that financial knowledge encompasses the capability to distinguish between financial options, discuss money and financial issues without (or regardless of) uneasiness, plan for the future and respond knowledgeably to life events that influence everyday financial decisions, including events in the broader economy.

Hogarth (2002) opines that financially knowledgeable individuals are well informed on the issues of financial management and various other financial matters such as banking, investments, credit, insurance and taxes. Swart (2012) adds that financially knowledgeable individuals understand fundamental concepts underlying money and asset management, which allows them to effectively plan and implement financial decisions that will maximise their financial position and return. Therefore, Chinen and Endo (2012) believe that the only way individuals can obtain financial

security, and ultimately, long-term financial well-being, is through financial education.

Students are a rewarding market for financial institutions (Warwick and Mansfield, 2000), potentially leading the way forward to establish brand-loyalty throughout adulthood. Worryingly, most students complete their tertiary education without taking any responsibility for their personal finances, because their parents are typically the primary caretakers (Chinen and Endo, 2012). While attending tertiary education institutions, students need to manage their expenses; however many students are likely to use credit unwisely and irresponsibly due to a lack of budgeting experience (Sabri, Cook and Gudmunson, 2012). Although students have wide access to various financial services, such as education loans and credit cards (Robb and Sharpe, 2009), they are often considered a high-risk group when it comes to finances because of the lack of financial management knowledge and experience in managing their financial resources successfully (Sabri *et al.*, 2012). This may lead to financial problems and ineffective financial behaviours and attitudes, such as low levels of savings (Sabri and MacDonald, 2010), inadequate record keeping (Norvilitis, Merwin, Osberg, Roehling, Young and Kamas, 2006) and increased liabilities such as credit card debt (Goldsmith and Goldsmith, 2006). High debt levels, low income levels and a lack of personal financial knowledge combined will have negative consequences on tertiary students' financial well-being (Sabri *et al.*, 2012).

An extensive review of the literature unveiled no similar or related studies pertaining to the assessment of personal financial knowledge, conducted on the significantly sized black Generation Y cohort (hereafter referred to as African Generation Y) as the target population, in South Africa. In the South African market, the African portion of this cohort (individuals born between 1986 and 2005) (Eastman and Liu, 2012) represents 84 percent of this generational cohort (Stats SA, 2015). Therefore, the African Generation Y cohort is of particular interest to academics, government, financial institutions, and other economic role players in their efforts to foster personal financial management knowledge amongst this segment, as well as identify financial training and education needs in the South African educational system to ensure improved personal financial management. As such, the primary aim of the study reported on in this paper was to assess African Generation Y students' knowledge of personal financial management.

PERSONAL FINANCIAL KNOWLEDGE

Personal financial knowledge, also referred to as financial literacy (Lusardi, Mitchell and Curto, 2010), is defined by the Organisation for Economic Co-operation and Development (OECD) as the knowledge and skills that enables individuals to identify financial risks and opportunities, resources that can assist with complex financial matters and effective actions to improve financial well-being (OECD, 2005). It is therefore suggested, that a financially knowledgeable individual is likely to portray a favourable attitude towards personal finances and learning and understands the importance of taking control of personal finances. In addition, these individuals can distinguish between good financial decisions and bad ones, and is able to employ personal financial management skills, thereby making the management of personal finances more practical (Louw, Fouchè and Oberholzer, 2013).

Personal financial knowledge has captured the attention of a variety of role players in the economy, including major financial institutions, educational institutions, community interest groups, government agencies and more importantly, the consumer. According to Symanowitz (2006), the interest from these role players arises from the fact that many countries are characterised by low savings rates and high levels of debt and spending, which suggests that individuals lack financial knowledge. Mahdzan and Victorian (2013) add that the interest may also arise from a concern that a lack of financial knowledge- and capability, may have a negative impact on financial decision-making. This negative impact, in turn, adversely affects financial well-being, which ultimately results in financial difficulties.

In the international arena, several studies pertaining to financial knowledge have been conducted. The Miles (2004) study found that borrowers in the United Kingdom lack financial knowledge concerning mortgages and interest rates. Christelis, Jappelli and Padula (2005) in their study report low scores on

financial numeracy and knowledge among individuals from various European nations. Lusardi and Mitchell (2007) uncovered that 71 percent of adult Japanese participants lack financial knowledge in the areas of equity and bond investments and that more than 50 percent know little about what is necessary for effective saving plans. In addition, Mandell and Klein (2009) found that a lack of financial knowledge is common in developed countries such as New Zealand, Germany and Korea. As such, Van Nieuwenhuyzen (2009) concludes that personal financial knowledge levels are low worldwide, which according to Louw *et al.* (2013), indicate that inadequate personal financial knowledge is not an isolated problem.

There have been three main scholarly studies pertaining to university students' financial knowledge, namely Danes and Hira (1987), Volpe, Chen and Pavlicko (1996) and Chen and Volpe (1998). All of these studies report that students lack financial knowledge and that they need to improve their knowledge concerning personal finance. Swart (2005) opine that the lack of financial knowledge among students in South Africa can be attributed to the exclusion of personal financial management in most degrees. As a result, tertiary educational institutions fail to prepare students to take on with confidence the financial challenges that await them in the near future. In addition, Swart (2012) identify the lack of financial empowerment as one of the major challenges faced by the South African population. This is due to failure in the South African educational systems to provide structured and targeted education and training of schoolchildren, students and adults in the field of personal financial management. This failure in the education system may possibly lead to a financially uneducated community with no perceptiveness into its financial dealings and a possible resultant adverse impact on the micro venture, the economy, and the personal financial circumstances of millions of people in this country. Hence, it appears as if education internationally fails to equip generations of the future with the necessary personal financial knowledge.

In South Africa, household domestic savings are low and almost half of the nine million credit active consumer population have a negative credit listing. In an effort to address this issue, the Financial Intermediaries Association of Southern Africa (FIA) recommends compulsory financial education and training in all public schools (Duncan, 2013). While this initiative may benefit many South Africans, financial education is not the only factor to consider concerning financial knowledge; it also involves parental socialisation (Grinstein-Weiss, Spader, Yeo, Taylor and Freeze, 2011). Grinstein-Weiss *et al.* (2011) reason that, parents should be involved in the financial socialisation of their children, as it will empower them with the necessary financial knowledge and habits that will be carried into adulthood. According to Hira (1997) family and parents, *inter alia*, are the most important socialisation agents that influence children's financial attitudes and beliefs, which suggest that younger individuals learn the symbolic meaning of money from family and parents. Various other researchers (Jorgensen and Salva, 2010; Sabri, MacDonald, Hira and Masud, 2010) agree that parents seem to have an influence on the financial knowledge of children. Therefore, parental socialisation, with specific reference to money, may have a favourable influence on the youth's efforts to obtain the necessary financial knowledge (Shim, Xiao, Barber and Lyons, 2009).

CONSEQUENCES OF PERSONAL FINANCIAL KNOWLEDGE

Deficiencies in the level of financial knowledge can have distressing negative consequences. The most prominent disadvantages associated with being unequipped with the necessary financial knowledge include the inability to interpret financial information (Agnew and Szykman, 2005), over-confidence and the inability to understand the effect of compound interest (Lusardi and Mitchell, 2007). Additional negative consequences include inadequate savings and ineffective credit management, such as increased debt and high spending (Sabri *et al.*, 2012). There is agreement among several authors (Braunstein and Welch, 2002; Symanowitz, 2006; Gutter and Copur, 2011) that insufficient financial knowledge may have an effect on an individual's everyday financial resource management, credit rating, and capability to attain long-term goals. Examples of long-term goals includes purchasing property and a vehicle, obtaining insurance and bank loans, saving for higher education, as well as reaching the desired savings level for retirement. Mahdzan and Victorian (2013) opine that it is doubtful whether financially uneducated individuals are planning for retirement and

add that these individuals are unlikely to accumulate wealth. While the lack of personal financial knowledge may have important implications for the individual and the manner in which they manage their personal finances, it could also have detrimental consequences for the economy. Some of these consequences include impaired business cycles, greater variation in the distribution of income and wealth, depreciation of the value of the currency as well as inflation (Mandell and Klein, 2009). In addition, financial institutions face the risk of higher-than-expected financial losses and a negatively affected financial standing owing to individuals' ineffective financial decisions, financial misbehaviours and in extreme cases, personal bankruptcies (Symanowitz, 2006).

According to Borden, Lee, Serido and Dawn (2008), higher levels of financial knowledge are associated with sound record keeping. Furthermore, the probability that individuals will choose the most appropriate option when provided with a hypothetical scenario concerning a financial decision is higher than for those individuals who lack personal financial knowledge. Moreover, high levels of financial knowledge may positively influence individuals to make better-informed financial decisions that will likely result in the attainment of long-term financial goals (Symanowitz, 2006). In addition, greater financial knowledge may exert positive financial attitudes, such as paying all account balances in full every month (Robb and Sharpe, 2009). Van Nieuwenhuyzen (2009) posits that improved financial knowledge results in markets that function more effectively, improves social cohesion and the degree of personal wealth, leads to efficient debt management and decreases financial stress levels. Mahdzan and Victorian (2013) conclude that a higher degree of financial knowledge makes it easier to engage in personal financial planning activities, including investments in shares, property and life insurance.

Inadequate financial knowledge among students makes this consumer segment particularly susceptible to the aggressive marketing tactics of financial institutions, which may be harmful to their financial freedom (Borden *et al.*, 2008). Financially uneducated students often misunderstand the immediate effect of credit card usage (Joo, Grable and Bagwell, 2003). This may be attributed to the lack of knowledge on the fee structures employed or the penalties financial institutions apply when one fails to comply with the terms and conditions of credit card use (Norvilitis *et al.*, 2006). In addition to the short-term effects, the long-term consequences related to the misuse of credit are much more severe and are often overlooked by students. These include the psychological costs associated with financial problems, such as increased levels of stress and decreased levels of well-being, which students have to account for (Joo and Grable, 2004; Shim *et al.*, 2009). Other long-term consequences include years of financial debt and low credit scores that delay future plans (Borden *et al.*, 2008).

The most cited explanation for students who cease their education, is financial pressure (Falahati, Paim, Ismail, Haron and Masud, 2011). Financially knowledgeable students tend to make effective financial decisions related to savings, credit and investments and have more sensible opinions with regards to finance (Joo and Grable, 2004; Norvilitis *et al.*, 2006). This is because financial knowledge has the greatest effect of all the factors considered being indicative of responsible financial behaviour. Therefore, personal financial knowledge is essential to assist students in matching their needs with their financial resources. In addition, financial knowledge will aid students with understanding financial activities such as the function of money and the use of financial services (Swart, 2012).

GENERATION Y AND PERSONAL FINANCE

The marketing trade magazine, Advertising Age, first used the Generation Y term in 1993 to differentiate this generation from Generation X (Markert, 2004). Generation Y is the largest generation worldwide since the baby boomers (Koutras, 2006), most educated and represents a large and growing portion of the workforce (Schlitzkus, Schenarts and Schenarts, 2010). In terms of finance, this generational cohort is positioned to become the wealthiest generation to date (Bleedorn, 2013). Members of this generation have powerful aggregate spending (Cui *et al.*, 2003). Annual projections indicate that these individuals influence 300 to 400 billion American Dollars in family purchasing (Martin and Turley, 2004) and spend between 153 and 155 billion American Dollars themselves (Lazarevic, 2012). Furthermore, by 2020, estimates indicate that Generation Y's income

will reach 6.2 trillion American Dollars (Braccia, 2013). This cohort's affluence and influence increases significantly, and with that, their financial appetite, given that more consumers own a cheque and credit card and saves for a car or post-secondary education (Cox, Kilgore, Purdy and Sampath, 2008). Braccia (2013) opines that members of the Generation Y cohort are more inclined to do thorough research before they make big life decisions and are more focused on investments and saving than their predecessors are. Therefore, they have aggressive financial goals and generally look for information, guidance and access to financial planning tools to assist with financial decision-making. Braccia (2013) further notes that Generation Y members rely on family and friends for financial advice and subsequently turn to online communities to verify the information and advice received.

The Generation Y cohort within the South African market is the first generation to experience a period where discrimination and segregation is non-existent. This allowed everyone to attend multicultural schools where the youth could freely socialise with diverse races. African Generation Y members, in particular, have more opportunities available to them than former generations from this ethnic group since education, career and wealth-creation possibilities are now more easily obtainable (Du Plessis, Berndt and Petzer, 2009; Puybaraud, 2010; Bevan-Dye, Garnett and De Klerk, 2012). As a result, there has been a steady increase in the African middle-class, labelled Black Diamonds by the UCT Unilever Institute of Strategic Marketing and TNS Research Surveys (Olivier, 2007). Continued growth in this market segment will likely stem from members of the African Generation Y cohort in general, particularly those who hold a tertiary qualification (Bevan-Dye, Dhurup and Surujal, 2009). This is because graduates typically have a higher future earning potential and consequently a higher social standing within a community. These two elements combined are likely to manifest in graduates being role models amongst their peers (Shiffman, Kanuk and Wisenblit, 2010). Because this cohort have to make challenging financial decisions in an increasingly multifaceted financial environment, it is important that their financial knowledge in all areas of personal financial management be improved (Cudmore, Patton, Ng and McClure, 2010). This is likely to secure them a stable financial future.

PURPOSE OF STUDY

The purpose of the study reported on in this paper was to assess African Generation Y students' knowledge of personal financial management within the South African context.

RESEARCH OBJECTIVES

The study was guided by the following research objectives:

- Determine African Generation Y students' knowledge of personal financial management, in the context of general financial knowledge.
- Determine African Generation Y students' knowledge of personal financial management, in the context of saving.
- Determine African Generation Y students' knowledge of personal financial management, in the context of spending.
- Determine African Generation Y students' knowledge of personal financial management, in the context of debt.
- Determine whether there is a significant difference in Generation Y students' knowledge of personal financial management, in terms of general financial knowledge, saving, spending and debt.

RESEARCH METHODOLOGY

This study adopted a quantitative approach to assess African Generation Y students' knowledge of personal financial management.

Sample

The target population for the study was defined as African Generation Y students, aged between 18 and 24 years, registered at South African public higher education institutions (HEIs) in 2013. The sampling frame selected comprised a list of the 26 registered South African public HEIs, as listed by Universities South Africa (Universities South Africa, 2015). From this sampling frame a judgement sample of two HEI campuses, one from a traditional university and the other from a university of technology, located in the Gauteng province, was selected. Thereafter, a non-probability convenience sample of 500 students across the two campuses was selected.

Measurement instrument and data collection procedure

A self-administered survey questionnaire was used to collect the required data and consisted of two sections. The first section requested demographic information and included screening questions to ensure that participants were part of the target population. The second section assessed the African Generation Y students' knowledge of personal financial management. This section comprised 18 multiple-choice questions that were adapted from the Symanowitz (2006) study and pertains to general financial knowledge (nine questions), saving (four questions), spending (three questions) and debt (two questions). The general financial knowledge dimension included questions that relate to budgeting, tax, investment growth, inflation and life insurance. The saving dimension included questions that relate to saving vehicles, savings growth, interest on savings and retirement savings. The spending dimension included questions that relate to bank charges on credit cards, finance charges and sources of spending. The debt dimension included questions that relate to credit scores, credit history and borrowing. Each question contained four possible answers, of which the students were requested to select one. The responses from each student were used to compute the mean percentage of correct responses for each area of personal financial management and the entire survey. Consistent with existing literature (Volpe *et al.*, 1996; Chen and Volpe, 1998), the mean percentage of correct responses were grouped into four categories, namely relatively high level of financial knowledge (correct responses above 80%), relatively medium level of financial knowledge (correct responses between 60% and 79%) and low level of financial knowledge (correct responses below 60%). The questionnaire's cover letter explained the purpose of the study and assured the confidentiality of the student's information.

Although the questionnaire's validity and reliability was proven in the Symanowitz (2006) study, a pre-test was conducted in which pertinent field researchers and experts in the field of personal finance ascertained the questionnaire's face- and content validity. In addition, the questionnaire was reviewed by an experienced statistician to ensure that the questionnaire met the information needs of the research objectives and statistical techniques. Subsequently, the questionnaire was piloted on a convenience sample of 40 students on a South African HEI campus that did not form part of the main sampling frame, to ascertain its effectiveness. The questionnaire was then administered to the identified sample. Lecturers at each of the two HEIs were contacted and asked whether they would allow the questionnaire to be distributed to their students during class time. Participating lecturers were shown a copy of the questionnaire and requested to read through it to confirm that none of the questions asked broke any ethical boundaries. Once permission was solicited, fieldworkers hand-delivered the questionnaires to the students at the two campuses for voluntary completion. The captured data was analysed using the Statistical Package for Social Sciences (IBM SPSS), Version 23.

RESULTS

Sample description

Of the 500 questionnaires distributed, 385 completed and usable questionnaires were returned, which translates into a response rate of 77 percent. As indicated in Table 1, participant's ages ranged between 18 to 22 years. The sample comprised fewer male (37%) participants than female (63%) participants. The majority were first year (42%) students, followed by third year (34%) and second year (24%) students. The majority of the participants were from Gauteng (60%), followed by

Limpopo (11%) and the Free State (11%).

TABLE 1
SAMPLE DESCRIPTION

Age	N (%)	Gender	N (%)	Year of study	N (%)	Province of origin	N (%)
18	40 (10)	Male	144 (37)	First year	161 (42)	Eastern Cape	7 (2)
19	79 (21)	Female	241 (63)	Second year	94 (24)	Free State	36 (11)
20	94 (24)			Third year	130 (34)	Gauteng	196 (60)
21	120 (31)					KwaZulu-Natal	11 (3)
22	52 (14)					Limpopo	37 (11)
						Mpumalanga	21 (7)
						Northern Cape	3 (1)
						North-West	15 (5)

Descriptive statistics

On average, the students answered 49.9 percent of the survey questions correctly. This suggests that African Generation Y students have a relatively low level of personal financial knowledge. For general financial knowledge, the students answered 55 percent of the questions correctly. The students answered 48.4 percent of the saving questions correctly and 36.4 percent of the spending questions correctly. In terms of debt, the students answered 50 percent of the questions correctly. Therefore, for these four areas of personal financial management, African Generation Y students have a relatively low level of financial knowledge. Table 2 reports on African Generation Y students' knowledge of personal financial management.

TABLE 2
AFRICAN GENERATION Y STUDENTS' KNOWLEDGE OF PERSONAL FINANCIAL MANAGEMENT

Personal financial management area	Number of questions	Percentage
General financial knowledge	9	55.0%
Saving	4	48.4%
Spending	3	36.4%
Debt	2	50.0%
Overall score	18	49.9%

Paired sample t-test

A Paired sample t-test was performed in order to determine whether the mean differences between the different areas of personal financial management were significant. The significance level was set at the conventional 5 percent level. The mean percentages, standard deviations (SD), standard errors, t-statistics and p-values are presented in Table 3.

TABLE 3
PAIRED SAMPLE T-TEST

Personal financial management area	Mean % (SD)	Standard error	t-statistics	p-values
Pair 1				
General financial knowledge	55.036 (18.48)	0.942	5.017	0.000*
Saving	48.442 (23.61)	1.203		
Pair 2				
General financial knowledge	55.036 (18.48)	0.942	12.216	0.000*
Spending	36.363 (29.45)	1.501		
Pair 3				
General financial knowledge	55.036 (18.48)	0.942	2.782	0.000*
Debt	50.000 (36.44)	1.857		
Pair 4				
Saving	48.442 (23.61)	1.203	6.921	0.000*
Spending	36.363 (29.45)	1.501		
Pair 5				
Saving	48.442 (23.61)	1.203	-0.782	0.434
Debt	50.000 (36.44)	1.857		
Pair 6				
Spending	36.363 (29.45)	1.501	-6.555	0.000*
Debt	50.000 (36.44)	1.857		

Note: * Significant at the 0.05 level

Table 3 shows significant mean differences ($p < 0.05$) between Pair 1 (general financial knowledge and saving), Pair 2 (general financial knowledge and spending), Pair 3 (general financial knowledge and debt), Pair 4 (saving and spending) and Pair 6 (spending and debt). This indicates that a higher or lower financial knowledge of one area of personal financial management is associated with a lower or higher financial knowledge of another area of personal financial management, except for Pair 5 (saving and debt) where they are similar.

DISCUSSION, MANAGERIAL IMPLICATIONS AND RECOMMENDATIONS

This study assessed African Generation Y students' knowledge of personal financial management in terms of general financial knowledge, saving, spending and debt. The results of this study provide valuable insights into the financial knowledge of African Generation Y students. The study concluded that African Generation Y students have an overall low level of financial knowledge. More specifically, students have a relatively low level of personal financial knowledge in general financial knowledge, saving, spending and debt. Interestingly, in view of South African economic trends, these findings are consistent with the low household domestic savings rate, high levels of unsecured debt at high interest rates and excessive spending patterns. In addition, these findings correspond with low financial knowledge levels worldwide (Volpe *et al.*, 1996; Chen and Volpe, 1998; Lusardi *et al.*, 2010).

By implication, the relatively low level of personal financial knowledge among African Generation Y students in South Africa suggest that these individuals are likely to make ineffective financial decisions, have difficulty saving for long-term goals, incur high debt and spend irresponsibly. This is likely to lead to ineffective functioning of markets, decrease in money supply and investments, and a decrease in economic growth, all of which negatively affects the economy. Furthermore, these individuals are likely to experience financial stress, which, in turn, can negatively affect job performance. In addition, these individual may experience severe financial difficulties, which can lead to an increase in crime related activities.

To address this managerial dilemma and increase engagement in and enjoy the benefits associated with personal financial management, it is essential that African Generation Y students possess the necessary financial knowledge. The challenge, however, is the absence of personal finance content in most school and university curricula. Consequently, many students manage their financial resources with minimal knowledge and make ineffective short and long-term financial decisions, which ultimately lead to financial problems and incorrect measurement and assessment of personal financial performance. Therefore, there is a need by students to improve their financial knowledge through financial education and training. Academics, government agencies, and financial institutions should pay attention to these needs and address them, such as through lectures and seminars. Furthermore, schools have a role to play in empowering students with the necessary financial knowledge. As such, it is important that programmes concerning personal financial knowledge be introduced at school level to ensure that learners have some financial background when they enrol for tertiary education. In addition, a short course can be developed and implemented. More importantly, critical thinking and decision-making processes should be incorporated into any financial education programme. This will allow individuals to apply the knowledge in a practical scenario and develop a more complete understanding of the consequences of financial decisions. Financial education and training can also focus around technology such as podcasts and virtual online banking. To make financial learning more practical and appealing to Generation Y, academics can consider the use research projects, simulations and games, such as those developed by the Serious Games Institute of South Africa (SGI-SA), used to imitate real-life events, allowing the player of the game to find solutions for a number of problems that may arise.

Given the results of this study, it is essential that any educational programme, game, or any other technological tool employed to teach personal financial management, include topics such as general financial knowledge, saving, spending and debt. This is likely to lead to enhanced personal financial management, an improved and sustainable economy, as well as less financial stress and a better standard of living.

LIMITATIONS OF STUDY AND FUTURE RESEARCH

As with most studies, a number of limitations can be identified within this study, thereby presenting numerous opportunities for future research. Within this study, a non-probability convenience sampling approach was employed to survey the study's participants. As such, great care should be taken in interpreting the results. Moreover, the study lacks the accurateness of a longitudinal study since this study employed a single cross-sectional design. Given the dearth of research conducted on the personal financial knowledge of the African Generation Y cohort in South Africa, especially in the context of personal financial management, future research in this area is recommended.

CONCLUSION

Personal financial knowledge has become the centre of attention among various economic role players (schools, universities, financial institutions and government), and with good reason. South Africans do not exhibit a saving behaviour, and excessive debt is taken on, most of the time at a high interest rate and unsecured. This careless comportment can be attributed to insufficient financial knowledge, which results in unsuccessful management and planning of financial matters and a negatively affected economy. Generation Y is regarded as the future of South Africa and their level of financial knowledge is expected to shape the continually changing financial and economic environment, especially concerning personal financial management. Accordingly, this study sought to establish African Generation Y students' level of financial knowledge within the South African context. Through the assessment of Generation Y students' personal financial knowledge, economic role players are equipped with valuable information regarding the financial knowledge needs of this generational cohort. Specifically, the study focused on African Generation Y students because first, the future of the financial and economic environment are represented by the youth, secondly, the vast majority of the South African Generation Y population comprise African members and thirdly, individuals with a tertiary qualification generally act as opinion leaders and trendsetters amongst their

peers. It is therefore the responsibility of these role players to contribute towards a more stable financial environment and foster personal financial knowledge among these individuals through financial education and training.

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