



A better tomorrow – A financial literacy barometer for young people

Summary of the results

OP Financial Group, the Universities of Helsinki and Jyväskylä
1 October 2024

Foreword

The A better tomorrow – financial literacy barometer implemented by OP Financial Group and the Universities of Helsinki and Jyväskylä is the first barometer-type survey implemented in Finland. It assesses the financial literacy of young people (aged 15 to 19).

The survey is aimed at producing significant and high-quality information among Finnish youngsters on spending, money management skills, attitudes towards loans and debt as well as the related conduct and attitudes.

The survey yielded a great deal of information about young people's financial literacy, attitudes towards finances, money and consumption as well as their financial behaviour. In general, young people's answers showed good financial literacy and faith in their own money management abilities and a good financial future.

However, differences were also found between young people in terms of financial literacy and management. Not all young people are on the same track in terms of developing their finances. For this reason, the information studied will help in designing and targeting financial education and training.

Good financial literacy is a civic competence. Improving and maintaining it, especially among growing young people, is a shared task between all adults, families, schools, political decision-makers, researchers, companies and third sector actors. It is particularly important and fruitful to combine the expertise of different actors. This ground-breaking barometer is an excellent example of well-functioning inter-institutional cooperation that has produced interesting and impressive results.

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The study was directed by Prof. Katariina Salmela-Aro, (University of Helsinki) and Prof. Terhi-Anna Wilska (University of Jyväskylä)

Julia Nuckols and Sini Tiihonen performed the study and were assisted by Niina Holmström and Lili Vihavainen

Management summary of the results 1(3)

According to the study, the financial literacy of people aged 15 to 19 is at a rather good level. Boys have slightly better financial literacy in terms of interest calculation, investment risk and understanding of inflation than girls, which is in line with a number of international studies.

According to domestic studies (including Wilska & Nyrhinen, 2024), we estimate that the differences between genders will balance out along with reaching adulthood. School success is connected to financial literacy, and high school students' financial literacy is better than that of vocational school students. This presents a challenge to both homes and the school. Good management of personal finances is connected to good financial literacy, which is not surprising.

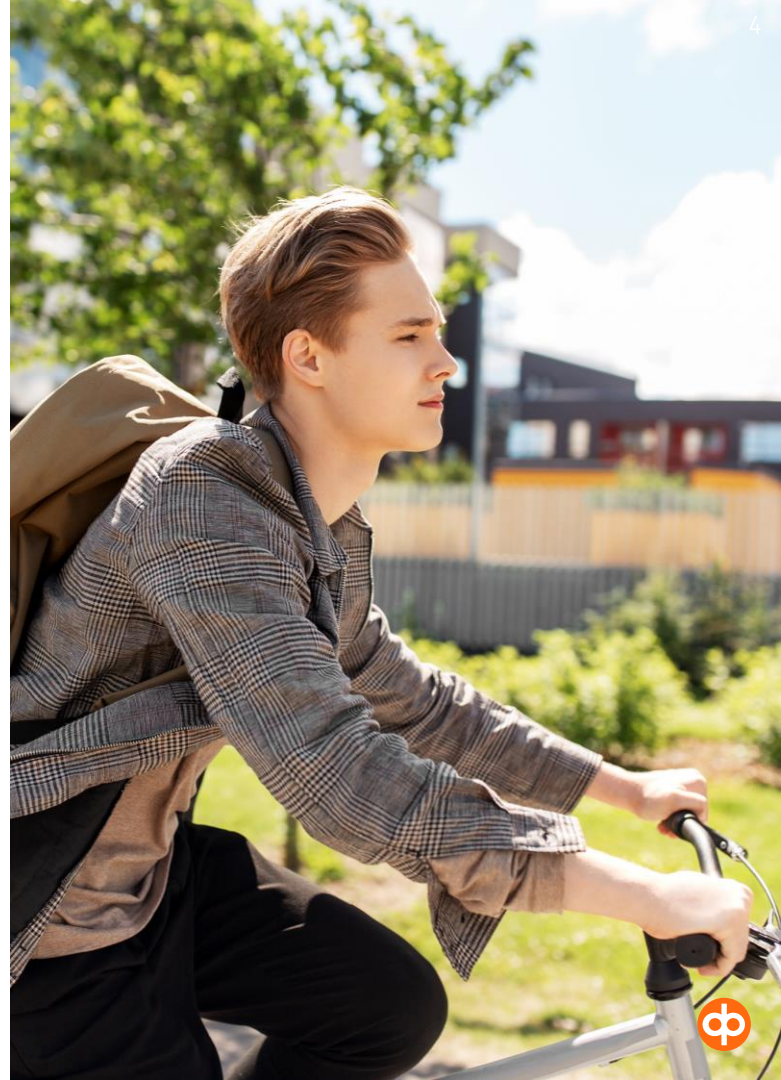


Management summary of the results 2(3)

In general, young people are satisfied with their management of personal finances. The majority also knows where to get help for financial problems. Girls are more worried about their finances than boys.

Finances are also discussed at home, but not very often. However, home is the most important source of financial information. However, the role of social media is surprisingly large. A corresponding result was also achieved in PTT's study (2024).

Investing and getting rich is discussed at home more with boys than with girls. The result is consistent with the Ministry of Justice's study in that young men reported investing significantly more than young women. It would therefore be very important to pay attention to the equal consideration of the sexes in financial matters, both at home and at school.



Management summary of the results 3(3)

Young people's attitude towards loans and indebtedness is realistic and reasonable. There is a strongly negative attitude towards payday loans and a rather negative attitude towards loans for leisure activities.

The attitude towards housing and car loans is positive, but realistic. The connection between the planning of taking a home loan and the wealth of the childhood family is noteworthy. Children from high-income families typically plan to take out a home loan, while young people from lower-income families are more likely to believe that they will rent in the future.

Young people are sceptical about taking out student loans, which may be related to the young age of the respondents.

Young people represent a consumer-oriented, thrifty and environmentally conscious style in terms of their consumption attitudes. The thrifty ones are more typically boys with the environmentally conscious ones being girls and general upper secondary school students. This is in line with several consumer surveys and has not changed much, although environmental issues are more important socially than before.

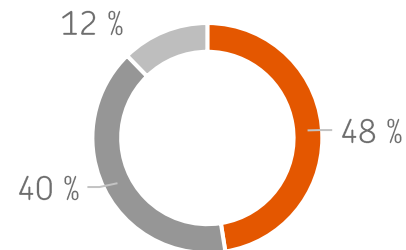
Even among the adult population, women are more environmentally conscious than men. This is also a challenge for financial and consumption education at home and schools.



Respondents' profiles

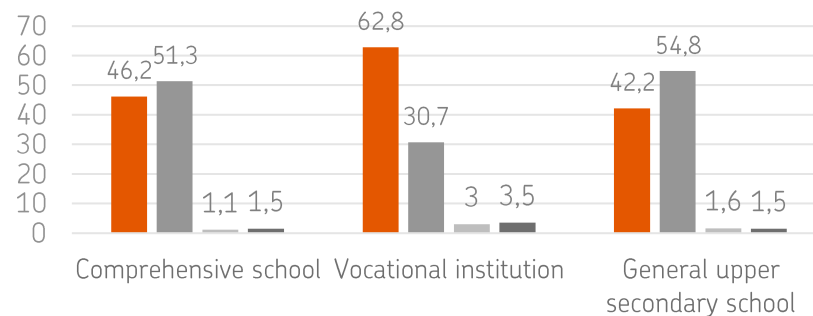
- 1,886 students from 72 different educational institutions responded to the survey implemented in spring 2024
- The number of vocational schools is relatively lower than general upper secondary school and comprehensive schools, which is due to the period during which the material was collected
- The age and gender distribution between respondents is equal in the entire material
- Regionally, the sample is nationally comprehensive, but due to the way the data is collected, it is not completely nationally representative

Respondents' education



- General upper secondary school
- Comprehensive school
- Vocational institution

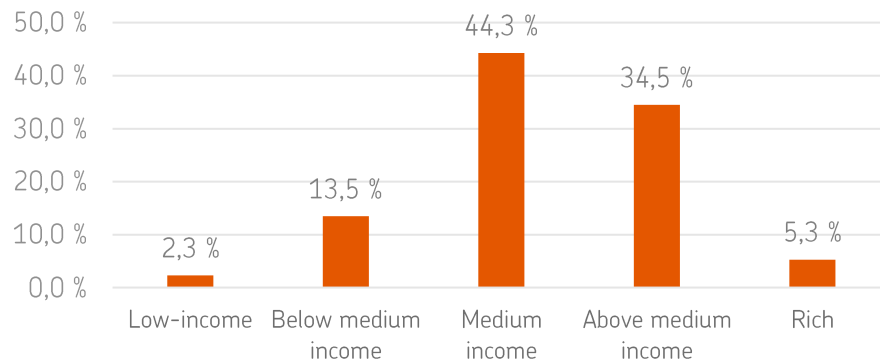
Respondents' gender and education



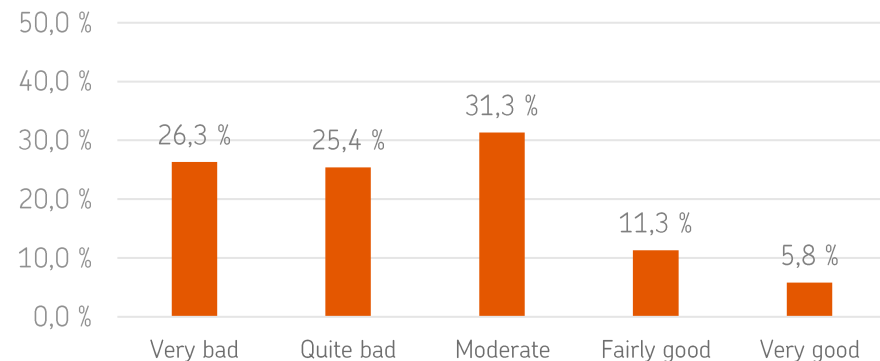
- Male
- Female
- Other
- I prefer not to say

- The majority of young people who responded to the survey still lived with their parents in the same household
- Socio-economic background information includes the education level of the more highly educated parent, the livelihood of the childhood family, one's own financial situation and the amount of disposable income
- Young people's estimates of their childhood family's livelihood follow a roughly normal distribution.
- Estimates of one's own financial situation are weighted between very bad and moderate.

Family's livelihood during childhood



Estimate of your financial situation



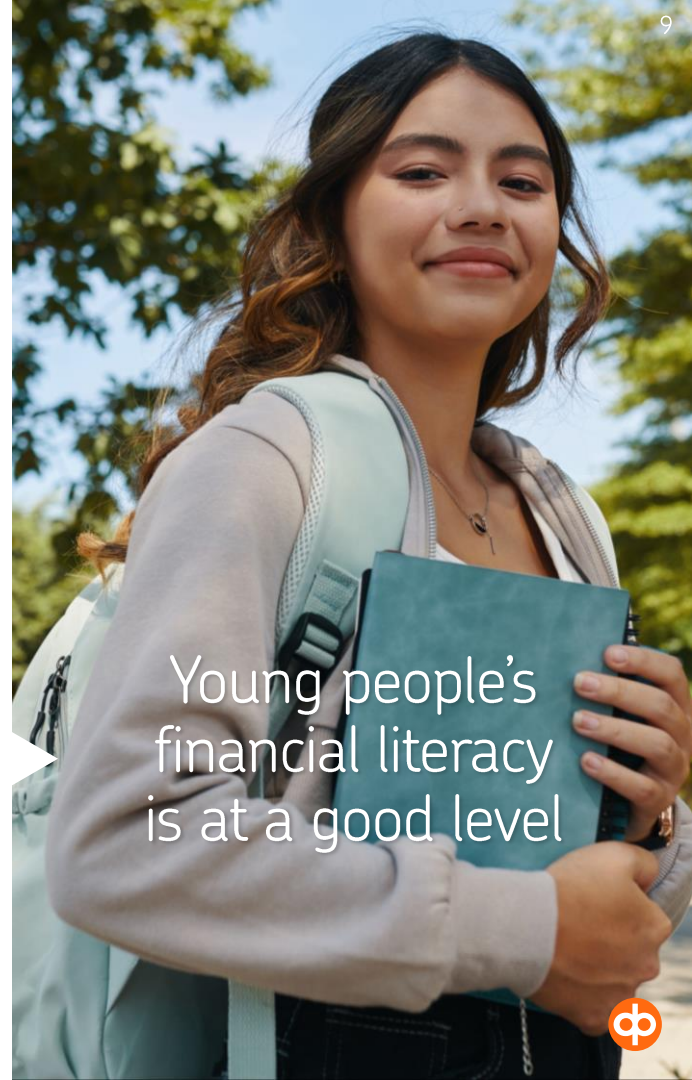
A young man with short brown hair, wearing a plaid shirt and a backpack, is smiling and looking towards a young woman with a large, curly afro hairstyle. They are standing on a staircase with wooden railings. The background consists of large windows with wooden frames, letting in bright light. The overall atmosphere is bright and positive.

Young people's financial literacy

When accounting for the respondents' age, young people's financial literacy is at a good level. However, there were some differences between young people that should be taken into account. The most significant, though not surprising, finding was the relationship between financial literacy and school success as assessed by the respondents. Similarly, the link between good money management and financial literacy is noteworthy. This suggests that financial literacy is an integral part of good general life management.

The financial literacy of the general upper secondary school students was better than that of the vocational students. Attention should be paid to this in targeting financial education and training. Financial literacy should become an integral part of education already at comprehensive schools.

The fact that boys have better financial literacy in terms of interest calculation, investment risk and understanding of inflation than girls is in line with a number of international studies. It is likely that the gender gap will level off with age, as a recent national study (Wilska & Nyrhinen, 2024) of people aged 15 to 29 showed that young women have better financial literacy than young men.



Young people's
financial literacy
is at a good level

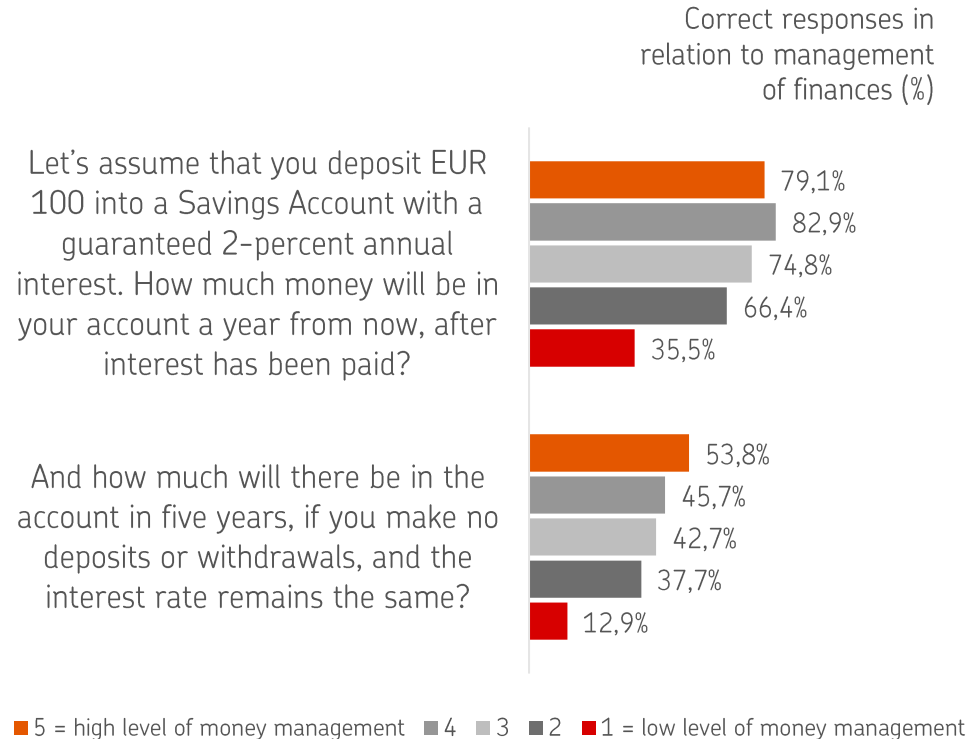
Good financial literacy is linked to good school performance


- The self-reported school performance of respondents is clearly related to the level of financial literacy (1 = poor school performance, 5 = very good school performance).
- Respondents who rated their own school performance as "quite good" or "very good" were more likely to answer the questions on financial literacy correctly.
- Respondents' financial literacy in relation to school performance varied somewhat by question.



Good financial literacy is linked to good management of finances

- Good financial literacy is linked to good management of personal finances. Management of finances was measured by a number of statements measuring budgeting competence (1 = strongly disagree, 5 = strongly agree), which were made into a sum variable:
- “I regularly follow my income and expenses”, “I carefully plan my expenses in advance”, “I can manage my use of finances”, “If I have additional money, I save it” and “I have savings targets for buying specific items in the future”.





Channels for discussing money and financial education

It should be noted that households do not typically discuss finances daily or even weekly, but rather monthly. It is even somewhat worrying that families discuss investing, wealth and entrepreneurship more with boys than with girls. With girls, there is more talk about asking for money and buying and about the family's financial situation, which reflects traditional gender roles.

It was expected that the role of homes and schools are significant in financial education. However, not all young people consider receiving financial education from even these places.

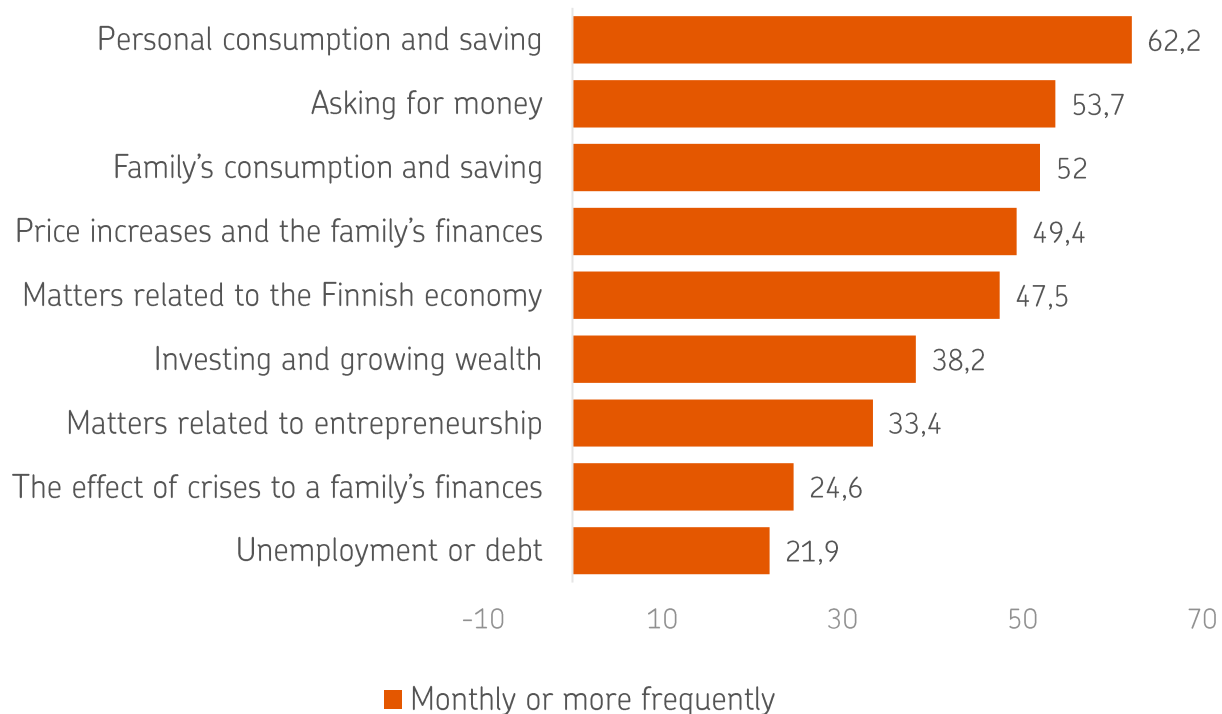
An interesting result was the great importance of social media influencers to young people as a source of financial information. According to other studies (Tuominen et al., 2022; Wilska et al., 2020), social media influencers are already the most important source of financial information for people aged under 25. According to previous studies, following social media influencers is directly connected to materialistic consumption habits.



The role of social media in financial education is surprisingly large

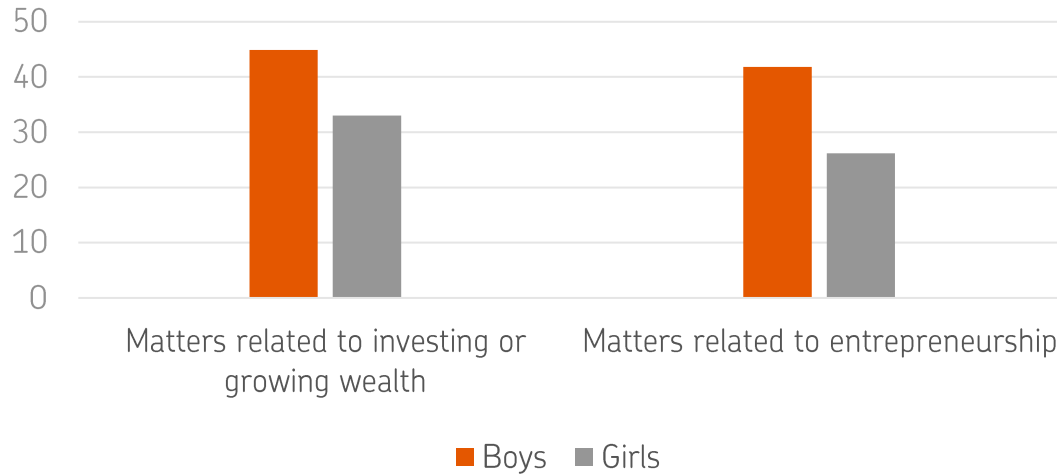


Young people discussed personal and their family's consumption with their parents (%)



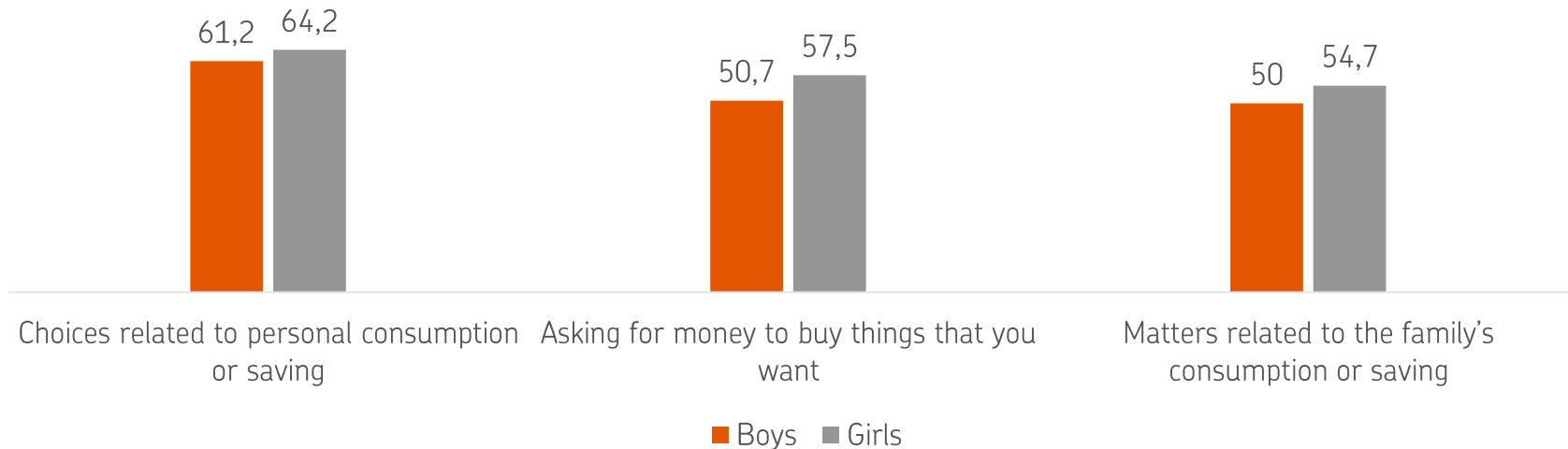
Families discuss matters related to investing, wealth and entrepreneurship more with boys than with girls.

How often have you discussed the following matters with your parents or guardians during the last six months? (Monthly or more frequently) (%)

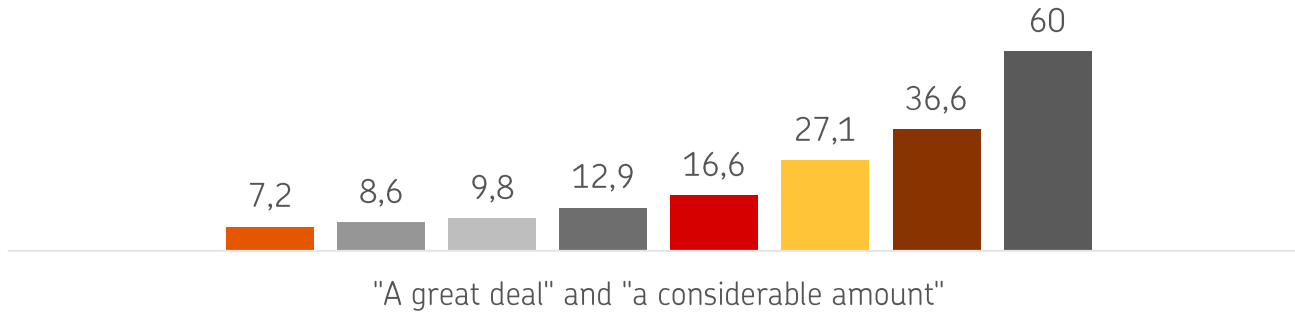


Most of the discussions with girls are about asking for money and the family's consumption.

How often have you discussed the following matters with your parents or guardians during the last six months? (Monthly or more frequently) (%)

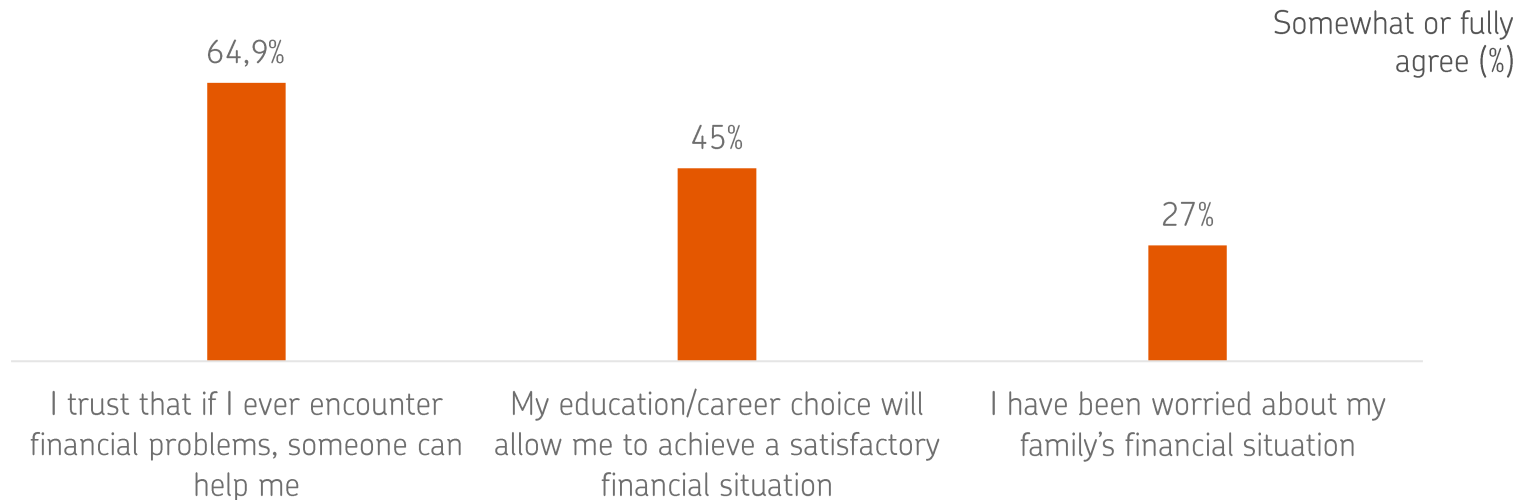


Most financial education comes from home and school.
The role of social media influencers is also important.
(%)



- From digital games
- Outside of school, such as from courses, hobby groups or hobby clubs
- From books read or listened to during free time
- From my bank's personnel
- From banks' websites
- From social media (e.g. TikTok, Instagram, Facebook, X) influencers
- At school, during a lesson
- From the family

Young people rely on help for financial problems, but more than a quarter worry about family finances

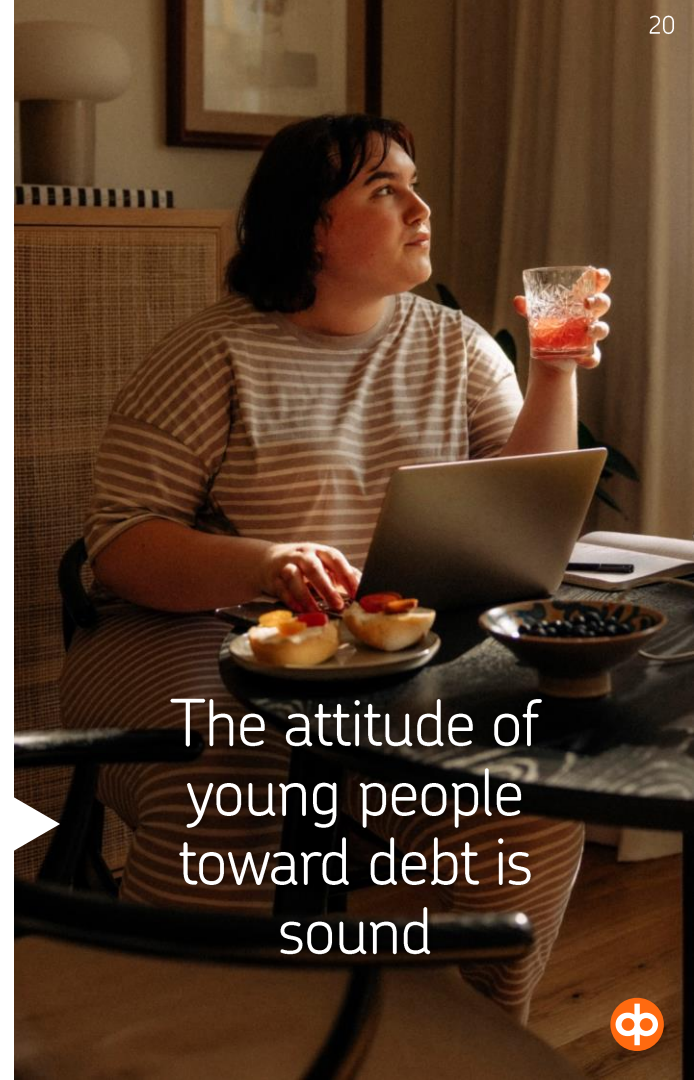


Attitudes towards debt and spending

Young people have a healthy attitude towards debt and a strongly negative opinion towards payday loans, for example. Also, financing leisure activities such as foreign travel and hobbies with a loan is not considered a good thing by young people. Young people have reservations about taking out a student loan. However, due to their young age, many respondents did not yet have an exact opinion on the matter.

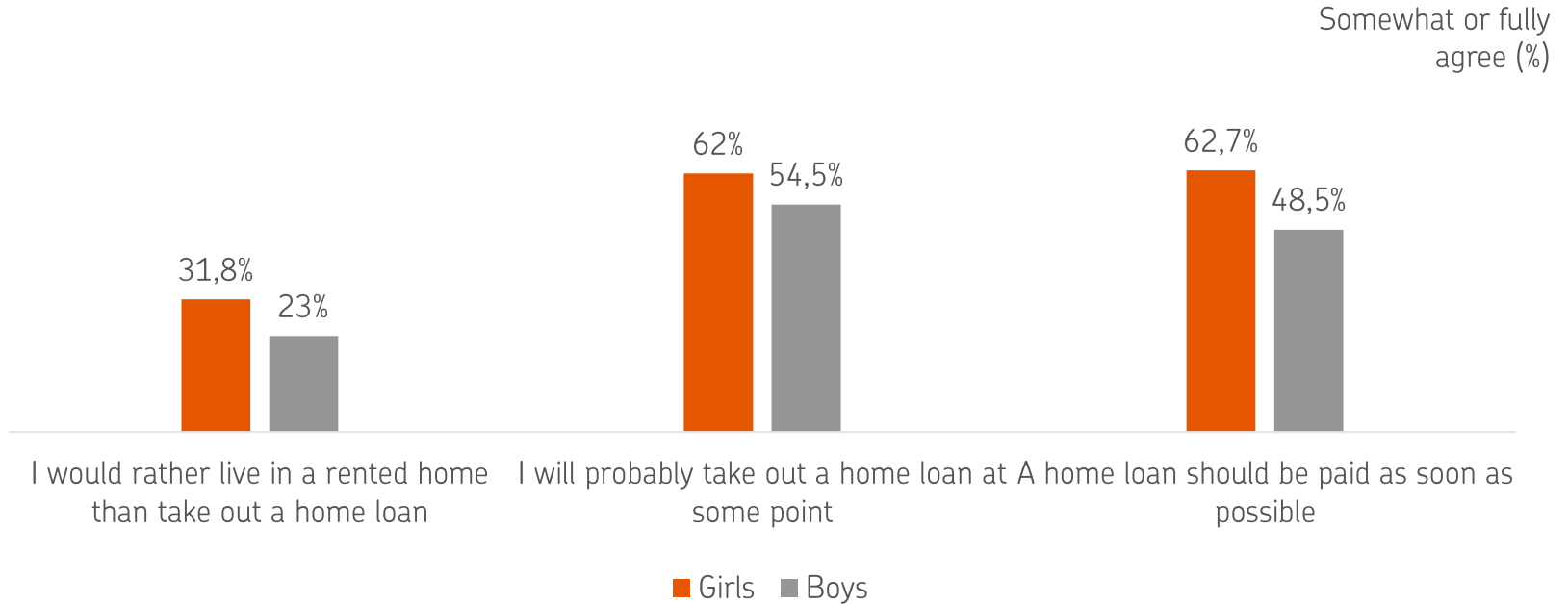
Attitudes towards home loans are more positive than towards other loans. Over a half of young people believe that they will certainly take out a home loan in the future. Young people from middle-income and affluent families were more willing to take out a mortgage than young people from less affluent families.

The experienced financial situation is connected to consumption habits, which is in line with previous studies. Consumption and material orientation is somewhat more typical for young people who consider their families disadvantaged, while environmental awareness and thriftiness are more typical for young people whose financial situation is good and whose parents are highly educated.

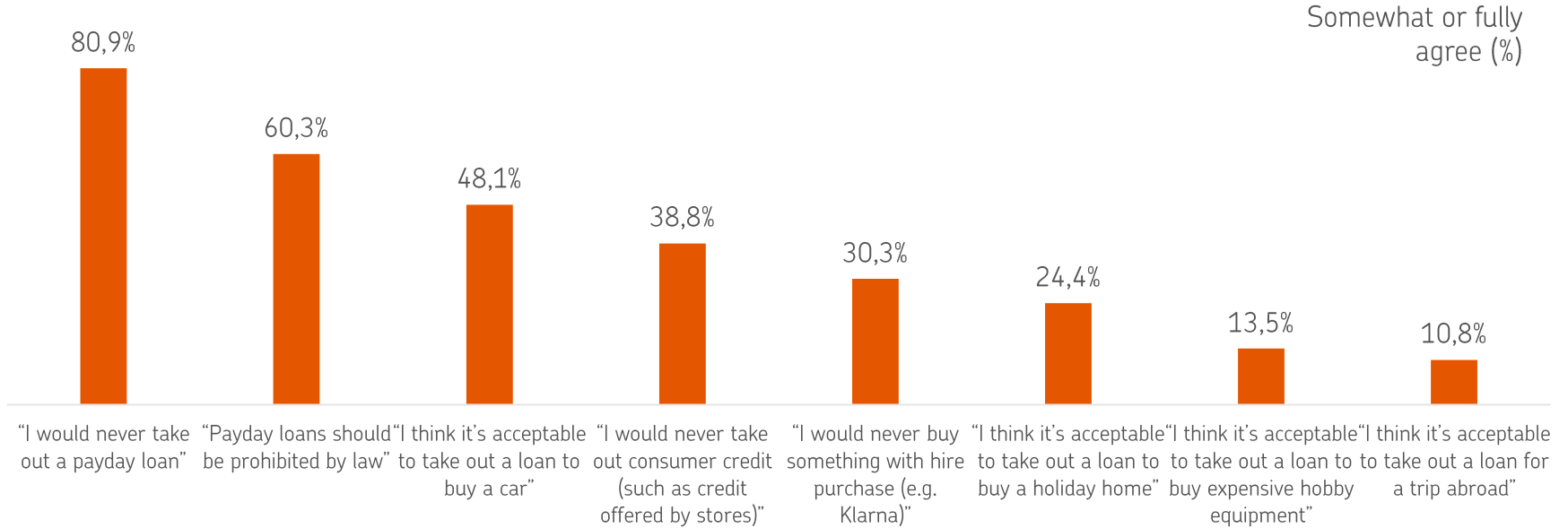


The attitude of
young people
toward debt is
sound

Attitudes towards taking out a home loan are quite positive



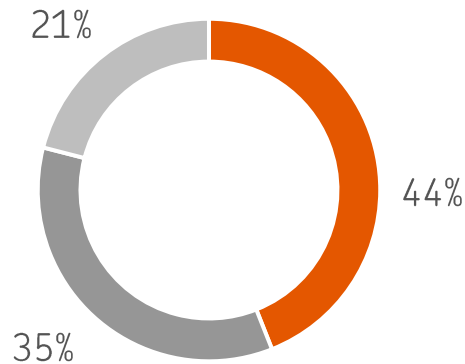
Young people's attitudes towards payday loans and leisure time activities financed with a loan are negative



Depending on their consumption habits, young people could be divided into three different consumer types

More likely
girls, general upper
secondary school students,
at least quite good
livelihood experienced

More likely to be a boy,
at least fairly well off



More likely
Poor or quite
poor
livelihood

■ Consumption-oriented ■ Thrifty ■ Environmentally conscious

A young woman with reddish-brown hair, wearing a denim jacket and a small earring, is smiling and looking to the right. A person's arm is wrapped around her shoulder from behind. The background is a bright, sunny outdoor setting with other people walking, suggesting a public square or street. The overall mood is warm and positive.

Additional information at
op.fi/nuoretjaraha

In collaboration

