

FINANCIAL LITERACY OF GEN Z IN THE DIGITAL AGE

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7th Annual International Conference on Business, Law & Economics
4-7 May 2020, Athens, Greece

EFOP-3.6.2-16-2017-00007

SZÉCHENYI  2020



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INTRODUCTION

- Generation Z
 - High adopters of technology
 - Youngest generation on the labour market
 - Financial illiteracy
 - Digitalization
- Aim: assess attitudes towards and practice of digital financial tools and services among Hungarian Gen Z adolescents through the results of the Econventio survey

GENERATION Z

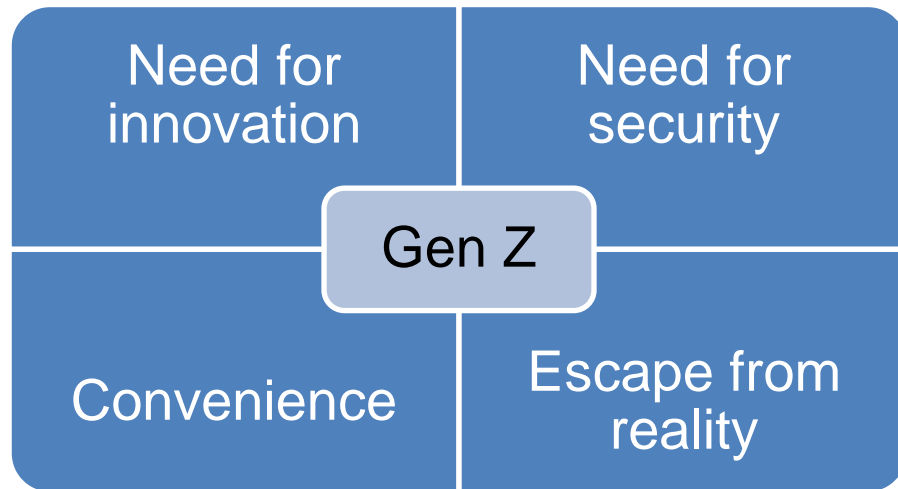
- Born between 1996-2010 (between the ages of 10-24 years)
- Gen Y and Z: high adoption of technology
- Dependence on networks
- Becoming consumers at a very young age
- Already making financial decisions
- Abundance of information

GEN Z AND DIGITAL SECURITY

- Exposure to technology from birth
- Highly sociable generation
- The role of age and experience in the protection of personal data
- Digital divide between Gen Y and Gen Z
 - Feeling more comfortable when online
 - Poor knowledge and awareness on cybersecurity
 - Less concern about privacy issues
 - Most vulnerable towards cybercrime

GEN Z AND THE TRANSFORMATION OF FINTECH

Gen Z as consumers



- Collect and process data faster than ever
- Highly dependent on digital services

Transformation of financial services

- Long-term investment
- Developments to serve
 - Innovative and convenient financial services
 - Regulatory compliance
 - Defense against cyber- and financial crime

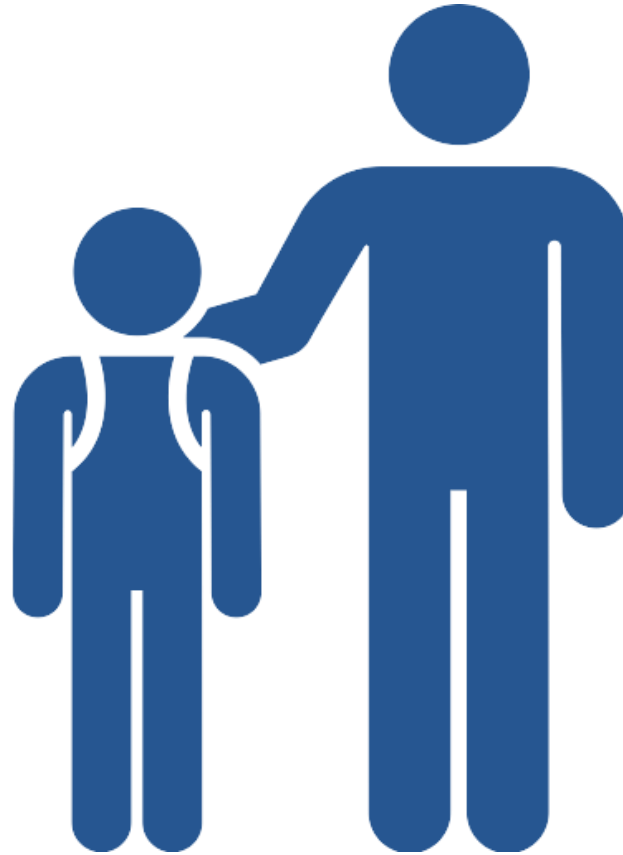
FINANCIAL LITERACY OF GEN Z

- Financial illiteracy: lack of experience and knowledge
- Recognizing the importance of financial literacy
- Early participation in family finances and consumer decisions
- Willing to learn
 - Outside of traditional educational system
 - Most educated ever generation
- Optimistic, but insecure about future finances

ECONVENTIO SURVEY

Measuring the financial knowledge and attitude in Hungary

- High school students
- Since 2011
- 40 questions
- Over 11.000 participants



- Adult population
- Same survey
- Since 2015
- Over 2.000 participants

Comparable results!

MODULES

General financial
knowledge and
banking services

Investments,
savings

Lending

World of work

General
economic
knowledge

Insurance,
retirement

5 knowledge and 1 or 2 attitude questions in each
1 of the 5 knowledge questions is always a calculation

30
knowledge
questions

40 test
questions

10
attitude
questions

OVERALL RESULTS - STUDENTS

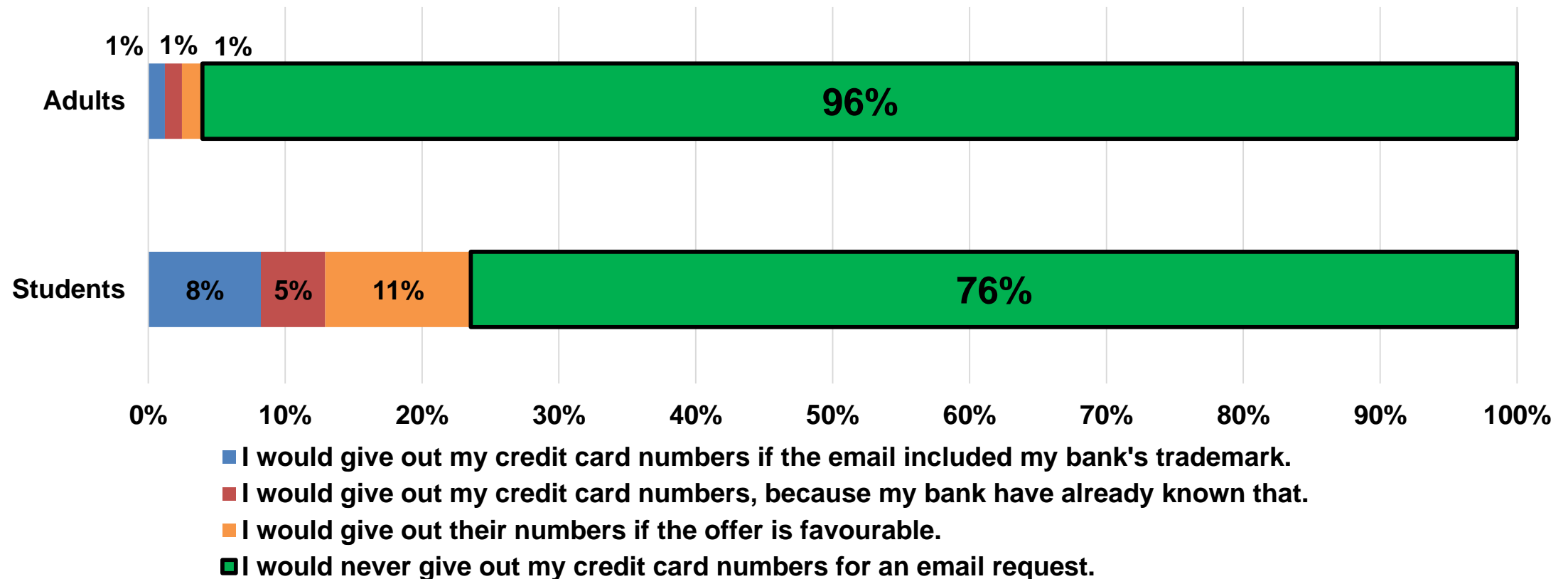
- 2017, 2018, 2019
- Digital questions as well

Indicator	2017	2018	2019
Participants	11 485	11 023	12 026
Average score (max.30)	13.0	10.6	10.5
Average performance (%)	44.7	35.2	35.1

RESULTS: VULNERABLE TOWARDS CYBERCRIME

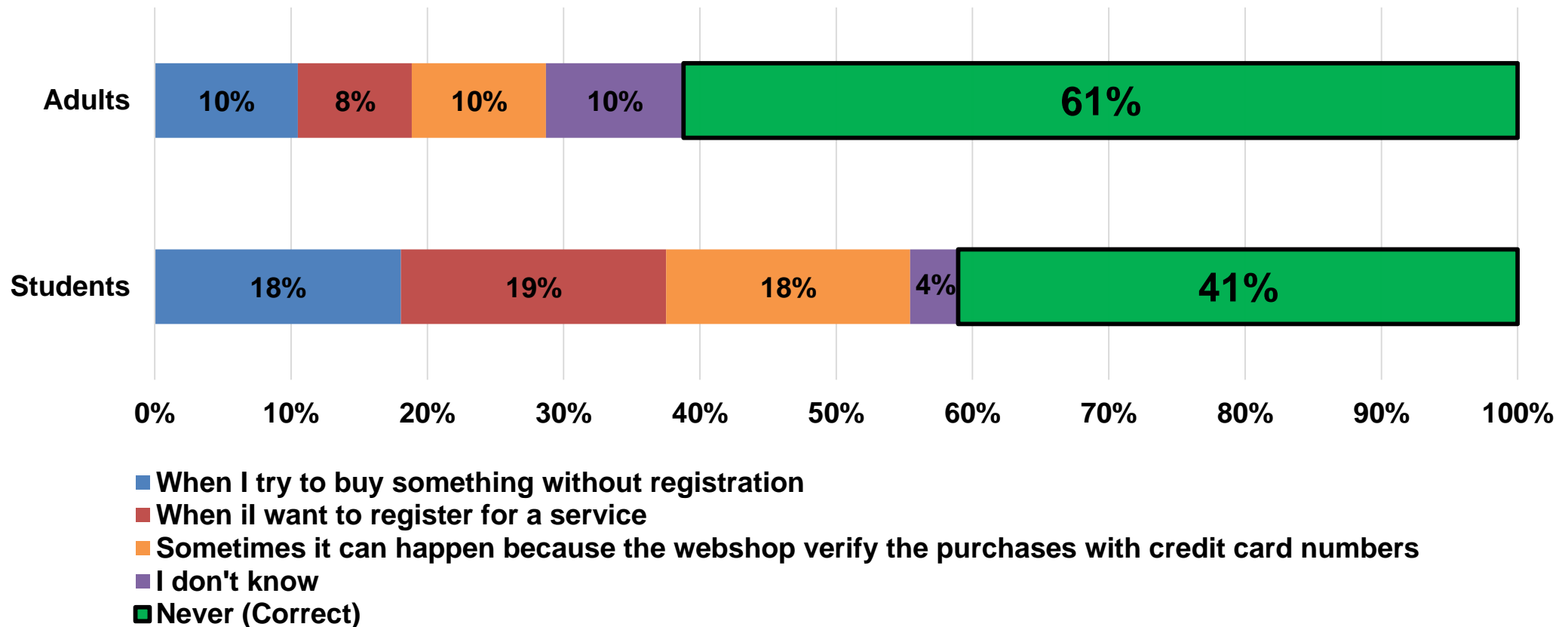
What would you do, if you got an email from your bank, in which you were asked to enter your credit card number for data reconciliation? In return for your help the bank offer you a discounted account management service.

Distribution of responses, %



RESULTS: VULNERABLE TOWARDS CYBERCRIME

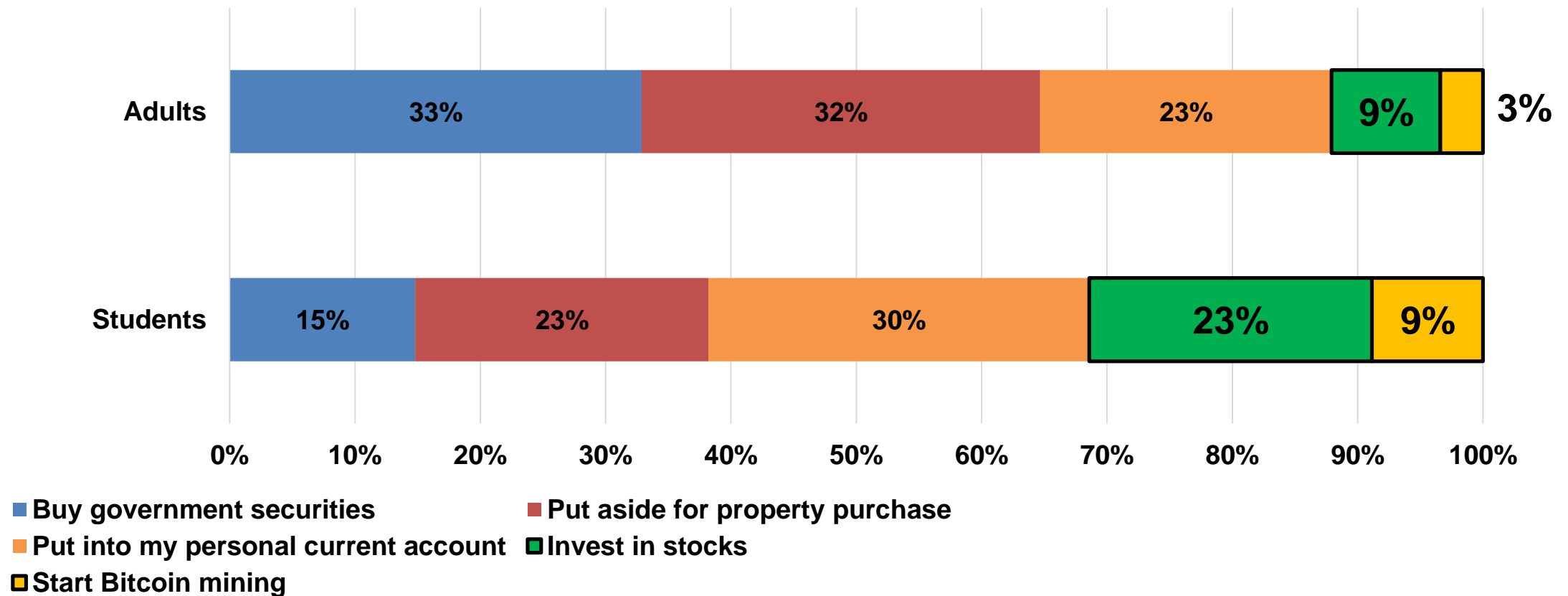
In which case does a reliable online webshop ask for your credit card numbers by email?
Distribution of responses, %



RESULTS: OPEN-MINDED ABOUT FINANCIAL INVESTMENTS

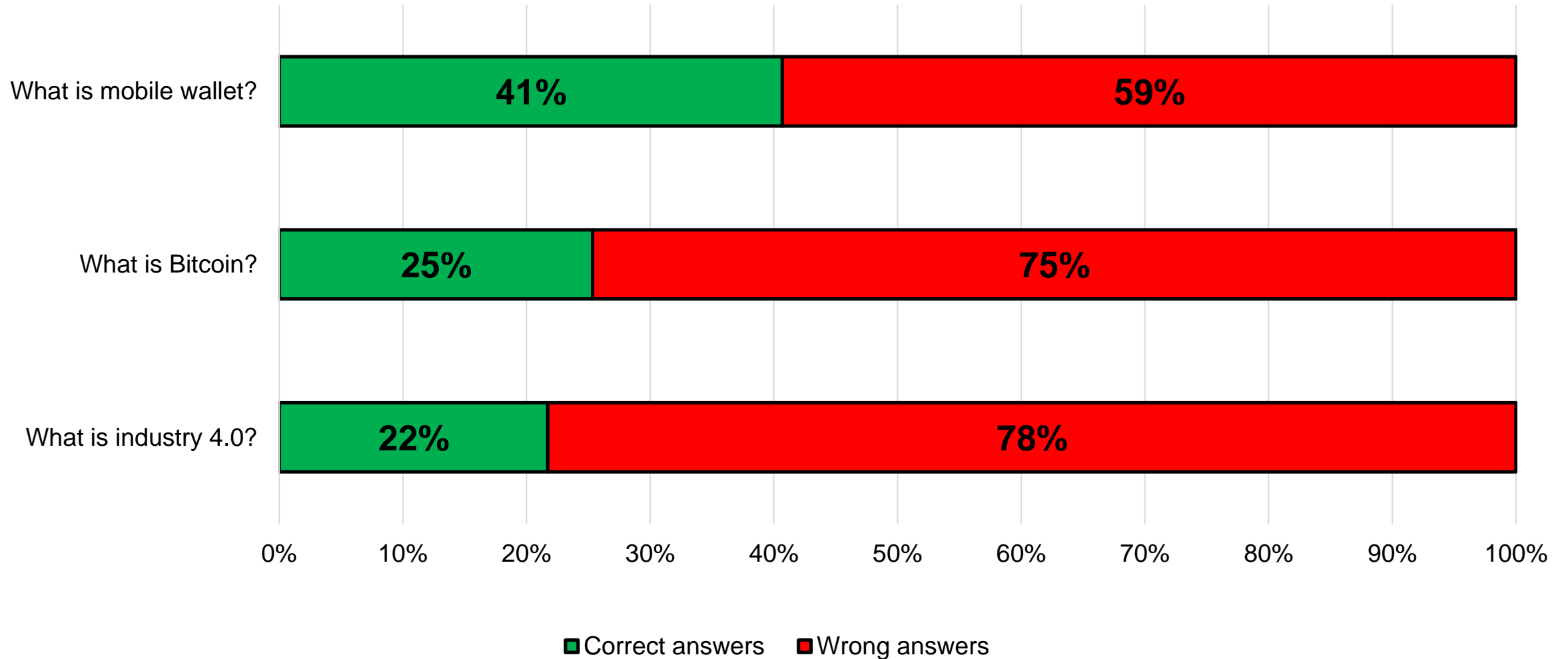
You have 500 000 HUF. Which investment would you choose?

Distribution of responses, %



RESULTS: DO NOT REALLY KNOW THE DIGITAL FINANCIAL TERMS

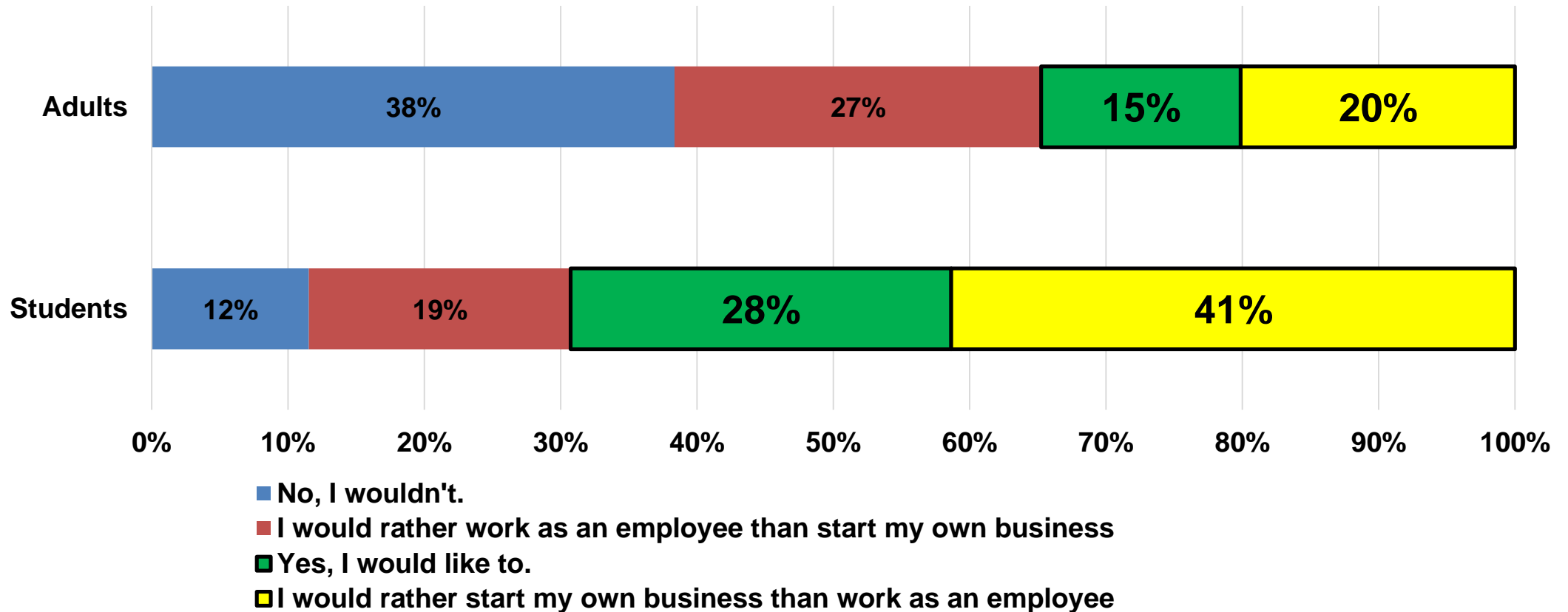
Distribution of responses for some questions about digital terms, %



RESULTS: HIGHER ENTREPRENEURIAL SPIRIT

Would you like to start your own business in the future?

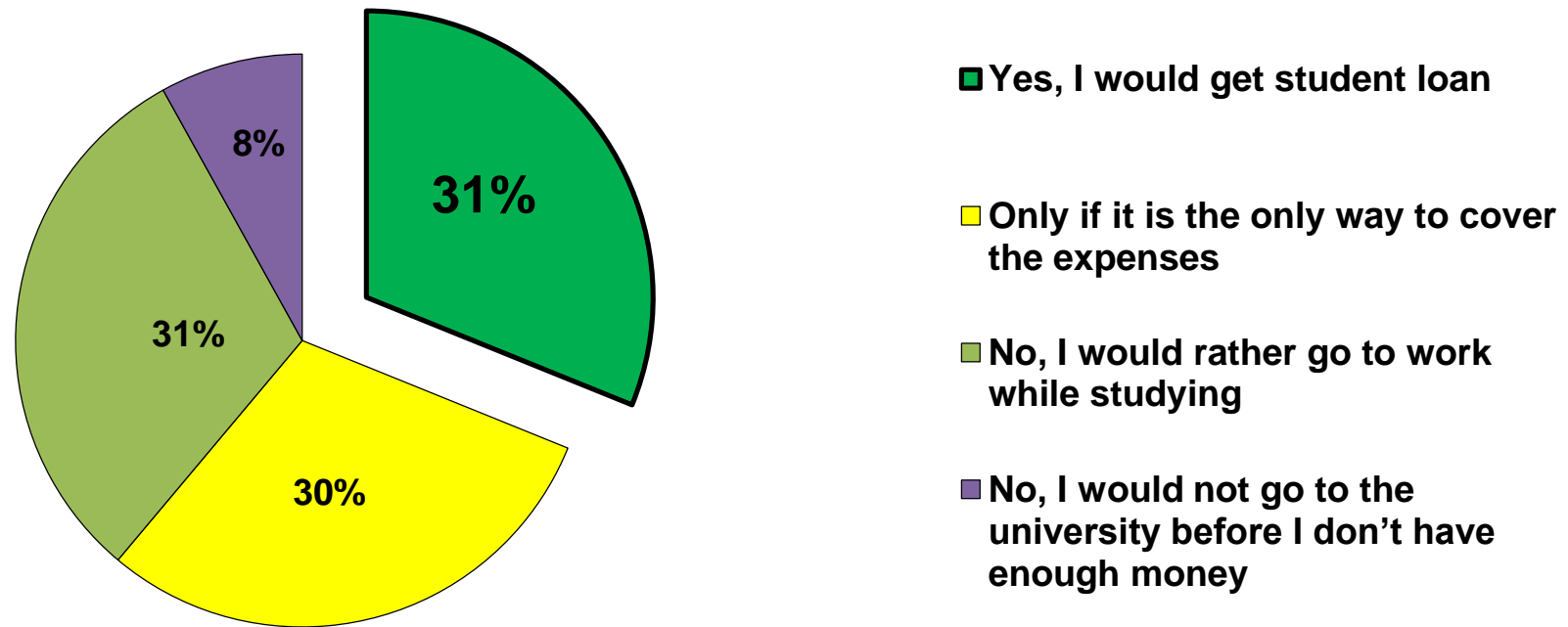
Distribution of responses, %



RESULTS: HUNGARIAN YOUNGSTERS WOULD LIKE TO AVOID LOANS

If you would like to go to university as a fee-paying student but your family could not pay all the expenses, would you get any kind of student loan?

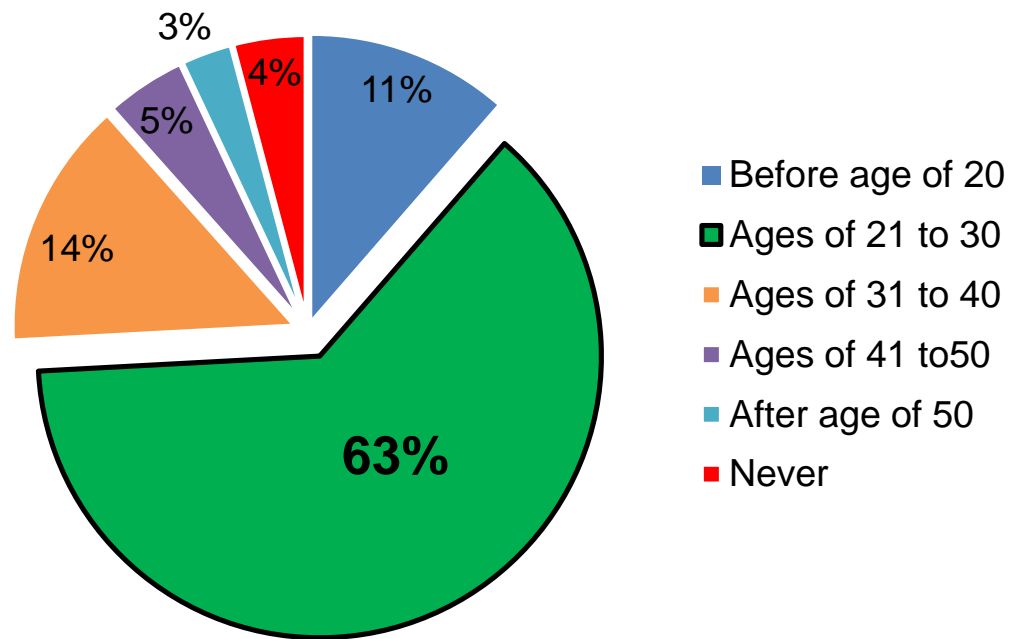
Distribution of responses (Students), %



RESULTS: OPTIMISTIC ABOUT THE FUTURE

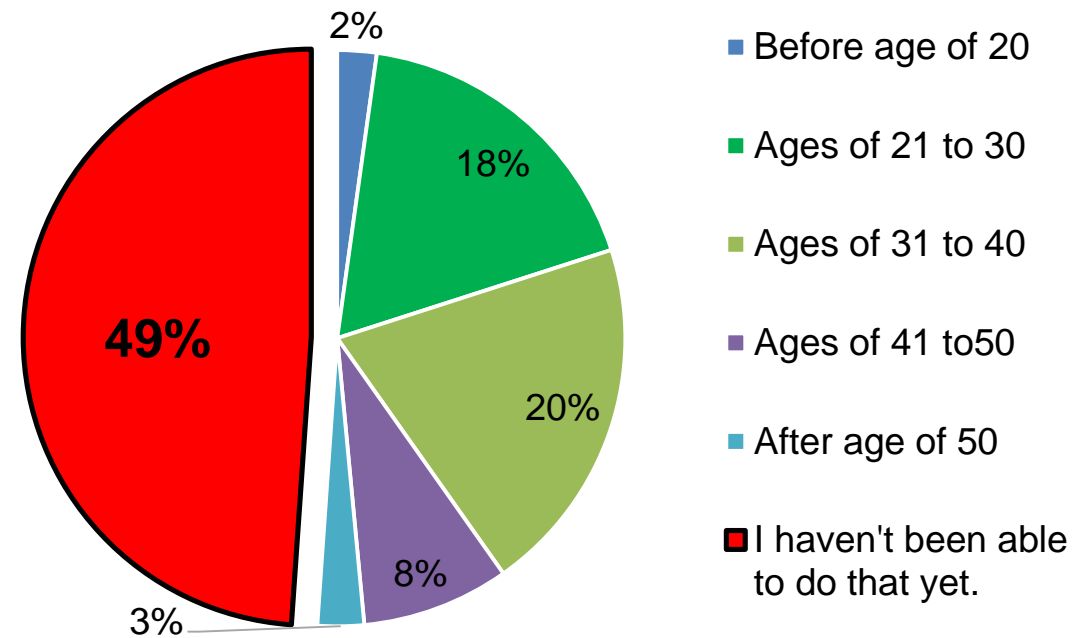
At what age will you be able to make your stable life conditions?

Distribution of responses (Students), %



At what age were you able to make your stable life conditions?

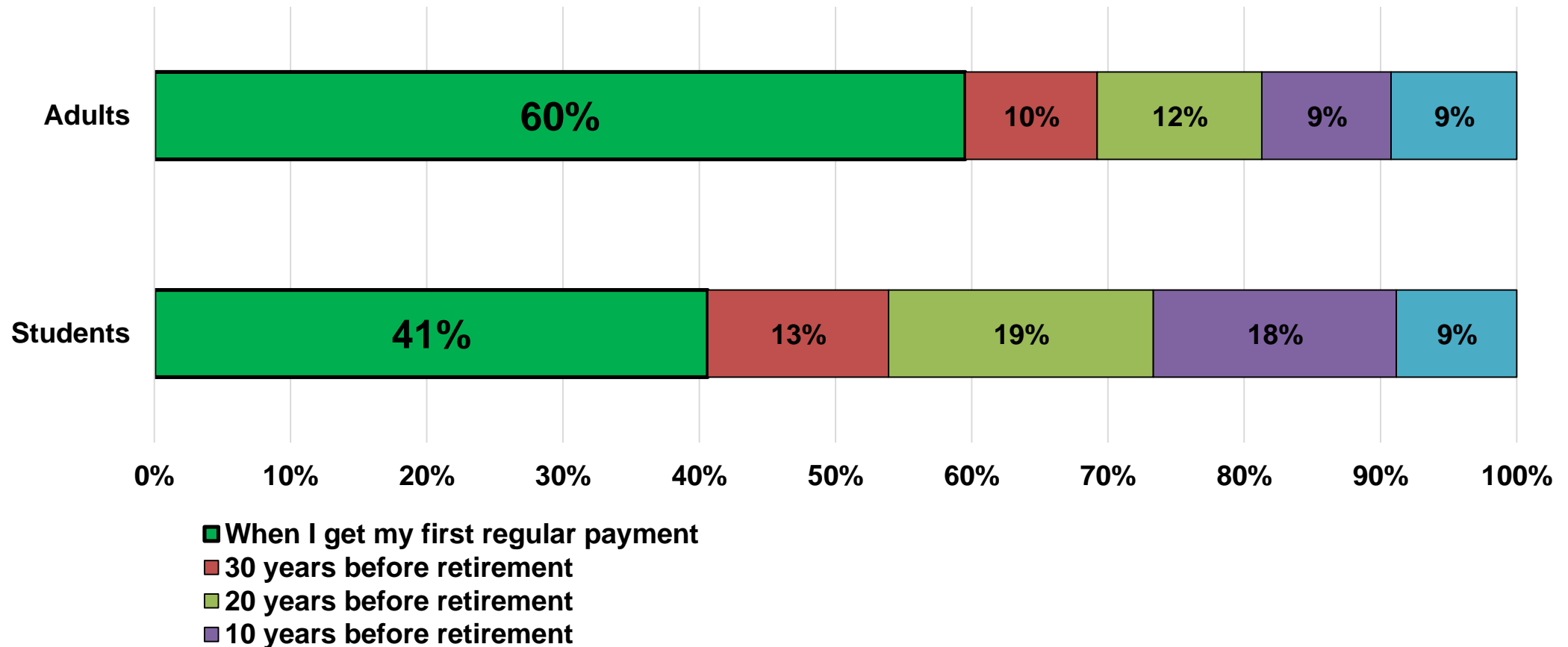
Distribution of responses (Adults), %



RESULTS: BUT NOT REALISTIC ABOUT THE FUTURE?

When should you start to save money for retirement years?

Distribution of responses, %



CONCLUSION

- Findings in line with the literature
- Lots of information, but Gen Z students can not process it effectively
- Openness towards digital financial tools and services
- Very low level of cybersecurity knowledge and awareness, less cautious than parents
- Unlike e.g. US Gen Z students, Hungarian students are not willing to finance their future studies from credits and loans, those are regarded as „the necessary evil”
- They are optimistic about their future financial state, self-care and retirement planning is too distant in time for them

ACKNOWLEDGEMENT

This research was supported by the project nr. EFOP-3.6.2-16-2017-00007, titled *Aspects on the development of intelligent, sustainable and inclusive society: social, technological, innovation networks in employment and digital economy*.

The project has been supported by the European Union, co-financed by the European Social Fund and the budget of Hungary.

**THANK YOU
FOR YOUR
ATTENTION!**

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