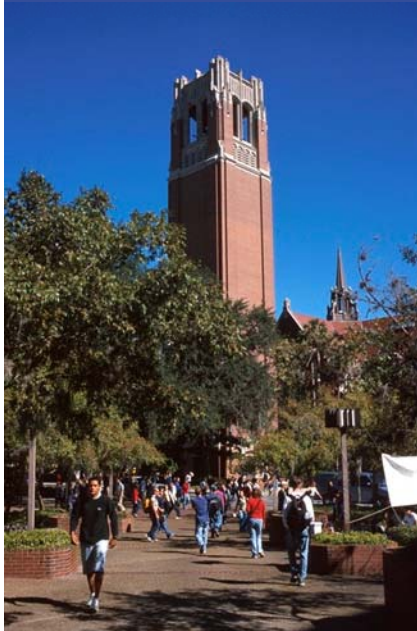


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IFAS

*Family, Youth and
Community Sciences*

Which Students Were More Likely to Experience Various Sources of Financial Socialization?

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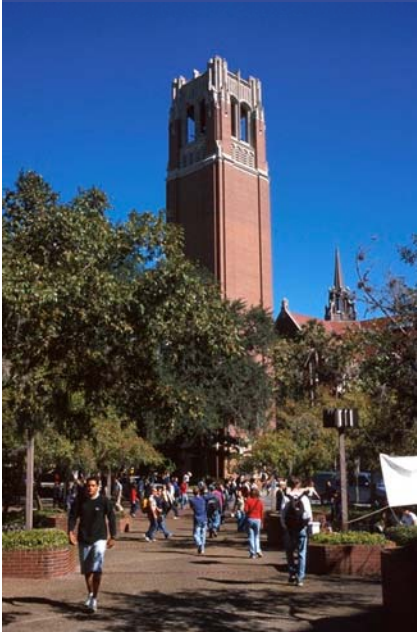
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Significance

Socialization process

- Bandura (1977)
 - People can learn from others by observing and modeling their behaviors, attitudes, and emotional reactions.
 - Modeling could teach new behaviors by faster, more efficient means, thereby increasing the frequency of similar behavior.



Significance

Financial Socialization

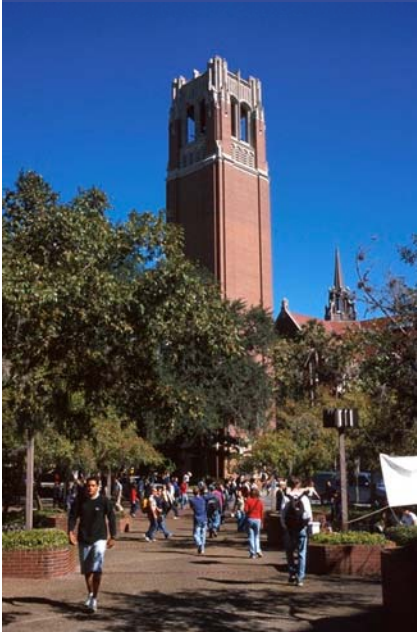
- Fox, Bartholomae, Gutter (2000)
 - Financial socialization is a process by which young people acquire and develop values, attitudes, standards, norms, knowledge, and behaviors that contribute to their financial skills and understanding.
 - These socialization opportunities come from individual, organizational, or institutional agents with whom children come into contact or maintain a relationship.



Significance

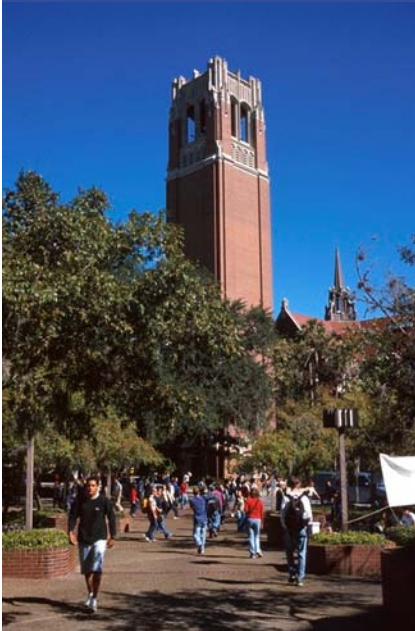
Socialization Agents

- Parents and Friends
 - Several studies have suggested that parents, peers, schools, and mass media play a significant role in consumer socialization (Bush, Smith, & Martin 1999; Moschis and Moore 1984).
 - In the present study, the socialization agents of interest were parents and friends.



Research Questions

1. What are the college students' profiles of financial social learning sources, financial dispositions, and financial behaviors?
2. Do the profiles of financial social learning opportunities, financial dispositions, and financial behaviors differ by the demographic characteristics?
3. What are the relationships among financial social learning opportunities, financial dispositions, and financial behaviors?



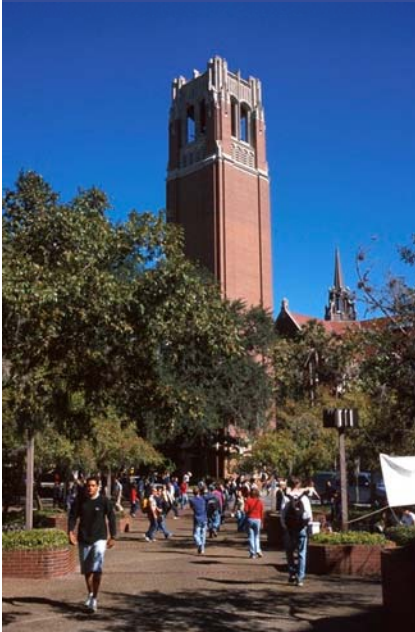
Hypotheses

- Financial disposition variables impact financial behavior.
- Financial social learning opportunities such as social learning sources and social learning behavior should influence financial disposition.
- Financial social learning opportunities should have a direct impact on financial behavior.



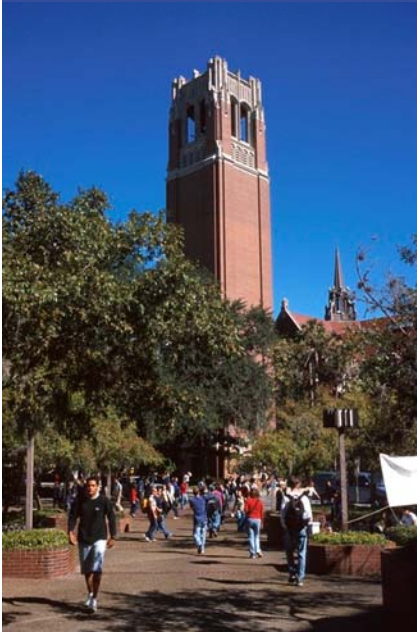
Hypotheses

- Demographic variables such as age, gender, marital status, race, school rank, and part-time/full-time student should have a significant impact on social learning opportunities.
- Financial variables such as income, being listed as a dependent on their parents' tax return, financial aid, and student loans should have an impact on financial social learning opportunities.



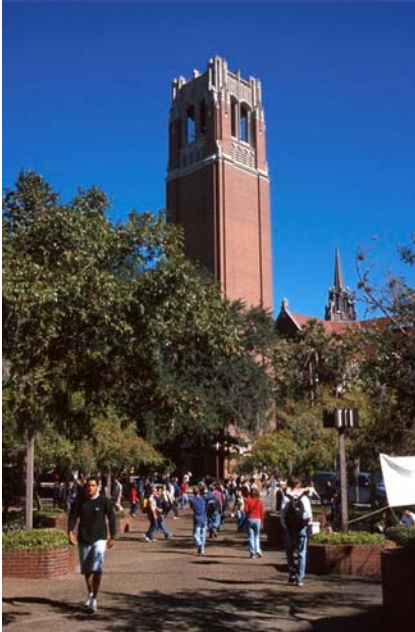
Data Set

- The 50 states and DC were divided into 6 categories based on financial education mandate policies.
- Large state universities within each policy category were randomly selected for inclusion, with a total of 15 universities represented from across the country.
- A total of 16,876 students started the survey.



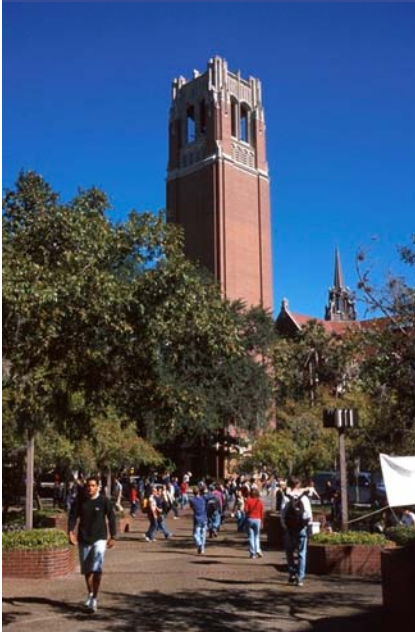
Measurement of Variables

- **Demographic variables:** age, gender, race, school rank, marital status, part-time/full time student.
- **Financial variables:** monthly income, dependence on parents, financial aid, student loans.
- **Financial Behaviors:** budgeting, checking credit report, saving.
 - These behaviors with questions about whether or not they students were currently involved in these activities



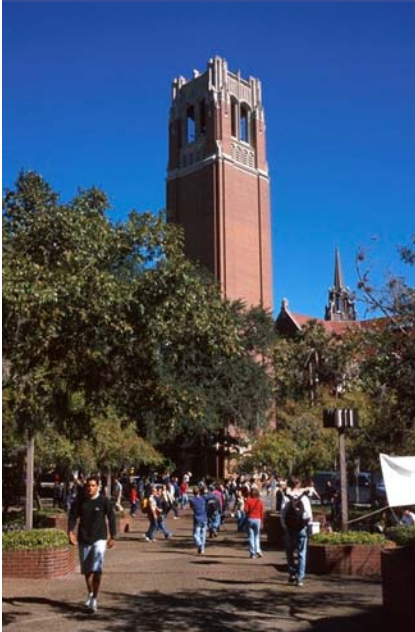
Measurement of Variables

- **Materialism:** The Materialism Scale (Richins and Dawson 1992)
- **Compulsive Buying:** The Compulsive Buying Scale (Faber and O'Guinn 1992)
- **Self Efficacy:** seven point scale with six questions such as "I am satisfied with my ability to manage money."
- **Future Orientation:** Consideration of Future Consequences Scale (Stratham, Gleicher, Boninger, and Edwards 1994)
- **Willingness to take risks:** question about the amount of financial risk one is willing to take when saving or investing.



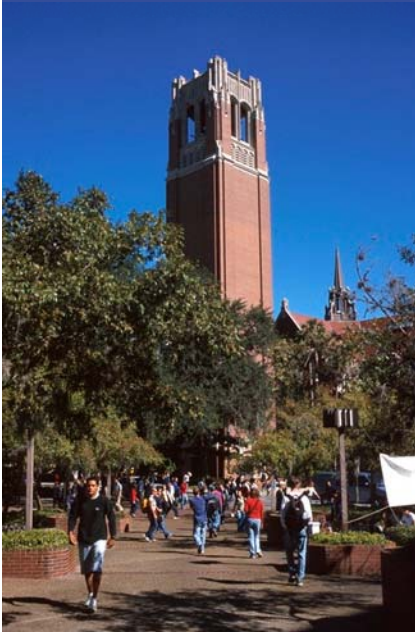
Measurement of Variables

- **Financial Social Learning Opportunities:**
The Financial Social Learning Opportunities Scale (Gutter and Garrison 2009)
 - **Discussion:** Students were asked how frequently in the past five years they had discussed the following with their parents and friends or other students: managing expenses and avoiding overspending, checking their credit report, paying bills on time, saving and investing, working with a mainstream financial institution, buying and maintaining health insurance, auto insurance and renters' insurance.



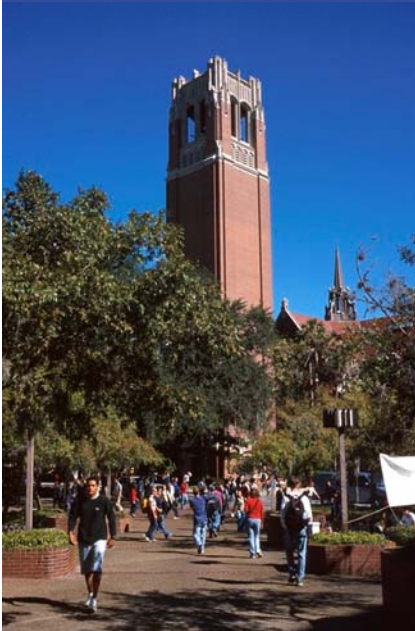
Measurement of Variables

- **Financial Social Learning Opportunities**
 - **Observing:** Students were asked how frequently in the past five years they had observed their parents/caregivers and friends or other students involved in the following: managing expenses and avoiding overspending, checking credit report, paying bills on time, saving and investing, working with a mainstream financial institution, buying and maintaining health insurance, auto insurance, and renters insurance.



Findings

- Financial Dispositions and Financial Behaviors
 - Students who budgeted tended to be less materialistic, less likely to engage in compulsive buying, more present-oriented, and more likely to have a higher level of financial self-efficacy.
 - Students who checked their credit report were more likely to engage in compulsive buying and were more present-oriented.
 - Students who saved were less likely to engage in compulsive buying and tended to have higher levels of financial self-efficacy.
 - Students who do not check their credit report have high percentages of average risk tolerance.



Findings

- Social Learning and Financial Dispositions
 - Materialism was positively correlated with all measures of social learning opportunities.
 - Compulsive buying was positively correlated with frequency of socialization through observing parents, but negatively correlated with discussions with and observations of friends.
 - Financial self-efficacy was positively correlated with all measures of social learning opportunities.
 - Future orientation did not correlate with any measures of social learning opportunities.
 - Students with greater exposure to financial social learning opportunities through discussions tended to have higher levels of risk tolerance than those with fewer opportunities



Findings

- Social Learning and Financial Behaviors
 - Students who actively budget their money, check their credit report, and save are more likely to have engaged in or be engaging in financial discussions with parents and peers.
 - The same is true of observing financial behaviors of parents and peers.
 - There appears to be a clear link between social learning opportunities and financial behaviors.



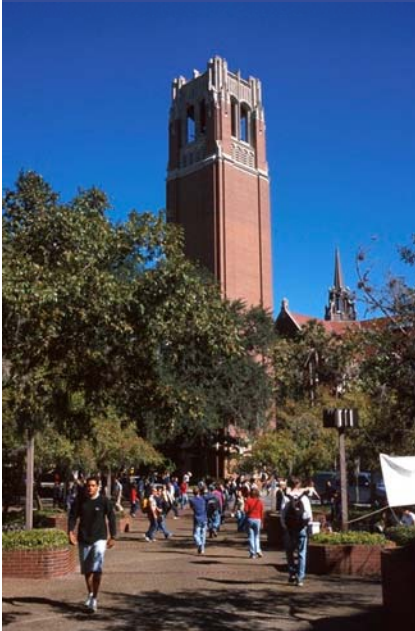
Findings

- Demographic Determinants of Financial Social Learning
 - Age, gender, race, and school rank were significant determinants of levels of discussing finances with parents.
 - Gender, race, marital status, and school rank were significant determinants of levels of discussing finances with friends.
 - Age, gender, and marital status were significant determinants of observing financial behaviors of parents.
 - Gender, race, marital status, and school rank were significant determinants of observing financial behaviors of friends.



Findings

- Financial Determinants of Financial Socialization
 - Income, dependence on parents, need-based financial aid, and level of student loans were significant predictors of discussing finances with parents.
 - Income, dependence on parents, federal work study, need based aid, and uncertainty about loan amounts were significant predictors of discussing finances with friends.
 - Dependence on parents, need based aid, and student loans were significant predictors of observing parents' financial behaviors.
 - Income, federal work study, scholarships, and uncertainty about loan amounts were significant predictors of observing friends' financial behaviors.



Conclusions

- Financial dispositions are related to financial behaviors and financial social learning opportunities.
- Social learning opportunities are related to financial behaviors.
- Social learning opportunities tended to be related to age, gender, race, marital status, income level, dependence on parents, and qualification for need-based financial aid.



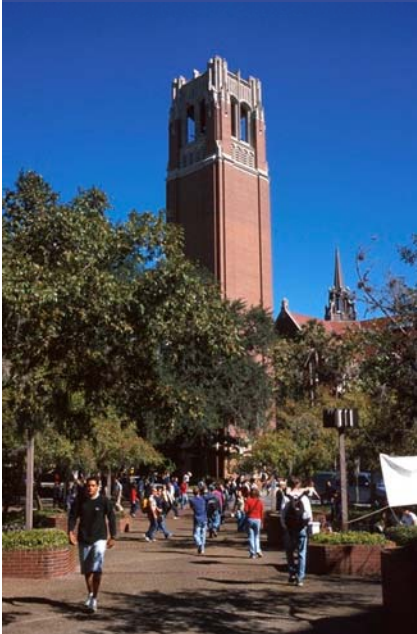
Implications

- Families need to be engaged at the grass-roots level of financial education.
- Additional support and cooperation should be suggested among various state agencies to provide opportunities, especially for youth, to be exposed to positive financial management behaviors and information.





Questions or Comments?



THANK YOU SO MUCH