Abstract: There is a need to deal with the issue of financial literacy and financial knowledge not only by adults but also children and youth in the period of the current global economic development. The presented paper concerns the current problem of the financial literacy of young adults with a focus on selected schools within the Czech Republic. The survey is based on a questionnaire survey in which 297 students participated. Within the questionnaire there are examined the area and the relationship between the achieved knowledge and achieved education by the young people. Statistical methods were used for dependency analysis, specifically the $\chi^2$ test for significance evaluation and the Pearson contingency coefficient for establishing the intensity of relations. The results indicate the agreement between the self-evaluation of the respondents and their real knowledge.

Key-Words: Financial Literacy, Educational Attainment, Young Adults, Personal Finance

1 Introduction
It is generally possible to require every individual to be financially literate. Such financial literacy is an imperative aspect of solving basic financial problems emerging in contemporary modern society [2, 7, 19]. In the Czech Republic, too, voices calling for an improvement of financial literacy have been coming to the fore for some time as Czech households do not practice adequate responsibility in this area. “There are several exceptionally substantial signs that the credit boom is unmanageable, at least in a significant part of the Czech population. This is attested to by the dynamic growth of property seizures to over 300 thousand
Annually – naturally, some of these were attributed to the development of legislation and the solution of comparatively insignificant liabilities arising from various fines; nevertheless, the amount of resources in seizure rulings is gradually increasing. Similarly, the amount of registered loan agreements is dynamically increasing in general and we should take into consideration the fact that more than 150 thousand families currently have serious difficulty fulfilling their obligations [17]." A range of definitions of financial literacy appear in current economic theory. For instance, Taylor and Wagland [22] assert that a definition of financial literacy includes comprehension of the function of money and the ability to make effective and successful financial decisions. Mason and Wilson [13] define financial literacy as “an individual’s ability to obtain, understand and evaluate the relevant information necessary to make decisions with an awareness of the likely financial consequences.” Csongor [4] defines financial literacy as a set of skills and abilities serving to comprehend financial information and towards making responsible decisions, resulting in an improvement of the individual’s financial situation. This, however, does not only include elementary knowledge, such as being aware of interest rates, inflation or which financial or bank products could be used in a given situation; emphasis is also placed on so-called self-care, which entails the individual’s preparedness for predictable and, more importantly, unpredictable situations in one's financial life. As asserted by Taylor and Wagland [22], financial literacy has four basic elements – mathematical literacy, financial understanding, financial competence and financial responsibility. Their departure point was data provided by the Australian Securities and Investments Commission. Financial literacy in itself can be viewed from several points of view. Several authors research it in relation to participants’ ages – i.e. financial literacy related to adults [14] or financial literacy related to adolescents or children [5, 8, 9, 10, 12, 15, 21, 25]. Gerrans et al. [6] and Coben et al. [3] have suggested that literature and research related to financial literacy should be divided into three categories – research oriented towards development of financial literacy, then evaluation of financial literacy of adolescents and evaluation of adult financial literacy. Other factors mentioned are, for instance personal and family income or age [24]. Some studies focus on financial literacy as a whole, others specialise only on factors relating to specific activities. Within the scope of solving the problem of societal financial literacy, there is a growing need to devote attention also to financial education. The growing assortment of financial services and products provides a constant influx of possibilities for financing through loans or through continuous new possibilities of investment. At the same time, their risk factors and complexity grow proportionally, thus increasing the need for financial education [23]. Lindsey-Taliefero and Kelly [11] add that at present it is necessary for individuals and households to have adequate information, education and instruments to help them make better financial decisions in an increasingly complex financial system. Without corresponding help, a large proportion of adolescents learn how to manage personal finance by trial and error, frequently entering the work process not knowing how to operate with chequebooks or how to manage using their credit cards [1]. Yilmaz [26] asserts that financial education is an important part of people’s daily lives. Financial literacy is an important theme in the world’s economic and financial interest. Improving financial literacy is achieved through financial education. The very principle of financial education and literacy, moreover, stumbles on the fact that various (and even commonly used) financial instruments have become unusually complicated, some of them not precisely understood even by people generally considered experts in the field. A further aspect is also the fact that even highly regarded specialists are divided on several financial-economic issues, which citizens, however, consider to be clear - which can be seen in the example of evaluating the success of public projects [16]. The public thus quite justifiably becomes of the impression that becoming “fully financially literate” entails delving very deeply into the problem of finance, which is not a particularly motivating element. One should also not lose sight of another fact. We have already mentioned the theory asserting that inhabitants have to a certain degree lost their natural wariness proportionally to the poor example given by states in the past few decades [18]. We should also not forget that several studies in recent years [2, 16, 20] have noted significant shortcomings in risk evaluation in businesses: „It concludes that the financial crisis can to a significant extent attributed to failures and weaknesses in corporate governance arrangements which did not serve their purpose to safeguard against excessive risk-taking in a number of financial service companies. Accounting standards and regulatory requirements have also proved insufficient in some areas. Last but not least, remuneration systems have in a number of cases not been closely related to the strategy and risk appetite of the company and its longer term interests [2].”
2 Problem Formulation

Research conducted by the authors of the article was based on a questionnaire survey. Statistical methods were used for its evaluation. The questionnaire contained questions generally characterizing the respondent, questions aimed specifically at the area of financial literacy. Among these were questions tracking the respondent’s self evaluation, questions verifying the true level of knowledge, questions surveying the respondent’s interest in education. Furthermore, respondents were questioned on their information sources on managing money, and finally, on their attitude to financial advisory services. The aggregated characteristics “Self evaluation”, “Knowledge” and “Interest level” were defined to evaluate the questionnaire. “Knowledge” was assessed according to answers to questions concerning the annual percentage of expense rates, knowledge of conditions for providing and repayment of loans and knowledge of the term financial reserve. The departure points for “Self evaluation” were answers to a question on the knowledge of basic financial terms and answers to a question of whether the respondent was aware of the current state of the problem of finance. The numerical value of each of the first two characteristics was set as the amount of correct or positive answers to the questions of a given group. The characteristics of “Self evaluation” and “Knowledge” gained a value of 0 to 3. Similarly, the characteristic of “Interest level” gained a value of -1 to 5. A value of -1 corresponds to an explicit expression of disinterest in education, 0 corresponds to a neutral attitude; and then, positive values correspond to the gradually increasing value of an educational course which the respondent would hypothetically be interested in completing. The relative frequency of responses and contingent tables for expressing variable dependence are stated in the evaluation. During these evaluations, it was always only the subset of questionnaires containing relevant answers that were taken into consideration, i.e. questionnaires leaving some relevant questions unanswered were excluded. The symmetric measure of association, based on Pearson’s statistics – the $\chi^2$ test – was used for expressing variable dependence in contingent tables. The null hypothesis reads: variables A and B are independent. The test criterion has the shape:

$$\chi^2 = \sum_{i=1}^{r} \sum_{j=1}^{s} \left( \frac{n_{ij} - n_{i}^*}{n_{i}^*} \right)$$

where $n_{i}^* = \frac{n_{i} \times n}{n}$ are theoretical frequencies.

The critical region is delimited by the inequality $\chi^2 \geq \chi^2_{1-\alpha}(r-1)(s-1)$.

3 Problem Solution

297 students of secondary and vocational schools in the Czech Republic participated in the questionnaire survey. The first dependency noted was the relation between Self evaluation and Knowledge. The relative frequency of responses is graphically represented in Figure 1.

![Figure 1. Relative frequencies (area is proportional to the size of response combination)](source: own analysis)

Results show that a relatively good correlation exists between self evaluation and real knowledge. It is interesting to note the connection between knowledge and the extent of interest in financial education. The relative frequency of responses is graphically represented in Figure 2.

![Figure 2. Bar graph of relative frequency of responses in the individual Knowledge and Interest level categories)](source: own analysis)
The image shows that explicit disinterest is the most frequent attitude in knowledge category 1 and that the relative frequency of responses decreases as the level of interest increases. In knowledge categories 1 and 2, weak interest (value 1) is the most frequent, and the frequency of responses decreases with an increased level of interest from value 1. The image indicates the existence of a group of respondents whose interest in education seems not to be influenced by the cost of an educational course. Pearson’s statistics were not used to evaluate either stated dependencies. This is due to the fact that the frequencies of responses in certain categories were low and the implemented metric is somewhat problematic for rigorous evaluation. It is useful to know the sources from which students inform themselves in the matter of money management for prospective organization of courses in the area of financial literacy. The relative frequency of information sources for money management is shown in Figure 3.

**Figure 3.** Graph of relative frequency of information sources on money management

![Graph of relative frequency of information sources on money management](image)

Source: own analysis

It can be observed that the vast majority of respondents gained information on money management within the family. It can thus be assumed that education aimed at children of preschool age and children in the lowest years of primary school would be the most effective. Generally, in ordinary life, one specific possibility of compensating for the lack of one’s own knowledge in the area of financial problematic is to use the services of a financial advisor. An overview of responses is shown in Figure 4.

**Figure 4.** Graph of relative frequency of responses characterizing attitude to financial advisory services

![Graph of relative frequency of responses characterizing attitude to financial advisory services](image)

Source: own analysis

The prevalence of the answer “I do not know any financial advisors” clearly stems from the fact that the students’ social status does not correspond to the need to use the services of a financial advisor. The relatively strong representation for the answer “I distrust financial advisors” is debatable. It could be an image of respondents’ excessive self-esteem, which would generally correspond to their age category. Another reason could be transferred experience with the practices of certain financial advisors whom the majority of citizens encounter in regular administration of their bank accounts and insurance. The strongest predictable factor influencing knowledge of the financial problematic and self-evaluation in this area is the level of education. The proportion of persons considering themselves to be adequately financially literate grows as education increases. This dependence is statistically conclusive on a significance level of < 0.05 ($\chi^2 = 10.13$, p-val = 0.006), according to Pearson’s statistics, the intensity of relation is 0.18 – thus a weak dependence. A statistically conclusive difference in the structure of responses was found, allowing us to reject the hypothesis of the independence of education and level of understanding conditions for providing and repaying financial resources ($\chi^2 = 16.11$, p-val < 0.001). This intensity is weak, Pearson’s statistic $\approx 0.2$. The greatest differences in the structure of responses were among students in secondary vocation education finishing with a certificate of apprenticeship (95% confidence interval for the proportion of individuals for whom contracts are comprehensible is 0.53 – 0.87) and students with high school leaving certificate (CI = 0.25 – 0.42).
4 Conclusion
In current world economic development, the issue of financial literacy is being discussed and scrutinised. In our survey, we focused on the level of financial literacy of the Czech adolescent population. The survey was conducted at selected high schools in the Czech Republic with the aid of a questionnaire and it was statistically evaluated with the aid of a $\chi^2$ test; Pearson’s contingency coefficient was used for establishing relational intensity. From the conducted survey it followed that a coincidence exists between the self evaluation of adolescents and their knowledge. This means that if the adolescent considers herself financially literate, she is truly possessed of adequate knowledge and is financially literate. From the angle of attained knowledge and experience concerning ways of gaining information on managing money, the dominant view among respondents was that they learned mostly from their own families. It can thus be assumed that family experience and parental guidance are the most frequent sources of information on how to manage and handle their finances. An interesting part of the survey was the examination of adolescent attitudes towards advisors, where the survey showed that a large percentage of those questioned did not know any financial advisors and, most importantly, that many adolescents did not trust these workers. The survey also confirmed the assumption that the proportion of persons who considered themselves financially literate increases with increased education, a fact statistically confirmed at a 0.05 level of significance. On the other hand, it was found that that the highest financial literacy in the area of comprehending conditions and repayment of financial resources could be observed at secondary vocational schools ending with an apprenticeship certificate as opposed to the assumptions of secondary vocational schools ending with matriculation.

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