

Out of school and into debt? Calls for teens to swot up on money matters

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QUT researchers say young adults need more financial life skills.

A survey of young people by QUT researchers has found many lack the financial literacy to manage car loans, repay credit cards and navigate mobile phone deals.

The results have prompted the study's researchers to call on educators to do [financial literacy](#) workshops in schools before students leave and broaden skills in universities.

"A large proportion of respondents could not answer basic questions about inflation, budgeting and credit card interest," said Dr Chrisann

Palm, from QUT Business School.

"Students leaving school may not know how to deal with everyday money matters which leads to poor financial decisions."

Dr Palm's research and a two-minute video has been shown at the Australian Securities & Investments Commission (ASIC) Financial Literacy Stakeholders Forum in Sydney on November 19.

The findings of the study, which involved 400 [young people](#) at universities across Australia, is being presented at an Accounting Educators Conference in Melbourne on November 23.

"Despite government initiatives and availability of educational resources young adults were consistently found to have lower levels of financial capability to make informed decisions about money management," she said.

Dr Palm said the study also examined students' perceptions of the financial education they received in school.

"More than 65 per cent of first year tertiary students aged below 20 believed they are unprepared for financial life skills they needed as adults," she said.

"Of particular concern is that while 57.3 per cent of respondents considered themselves to have a high understanding of budgeting and 67 per cent a high understanding of saving, only 4.4 percent of them were able to correctly answer how long it would take to save a certain amount given a budget with income and expenses.

"These results suggest that over-confidence in basic financial matters is prevalent in this cohort of young adults."

QUT financial planning lecturer and a study co-author, Laura de Zwaan said without exposure to financial literacy training it can lead to financial stress for students later on in life.

"Many parents aren't always able to provide training as they lack financial literacy themselves," Dr de Zwaan said.

"Embedding financial literacy as a life skill in schools' curriculum is a way to expose students to necessary skills needed as late teens and adults.

"It should be a national priority."

The study titled Broadening generic skills development: Improving financial literacy of university [students](#) was co-authored by former teacher turned tax lecturer Dr Toni Chardon from the University of Southern Queensland's School of Law and Justice.

Provided by Queensland University of Technology

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