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THE IMPACT OF FINANCIAL EDUCATION OF YOUNG PEOPLE ON THEIR FINANCIAL PLANNING BEHAVIOUR

Original scientific paper

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ABSTRACT

This study analyses financial education and its impact on the behavior of young people in Kosovo during their financial planning. It also provides a theoretical overview of financial education, financial planning, and financial experiences. The study was conducted using quantitative methods, with primary data collected through an online questionnaire. The statistical tests used are MANOVA, ANOVA, Paired T-Test, the Chi-square test for goodness-of-fit, and factorial and reliability analysis. We find that the level of education has a positive effect on money management and the creation of a personal financial plan; employment status and sources of income have an essential impact on controlling the financial situation; financial experience has a positive effect on making personal financial decisions. All empirical analyses are original and based on the authors' calculations through econometric models and other research methods. We highlight the importance of financial education in schools.

Keywords: *financial education, financial planning, financial behavior, consumer behavior, youth*

INTRODUCTION

Personal financial planning is the development and implementation of total, coordinated plans for achieving general financial objectives (Maman & Rosenhek, 2022). Private wealth management is also increasingly being applied to this process, particularly when it involves portfolios and more significant investment properties. Most people have a great need for personal financial planning. They have some primary financial goals they want to achieve. To help meet their goals, the public is constantly offered a variety of investments, insurance coverage, savings plans, tax devices, retirement plans, trusts, charitable arrangements, and the like, but these financial instruments and plans are often presented in a partial manner (Sundarasen et al., 2016). Furthermore, the wealth of our society, along with increasing education levels, creates a situation where more and more people can benefit from financial planning techniques (Waliszewski & Welch, 2021). Everyone should try to improve their financial knowledge. Better financial knowledge makes us more confident about getting a mortgage or investing in our retirement savings. And this helps us understand what developments in the financial markets mean for our work or business. But improving our financial knowledge takes a lot of work. The financial system is vast and complex, which makes it virtually impossible to know where to start learning or where to

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go next (Khoirunnisaa & Johan, 2020). Also, the language of finance is often confusing. Financial literacy is low even in advanced economies with well-developed financial markets. On average, about one-third of the global population is familiar with basic concepts of everyday financial decisions (Lusardi & Mitchell, 2011). This statistic hides gaping weaknesses of specific population subgroups and even lower knowledge of specific financial topics. Furthermore, there is evidence of a lack of trust, particularly among the female gender, and this has implications for how people approach and make financial decisions.

LITERATURE REVIEW

The idea of the influence of the financial education of young people on their behavior in financial planning has been the focus of attention in many studies. One of the main studies of the last decade that analyzed financial education and financial behavior among young people is a study conducted by Scheresberg (2013). This study used data from the National Financial Literacy Survey (2009) to examine financial knowledge and financial behavior in a sample of approximately 4,500 young adults aged 25 to 34. According to the findings of this paper, the author finds that the majority of young people lack basic financial knowledge. Financial literacy is particularly low among certain demographic groups, such as women, minorities, and people with lower incomes or less education. However, a high level of education is not a guarantee of financial literacy. The results of this paper show that respondents who display higher financial knowledge or higher confidence in their mathematical knowledge of personal finance have better financial results: they are less likely to use more expensive borrowing methods. high and are more likely to plan for retirement or have savings set aside for emergencies. Aprea and Wuttke (2016) describe financial literacy as "the potential that enables a person to effectively plan, execute and control financial decisions". According to Atkinson and Messy (2012), financial literacy is based on three distinct but interrelated dimensions: knowledge, behavior, and attitudes. Lusardi (2012) states that financial literacy means "people's ability to process economic information and make informed decisions about financial planning, wealth accumulation, debt and pensions". Financial decisions relate to how people spend, save and invest money. Knowing how to manage personal finances better plays an essential role in the digital economic age. Financial literacy is linked to financial stability, which, in turn, leads to a more efficient economy (Singh, 2014). From a lack of financial education, a person may unconsciously make inappropriate financial decisions and be less able to cope with unexpected economic shocks (Hung, Parket, & Yoong, 2009). In line with this finding, Van Rooij, Lusardi, and Alessie (2012) provided evidence that financial knowledge and calculations are related to many financial decisions, such as those related to saving, spending, investing, and borrowing. Grohmann (2018) found that higher financial literacy led to improved financial decision-making. This also relates to the findings of Chen and Volpe (1998), stating that low level of education and financial knowledge would limit the ability to make decisions. Chijwani and Vidyapeeth (2014) strengthened the results of previous studies, showing that a low level of financial knowledge can lead to financial decisions that can negatively affect personal financial conditions. From the above studies, evidence shows that people who are more financially literate are better able to make financial decisions. Garg and Singh (2018) showed that financial literacy among most young people worldwide is still low and is a cause for concern. This finding is consistent with the study of Yakoboski and Bichsel (2019), which provided evidence that individuals with high levels of financial literacy are more likely to have the ability to withstand financial shocks, are more likely to save regularly for retirement, and have less likely to be in debt. Evidence for the lack of financial knowledge has also been found among children (Te'eni-Harari, 2016). Financial behavior is a collection of financial decisions that people make frequently in their daily lives, such as when they buy a product, make a loan payment, transfer money to a savings account, or sell stocks (Xiao, 2008). Further, financial behavior is a strong predictor of financial well-being in young people's lives, and it shows in how they manage their personal financial resources by taking action. Credit card payment habits, loan financing choices, and the ability to budget income and expenses are examples of financial behaviors (Mandigma, 2013). It has been repeatedly demonstrated that young people were not always capable of making sound financial decisions. Young people who can make sound financial decisions will not face financial difficulties in the future and will demonstrate healthy financial behaviors. Therefore, the way a young person behaves will significantly affect their financial well-being (Ameliawati & Setiyani, 2018; Gutter & Copur, 2011).

Financial literacy is a form of education in financial matters (Huston, 2010; Klapper, Lusardi, & Panos, 2012). Hilgert, Hogarth, and Beverly (2003) defined financial education as financial knowledge, also seeing it as the basis of appropriate financial decision-making. Previous studies have shown that financial knowledge affects financial behaviour (Babiarz & Robb, 2014) and (Woodyard et al., 2017), financial intention (Priyadharshini, 2017) and financial decisions (Asaad, 2015; Parker, 2012). To measure the level of financial knowledge, subjective financial knowledge or perceived knowledge and objective financial knowledge were used. Subjective financial knowledge is how people perceive themselves in terms of what they know and how they would rate their level of financial knowledge (Allgood & Walstad, 2016; Khan et al., 2017; Raghavan & Mishra, 2011). Objective financial knowledge is that which is actually stored in memory and is measured by assessing people's levels of understanding of various components of financial markets and products, such as accounting, assets, debts, savings and investments, value of money, inflation, compound interest, and risk diversification (Lusardi & Mitchell, 2014).

Understanding Financial Education and Financial Planning

According to internationally accepted definitions, financial education is a process that should enable better knowledge of financial products, concepts and risks, as well as the development of skills for adaptive selection and making sound decisions regarding financial products and services. and the management of personal finances, which ultimately contributes to increasing the population's well-being (Swiecka, 2020). Financial education is closely related to financial inclusion, so higher financial literacy, better information, and willingness to make wise and sound financial decisions should generally contribute to higher financial inclusion. The Organization for Economic Co-operation and Development (OECD) defines financial literacy as: "a combination of awareness, knowledge, skills, attitudes, and behavior necessary to make sound financial decisions and ultimately achieve individual financial well-being" (OECD, 2022). *Why should we be financially literate?* - The reason is that anyone can fall victim to financial fraud: it is not only the young but also the elderly who, in particular, are often the targets of certain types of fraud. New fraud schemes appear all the time, aiming to trick people into taking actions that result in them losing their money. By taking steps that involve decisions such as creating a spending plan, controlling consumer borrowing, and preparing emergency and retirement funds, financial uncertainty can be reduced, and financial goals can be made attainable. Financial literacy is essential in modern society. Young people are growing up in an increasingly complicated world where they will undoubtedly have to be responsible for their financial spending at all times. Financial education of young people at an early stage is important to reduce social and financial vulnerability, to reduce the risk of debt-induced poverty, placing a financial burden on parents/carers, which can lead to many people leaving studies in case they lose family support for any reason. Furthermore, improving financial literacy can potentially strengthen the efficiency of financial markets (Dahiya, Özen, & Kisan, 2023). Young people who are more informed about financial risks and opportunities can contribute to developing more functional financial institutions. Moreover, promoting a saving culture among young people will lead to the development of the financial situation, in general, to ensure that the financial sector makes an effective contribution to real economic growth. Not all young people continue their education at the university level, especially those with poor financial conditions; therefore, it is important that financial knowledge is learned from high school. *Financial awareness* - In global economic development, financial awareness is one of the necessary elements to create financial stability. Financial awareness is part of financial education and is an important factor that affects perceived knowledge which ultimately affects financial decision-making (Khan et al., 2017; Mason & Wilson, 2000). *Financial experience* - The experience of owning a financial product or sharing the experiences of owning a financial product with others is another factor that affects the improvement of financial education. Frijns, Gilbert and Tourani-Rad (2014) found a positive and significant causal effect of financial experience on financial education. So, someone with good financial experience also has good financial knowledge. *Financial goals* - Financial goals play an important role in measuring a person's financial knowledge. Creating financial goals can be done by setting time-based goals, for example, short-term, medium-term, and long-term. In addition to setting goals, we also need to think about how to achieve these goals, whether it's saving or taking a step forward to address debt.

Financial decisions - Well-informed and well-educated individuals should make better decisions about financial matters for their own well-being and to help the community promote economic development (Hogarth, 2002). Lack of financial knowledge can lead to making poor financial decisions that can have negative effects on an individual's financial wealth. According to Grohmann (2018), higher financial education leads to improved financial decision-making. There are several studies that have researched youth financial education and financial planning. We have compiled a summary of the existing literature on the impact of financial education on financial planning and below we present the studies which have been carried out by different authors. In their study about the specifics of Russian and Swedish clients, their financial planning, and the impact of illiteracy on financial planning behavior, Dzutsev (2016) found that young people in Sweden have a higher level of financial literacy, and plan their income, compared to Russia, where young people do not have enough knowledge to plan income, and who also have a higher level of confidence lowers towards financial institutions. Meyers (2020) did a study about the current state of financial literacy and youth financial literacy in the United States. According to this, formal education does not guarantee better acquisition of financial knowledge by students. Thus, formal education is not the only way to acquire financial literacy, which presents an opportunity for all young people to develop their financial skills through other means. Ameer and Khan (2020) conducted a study about the impact of financial socialization and financial literacy on the financial behavior of New Zealand adults. They found that different experiences of financial socialization in men compared to women are associated with higher financial knowledge and higher financial confidence. Those educated in finance and economics had higher financial knowledge and financial confidence in managing their personal finances. Dewi et al. (2020) investigated and measured the financial level and its variables within the academic community in Indonesia and found that lecturers in the academic community need to improve their knowledge, skills, and perceived awareness about managing their money and how they make decisions about investments and loans. Suyanto et al. (2021), conducted a study about the financial behavior of college students and looked at the factors that can influence their financial behavior. According to the study, financial experience affects students' financial management. However, it has less impact on improving their knowledge due to minimal experience. A study by Danes and Haberman (2007) examined financial knowledge among teenagers by gender and found that Male youth reinforced their existing financial knowledge, while female youth learned significantly more in the area of finance in which they had no knowledge prior to the curriculum. Budiwati (2020) conducted a study to examine the impact of financial education on financial management behavior with self-control as an intervening variable. The author found that the higher the financial education of the management, the better the self-control of the management in spending or consumption based on the planned needs. Sabri et al. (2021), examined how financial knowledge, financial behavior, socialization, and financial stress affect the level of financial well-being of young people. The study findings revealed that financial knowledge, financial socialization, financial behavior, and financial strain, according to the results, were found to be important and only financial strain had a negative relationship with financial well-being. Mohamed (2016) did a study evaluating the impact of financial exposure through educational channels on the financial standing of university students. The author found that young people exposed to financial knowledge during their university studies have better financial knowledge than those who were not. The paper concludes that financial education at an early age can reduce financial illiteracy and significantly alleviate financial difficulties among young people. Gavurova et al. (2019) looked at the relationship between financial education and the rationality of female students in Slovakia. The findings revealed that men's financial education is higher than women. Based on the results, teenagers are less financially educated than students over the age of 22. Interesting is the finding regarding the relationship between financial education and the number of family members; students from families with more members are more financially literate than students from families with fewer members. From the summary of the existing literature, we can conclude that financial education affects income planning, as well as experience affects financial management. Financial education at an early age can reduce financial illiteracy and significantly alleviate financial difficulties among young people. In addition to financial education at school, financial knowledge can also be acquired from the family, experience in managing personal finances, conversations with friends, and the Internet.

METHODOLOGY, RESEARCH QUESTIONS AND HYPOTHESES

Research questions and hypotheses

This study was carried out with quantitative methods and primary data. The main purpose of this paper is to show the impact of the financial education of young people on their behavior in financial planning.

The research questions of this study are:
1. Does the level of financial education affect the creation of a financial plan?
2. What impact does education level have on money management?
3. Does employment status and sources of income have a significant impact on controlling the financial situation?
4. Does work experience influence personal financial decision-making?
5. What impact does the education level and employment status have on personal savings intended for investment?

The hypotheses built for this study are:
H1: The level of education has a positive impact on money management and creating a personal financial plan.
H2: Employment status and sources of income have a significant impact on controlling the financial situation.
H3: Work experience has had a positive impact on making personal financial decisions.
H4: Education level and employment status have a significant impact on personal savings intended for investment.

Data collection and sample selection

This research was conducted using quantitative methods and primary data. According to Dzogovic, quantitative research involves the use of computer methods to study human behavior. The instruments of this approach are mathematical, and the backbone is measurement. Because these measures are expressed quantitatively (as percentages or numbers used to generalize over large samples), they provide a basis for observing and recording data that can be analyzed quantitatively (Dzogovic, 2022). The data were collected through an online questionnaire. For the design of this questionnaire, we based it on other works that have used different approaches (Dzutsev, 2016; Nano, 2014). The selection of the sample was done randomly. The questionnaire contained 21 questions with Likert scale options to choose from different levels of agreeableness. The questionnaire was distributed through electronic platforms, specifically through social networks and email lists. The questionnaire was left open for data collection for 20 days. Only the respondents under 25 years old were considered for the study. The number of respondents in the questionnaire was 226. The data collected through the questionnaire were analyzed using the SPSS program, through the following tests: 1. Multiple analysis of variance (MANOVA), 2. Analysis of variance (ANOVA), 3. Paired T-test, 4. Chi-square test for goodness of fit, 5. Factorial and reliability analysis. Through these statistical tests, we test if the hypotheses can be accepted.

ECONOMETRIC ANALYSIS, HYPOTHESES TESTING AND FINDINGS OF THE STUDY

The testing of the hypotheses of this study was carried out through the application of these statistical tests: multiple analysis of variance (MANOVA), analysis of variance (ANOVA), t-test of dependent samples, chi-square test for goodness-of-fit, factorial and reliability analysis.

Table 1. MANOVA - The Influence of Education Level on Money Management and Creating a Personal Financial Plan

Effect		Value	F	Hypothesis df	Error df	Sig.	Partial Eta Squared
Intercept	Pillai's Trace	.899	964.748^{b}	2.000	217.000	.000	.899
	Wilks' Lambda	.101	964.748^{b}	2.000	217.000	.000	.899
	Hotelling's Trace	8.892	964.748^{b}	2.000	217.000	.000	.899
	Roy's Largest Root	8.892	964.748^{b}	2.000	217.000	.000	.899
P1	Pillai's Trace	1.007	55.267	8.000	436.000	.000	.503
	Wilks' Lambda	.188	71.004^{b}	8.000	434.000	.000	.567
	Hotelling's Trace	3.293	88.923	8.000	432.000	.000	.622
	Roy's Largest Root	2.941	160.269^{c}	4.000	218.000	.000	.746

Table 2. MANOVA - The Influence of Education Level on Money Management and Creating a Personal Financial Plan

Source	Dependent Variable	Type III Sum of Squares	df	Mean Square	F	Sig.	Partial Eta Squared
Corrected Model	Money management education (Q6)	295.412[a]	4	73.853	133.482	.000	.710
	The importance of creating a personal financial plan (Q7)	32.633[b]	4	8.158	60.085	.000	.524
Intercept	Q6	525.702	1	525.702	950.154	.000	.813
	Q7	164.727	1	164.727	1213.191	.000	.848
P1	Q6	295.412	4	73.853	133.482	.000	.710
	Q7	32.633	4	8.158	60.085	.000	.524
Error	Q6	120.615	218	.553			
	Q7	29.600	218	.136			
Total	Q6	2025.000	223				
	Q7	394.000	223				
Corrected Total	Q6	416.027	222				
	Q7	62.233	222				

The first hypothesis:
H0 – The level of education has no influence on money management and the creation of a personal financial plan.
H1 – The level of education has a positive impact on money management and creating a personal financial plan.
According to the significance value result in Table 1, Multivariate Tests, P-value = 0.000 < 0.05, where the null hypothesis is rejected and the alternative hypothesis is accepted. So, the level of education has a positive impact on money management and creating a personal financial plan. Effect size = 0.567 or 56.7%
Based on the econometric results of the Wilks' Lambda test, we can conclude that there is a significant difference in the size of the effect between the level of education, money management, and the creation of a personal financial plan. The size of the effect between the level of education, money management, and the creation of a personal financial plan is 56.7%, which indicates an average level of influence between these two variables.
Money Management - Sig. = 0.000 < 0.05, effect size = 0.710
Creating a personal financial plan - Sig. = 0.000 < 0.05, effect size = 0.524
According to the results in Table 2, the level of education had a greater positive effect on money management than on creating a personal financial plan. Experience in managing personal finances is the main factor that has influenced the level of education to have a positive impact on money management. Also, other factors that have influenced the size of the effect between the level of education and money management are the experiences and information gained from school, family, conversations with society, the Internet, TV, radio, etc. An effective management of money will have positive effects in creating an adequate personal financial plan and which will help in allocating financial resources to safe investments.

The second hypothesis:
H0 – Employment status and sources of income do not have a significant impact on controlling the financial situation.
H2 - Employment status and sources of income have a significant impact on controlling the financial situation.

Table 3. Econometric Results of Analysis of Variance (ANOVA)

How much do you think you control your financial situation?

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	112.973	4	28.243	129.795	.000
Within Groups	48.089	221	.218		
Total	161.062	225			

Table 4. Econometric Results of The Tukey HSD Test

			Subset for alpha = 0.05			
	Employment status	N	1	2	3	4
Tukey HSD[a,b]	Employed	89	2.65			
	Self-employed	31		3.00		
	Unemployed	31		3.29		
	In search of work	37			4.00	
	Student/trainee	38				4.50
	Sig.		1.000	.052	1.000	1.000

According to the econometric results of the variance analysis in Table 3, we can conclude that the null hypothesis is rejected and the alternative hypothesis is accepted since the level of significance is at the standard level (P-value = 0.000 < 0.05). So, employment status has a significant impact on controlling the financial situation. Through the results of the Tukey test in Table 4, the independent variable is divided into 4 groups. Group 1 includes employees whose average score in checking the financial situation is lower. Group 2 includes the self-employed and the unemployed, who do not have a big difference between themselves, and their average in checking the financial situation is higher than the average of the employed. Group 3 includes people who are looking for work because they control their financial situation better than the average of groups 1 and 2. Group 4 includes students/trainees whose average control of their financial situation is higher than the average of the first three groups. situation?

Table 5. Econometric results of the T-Test between dependent samples

		Mean	N	Std. Deviation	Std. Error Mean
Pair 1	Sources of income	2.38	222	1.552	.104
	How much do you think you control your financial situation?	3.29	222	.823	.055

Table 6. Paired Samples Test

		Paired Differences							
					95% Confidence Interval				
		Mean	Std. Deviation	Std. Error Mean	Lower	Upper	t	df	Sig. (2-tailed)
Pair 1	Sources of income - How much do you think you control your financial situation	-.910	1.003	.067	-1.043	-.777	-13.521	221	.000

Table 7. Paired Samples Correlations

		N	Correlation	Sig.
Pair 1	Sources of income & How much control you feel you have over your financial situation	222	.814	.000

According to the results presented in Table 5, it can be proven that all respondents declared that the primary source of their income is wages (42.3%), while the secondary source is business income. Also, the average value of the second variable (control of the financial situation) is 3.29, which means that 51.8% of respondents control their financial situation on average. The significance value (2-tailed) in the 95% confidence interval is less than 0.05 (p=0.000) (Table 6), where the null hypothesis is rejected, and the alternative hypothesis is accepted. So, sources of income have a significant impact on controlling the financial situation. The correlation between the source of income and control of the financial situation is 81.4%. In this case, it can be said that people who have more secure sources of income will have a higher level of control over their financial situation and vice versa because the correlation between them is high (Table 7). Salaries, income from businesses, and remittances are the categories of income that have the greatest impact on increasing the level of control of the financial situation.

The third hypothesis:

H0 - Work experience has no influence on making personal financial decisions.

H3 - Work experience has a positive impact on making personal financial decisions.

Table 8.1. The Chi-Square Test of Goodness-of-fit - The Impact of Work Experience on Personal Financial Decision-Making

Descriptive Statistics

						Percentiles		
	N	Mean	Std. Deviation	Minimum	Maximum	25th	50th (Median)	75th
Who influences your financial decisions?	452	2.46	.840	1	3	2.00	3.00	3.00

Table 8.2. The Chi-Square Test of Goodness-of-fit - The Impact of Work Experience on Personal Financial Decision-Making

	Observed N	Expected N	Residual
Family	103	150.7	-47.7
Company	40	150.7	-110.7
No one	309	150.7	158.3
Total	452		

Table 8.3. The Chi-Square Test of Goodness-of-fit - The Impact of Work Experience on Personal Financial Decision-Making

Test Statistics

	Who influences your financial decisions?
Chi-Square	262.757[a]
df	2
Asymp. Sig.	.000

a. 0 cells (0.0%) have expected frequencies less than 5. The minimum expected cell frequency is 150.7.

As illustrated in Tables 8.1, 8.2, and 8.3, the number of observations is 226. The average value of this variable is 2.46 units. The standard deviation is 0.840 units representing the average value of how much the data has deviated from the arithmetic mean. The minimum value is 1 unit, the maximum value is 3 units and the median of this variable is 3.00 units. The expected value for each year of work experience in making personal financial decisions is 150.7. Since Asymp. Sig.= 0.000 < 0.05, then the null hypothesis is rejected and the alternative hypothesis is accepted. So, work experience has had a positive impact on making personal financial decisions. The value of the Chi-Square coefficient is 262.757, which shows the difference between the sample and the population.

Table 9. Number of Factors with Respect to Eigen Value and Percentage of Variance Explained

	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
Component	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	15.822	79.112	79.112	15.822	79.112	79.112	11.506	57.531	57.531
2	1.619	8.094	87.206	1.619	8.094	87.206	5.935	29.675	87.206
3	.985	4.926	92.132						
4	.515	2.575	94.708						
5	.241	1.203	95.911						
…	…	…	…						

Extraction Method: Principal Component Analysis.

The fourth hypothesis:
H0 – Education level and employment status do not have a significant impact on personal savings intended for investment.
H4 – Education level and employment status have a significant impact on personal savings intended for investment.
In the table with Eigen values (Table 9), two factors have been obtained from 20 independent variables. The first factor explains 57.531% of the total variance of personal savings destined for investment. The second factor explains personal savings intended for investment with a variance of 29.675%. While the two factors together explain the total variance at 87.206%.

Table 10. Factorial Analysis of The Impact of Education Level and Employment Status on Personal Savings Intended for Investment

KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.938
Bartlett's Test of Sphericity	Approx. Chi-Square	9831.619
	df	190
	Sig.	.000

As illustrated in Table 10, since the coefficient of the KMO test is 0.938 > 0.50 we can say that the data set is suitable for factorial analysis (Chi-Square = 9831.619, Sig. = 0.000 < 0.05). Considering the fact that the significance of the Bartlett test is less than 0.05, it means that this model is statistically significant and we have high correlations between the independent variables.

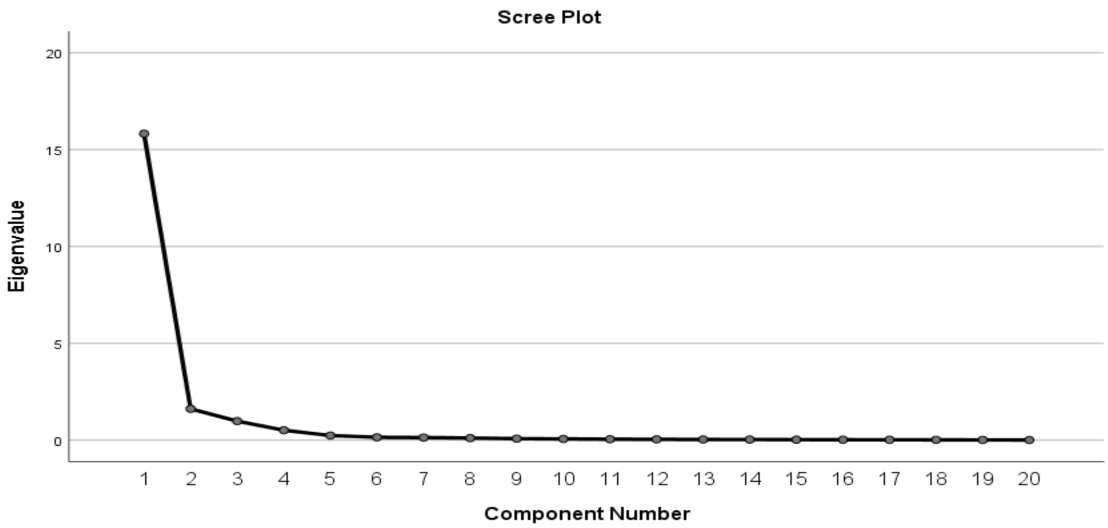

Figure 1. Factor Analysis Chart

Based on the factorial analysis graph (Figure 1), we can see that after the second factor, the graph line will begin to lose the trend to a considerable extent, and we can limit the number of factors in this analysis to 2 or 3 factors. Based on the cumulative values of the common variance, we can conclude that the variables that have the highest variance are as follows: employment status 97.1%, the most important things in life (happy family, social success, work, wealth) 95.8%, non-acceptance of the application of extreme cases (concealment of taxable income, customer fraud, bribery, use of the organization's equipment for personal purposes and late payments) 95.7%, ways of life insurance (personal business, work with stable earnings, full or partial help from parents) 94.6% and security in money management 94.1%. According to the results of the rotation matrix, the variables that are categorized in the first factor are change of permanent residence or additional education for advancement in work (93.2%), ways of securing life (personal business, work with stable earnings, assistance full or partial parenting) 92.7%, employment status 90.9%, sources of income 88.4% and savings reserves to cover expenses 87%. While the variables of the second factor that have the highest variance are: not accepting the application of extreme cases (concealment of taxable income, customer fraud, bribery, use of the organization's equipment for personal purposes, and payment delays) 95.9%, the most important things in life (happy family, social success, work, wealth) 95.4%, security in money management 80.5% and education level 65.6%. Based on the statistical results of the reliability analysis, we can see that the number of observations processed in this analysis is 216 and the independent variables that have the greatest weight in the total variance of the factorial analysis are as follows: change of permanent residence or additional education for career advancement, means of life insurance, employment status, sources of income and savings reserves.

Table 11. The Results of the Reliability Analysis For The Cronbach's Alpha Coefficient

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.975	.989	5

As illustrated in Table 11, the value of Cronbach's Alpha coefficient is 0.975 and based on this value we can conclude that the independent variables of the first factor have a very high degree of reliability. Based on the correlation matrix (Table 12), it can be observed that all the independent variables of the first factor have a very high correlation between themselves, and through a high level of correlation, an important prerequisite of the reliability analysis is met.

Table 12. Correlation Matrix

	Chng. of perm.res. or add. edu. for job adv.	Ways of life insurance	Employment status	Sources of income	Savings reserves
Change of permanent residence or additional education for job advancement	1.000	.970	.949	.911	.977
Ways of life insurance	.970	1.000	.950	.905	.979
Employment status	.949	.950	1.000	.943	.949
Sources of income	.911	.905	.943	1.000	.924
Savings reserves	.977	.979	.949	.924	1.000

Table 13. Calculated values of the variables in the first factor

	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Squared Multiple Correlation	Cronbach's Alpha if Item Deleted
Change of permanent residence or additional education for job advancement	8.66	25.918	.970	.961	.972
Ways of life insurance	8.61	25.811	.969	.966	.972
Employment status	7.93	20.292	.969	.944	.965
Sources of income	8.08	20.393	.938	.903	.972
Savings reserves	8.27	21.762	.975	.974	.961

As illustrated in Table 13, all the values calculated in the reliability analysis through Cronbach's Alpha model are reliable measures and are very close to the general value of Cronbach's Alpha coefficient of 0.975. All variables of the first factor have a very high level of reliability and their ranking based on the level of reliability is as follows: sources of income, change of permanent residence or additional education for job advancement, Ways of life insurance, employment status, and savings reserves.

Table 14. Descriptive statistics of reliability analysis

Mean	Variance	Std. Deviation	N of Items
10.39	35.457	5.955	5

As illustrated in Table 14, the value of the general average for the first factor is 10.39 with a variance of 35.457 and a standard deviation of 5.955. Based on the results from Anova (Table 15), we can see that all independent variables of the first factor affect personal savings intended for investment (sig. = 0.000 < 0.10). So according to these results, sources of income, change of permanent residence or additional education for job advancement, ways of life insurance, employment status, and savings reserves are the ones that most affect personal savings intended for investment. So, the level of financial education and employment status have a significant positive impact on personal savings intended for investment.

Table 15. Econometric results of reliability analysis

ANOVA

		Sum of Squares	df	Mean Square	F	Sig
Between People		1524.667	215	7.091		
Within People	Between Items	89.606	4	22.401	125.756	.000
	Residual	153.194	860	.178		
	Total	242.800	864	.281		
Total		1767.467	1079	1.638		

Grand Mean = 2.08

DISCUSSION

The focus of this scientific paper was to analyze how the financial education of young people has an impact on their financial planning behavior. In recent years, many scientific studies have been carried out by different authors such as Dzutsev (2016), Meyers (2020), Mohamed (2016), Gavurova, et al. (2019) where the objective of their study was how the level of financial education impacts financial planning and the realization of various financial and real investments. The empirical findings of our study consist in the fact that the level of financial education of young people in Kosovo is high and this has a positive impact on money management and the creation of a personal financial plan, and these findings are comparable to the studies of other authors. According to the study by Dzutsev (2016), young people in Sweden have a higher level of financial literacy and plan their income better compared to Russia, where young people do not have enough knowledge to plan income, and also have the lowest level of trust towards financial institutions. The findings of the study by Meyers (2020), show that formal education does not guarantee better acquisition of financial knowledge by students. Thus, formal education is not the only way to acquire financial knowledge, which presents an opportunity for all young people to develop their financial skills through other means. While Mohamed (2016) in his study states that young people who were exposed to financial knowledge during their university studies have better financial knowledge compared to those who were not exposed. The study concludes that financial education at an early age can reduce financial illiteracy and significantly alleviate financial difficulties among young people. Gavurova, et al. (2019), have concluded that in Slovakia the financial education of men is higher than that of women. Based on the results of this study, it is found that teenagers are less financially educated than students over the age of 22. Interesting is the finding regarding the relationship between financial education and the number of family members. Students from families with more members are more financially literate than students from families with fewer members. All these empirical findings of other authors' studies are comparable to the econometric results of our study, giving greater relevance to the theoretical and practical contribution of this study.

CONCLUSIONS AND RECOMMENDATIONS

In accordance with the objectives of the study, the theory, the methodology, the results of the data analysis, and the findings of the study, it can be concluded that the level of education has a positive impact on money management and creating a personal financial plan. So, the more that young people in Kosovo are educated and qualified, the higher the positive effect on the effective management of money in order to make efficient decisions for personal investments. Employment status and sources of income have a significant positive impact on controlling the financial situation. So, the econometric results of this study show that when young people are employed or self-employed and have a secure source of income, and this will have a positive effect on controlling their financial situation and making effective decisions for personal investments. The increase in the level of qualification of young people in correlation with the employment status and sources of income will affect the increase in work experience which has positive effects on making personal decisions for financing. So, when young people have more work experience, it is easier for them to make decisions effectively in fulfilling their personal financial plans. The results of factorial analysis and reliability analysis show that sources of income, change of permanent residence or additional education for job advancement, ways of life insurance, employment status, and savings reserves are characteristics among young people in Kosovo that have a positive effect on personal savings intended for investment. Through this study, we recommend that the Ministry of Education, Science, Technology and Innovation in Kosovo should design a curriculum plan to include the subject of financial education at all school levels so that pupils and students become familiar with the concept of financial education and can apply it in their practical life in the future. Also, all pre-university educational institutions should cooperate with various local and international organizations to realize seminars, workshops, and other ways to spread financial education to young people in Kosovo.

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