



# Financial Well-being of Generation Z – Input from Greece

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## Chapter A – Survey Results

Between February 12 and March 10, 2021, EKO conducted a national quantitative survey to determine the self-reported level of financial literacy of young people and young entrepreneurs between the ages of 18 and 30 years old, as well as the factors influencing these groups' attitudes, behaviors and financial decisions. Two different questionnaires were distributed between the two target groups and the survey results are analyzed in this chapter.

### 3.1 Financial wellbeing and financial literacy of young people

In total **169 young people (18-30 years old)** from Greece participated in the survey

#### Part A. Demographic characteristics

From the 169 young people who participated in this survey, 60,4% answered that they are female, 38,5% male, 1 person genderqueer and 1 person that they prefer not to answer. In terms of age distribution, 47,3% of the respondents are 18-22 years old, 42,6% are 23-26 years old and the rest 10,1% 27-30 years old.

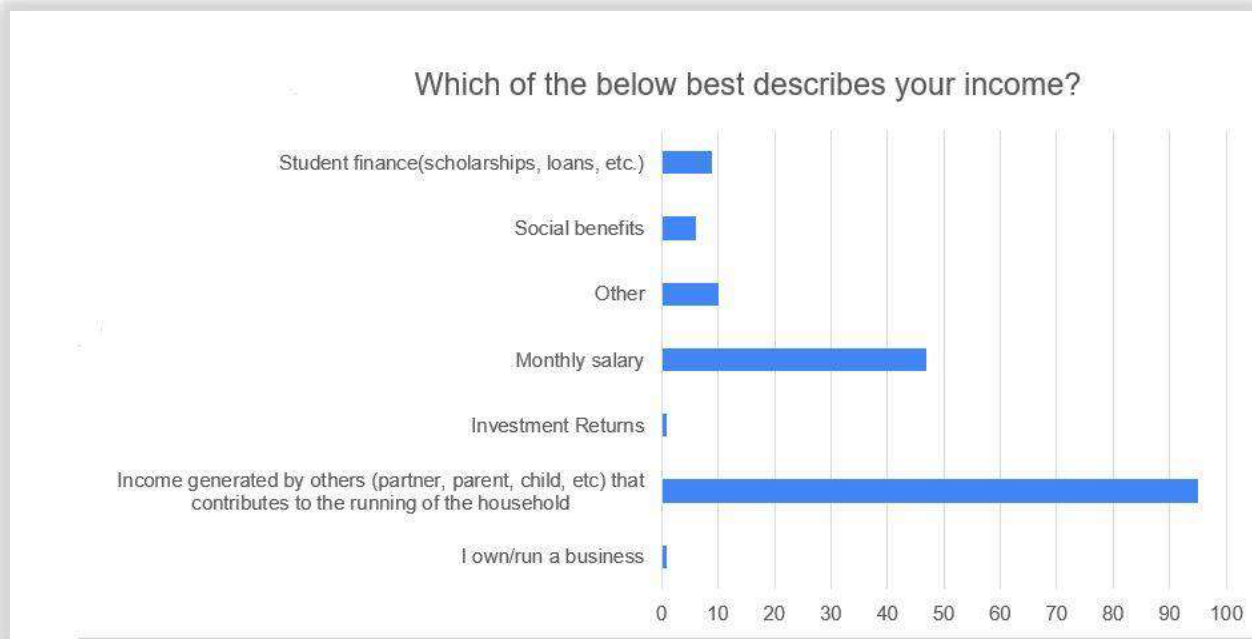
117 respondents (69,2%) live in large cities, 40 (23,7%) in small urban areas and only 12 young people (7,1%) live in rural areas.

A total of 119 respondents (70,4%) are undergraduate students, 31 (18,3%) are postgraduate students, and 17 (10,1%) have a high-school diploma. Only 1 young person (0,6%) stated that he / she is a doctoral student and 1 young person (0,6%) holds a Bachelor degree in higher education.

The majority of the respondents - 91 young people (58,6%) - stated that they have professional experience of less than 2 years, 33 young people (21,3%) that they have experience between 2 and 6 years and 17,2% of the sample of young people, i.e. 24 people, have no experience in the labor market. Only 5 young people, representing a total of 3%, have more than 6 years of professional experience.

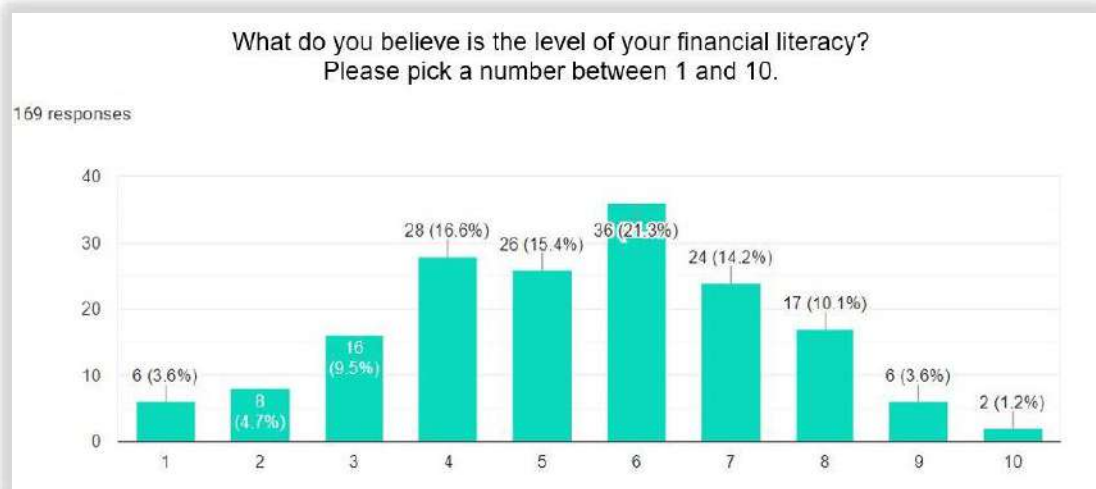
The most frequent main source of income among the young people of our sample, selected by 95 respondents (56,2%) are external sources (partner, parents). Approximately 1 in 4 young people (27,8%) are financially independent, with their monthly

income being their main source of income, while only 1 person (0,6%) stated that their main source of income is the company they own/ run, and another one (0,6%) that they rely mainly on investment returns. The rest 14,8% of respondents rely primarily on other sources of income (e.g. students' financial benefits, social benefits, etc)



## Part B: Personal finances and knowledge on finances

According to the survey results, 36,7% of young people believe that their level of financial knowledge is average (5 or 6 out of 10), while 29,1% of the total number consider that they have a good to excellent level (7 up to 10 out of 10). On the other hand, a rather high percentage of young people (34,4%) believe that they have a low to zero level of financial literacy (from 1 to 4 out of 10)



To the question "What issues have you faced due to lack of financial literacy?" 55 young people (32,5%) stated that they have not faced any significant challenge up to that moment. From the answers of the remaining 114 respondents we identify the following common problems: The most common challenge is the income mismanagement/ unnecessary spending on secondary needs and, consequently, the lack of financial resources at times, which was reported by 36 people, i.e. 21.,3% of the respondents. The next most common challenge, reported by 20 youngsters (11,8%) is the inability to cope with unexpected expenses and satisfaction of personal needs (such as entertainment, education opportunities, increase in living standards and even health). Other problems include i) the loss of investment- or other financial opportunities (such as allowances, scholarships, loans) and the postponement of financial and professional decisions (such as starting and growing a business) due to ignorance and reluctance (11,2%) ii) lack of autonomy and dependence on the opinions of others for personal financial decisions

(9,5%), iii) difficulties in understanding tax issues and preparing their income tax statements (4,7%), as well as iv) social and psychological problems, such as uncertainty and anxiety about the future (2,9%), a sense of social exclusion, loneliness and inferiority due to the inability to participate in discussions about finances (3,6%), while 6 people (3,6%) reported that their low level of financial literacy causes them to feel insecure and afraid of falling victim to fraud. In fact, one of these individuals stated that they already have fallen victim to fraud with very detrimental financial consequences at a personal level.

<i>What issues have you faced due to lack of financial literacy?</i>	Count	Percentage
I have not faced any important issues yet	55	32.5%
Income mismanagement and inefficient saving	36	21.3%
Inability to satisfy personal needs or unexpected expenses	20	11.8%
Loss of opportunities (investments, allowances / social benefits, professional decisions etc)	19	11.2%
Lack of autonomy and dependence on others for making personal financial decisions	16	9.5%
Social and psychological problems (stress, uncertainty, social isolation)	11	6.5%
Difficulty in understanding tax issues and preparing tax statements	8	4.7%
Fear of falling victim to fraud	6	3.6%

With respect to their experience with receiving financial advice, 55 young people (32,5%), responded that they have not needed advice to date. The rest of the respondents chose the statement "I got advice but did not know whether to trust it or not" 50 times (29,6%) and the statement "I did not know where to look for advice" 47 times (27,8%). Equally common (27,8%) was the situation "I asked for advice from many people and found that they gave different answers." 32 young people (18,9%) stated that they could not find the advice they were looking for, 30 of them (17,8%) that they could not find

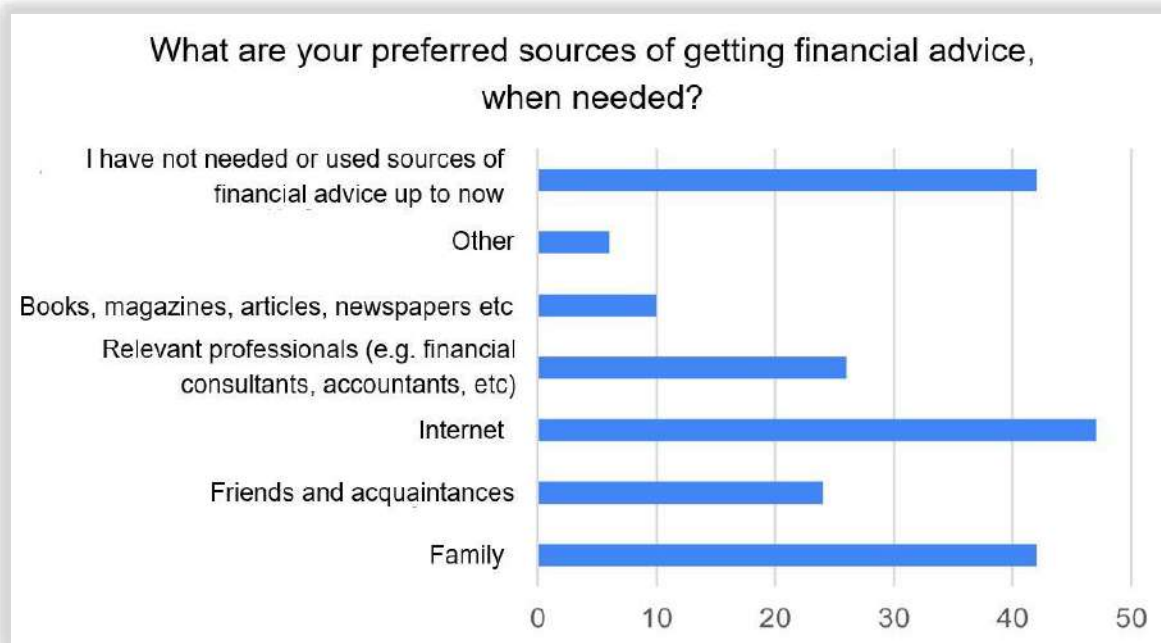
advice at the point in time they needed it, while 20 respondents (11,8%) that they could get advice, but they were not able to utilize it, because they could not understand it. Finally, 5 young people (3,0%) stated that they received and followed advice, but later regretted it.



According to the answers about the sources used by young people for financial advice, the Internet is one of the respondents' top preferences with a count of 47 answers (27,8%). Interestingly, from these young people who use the internet as their main source, 14 (29,8%) commented that they use it to solve their financial issues and questions, even though they consider it to be a relatively unreliable source, in the absence of access to other sources. Also, 44,7% of the respondents who use internet as their main source state that the internet is reliable under specific conditions (such as the validity and transparency of the websites, whether the data presented in the various articles and pages are up to date, the ability of the young people themselves to understand the information presented). Finally, the remaining 25,5% of the youngsters who use internet as their main source,



either do not report doubts about the reliability of the internet as a source of financial advice, or characterize the internet as reliable.



The second most popular source of financial advice is the **family**, which was mentioned by 42 respondents (24,9%). Of these, 6 people (14,3% of people who consult their family) clarified that a close relative has relevant background (in finance, accounting, etc.) or extensive experience due to their profession. On the contrary, 8 people (19% of people who counsel their family) acknowledge the fact that the advice of their family is subjective and not based on a solid knowledge foundation, however they consider this advice credible, mainly because they can have deep trust in the good intentions of their family.

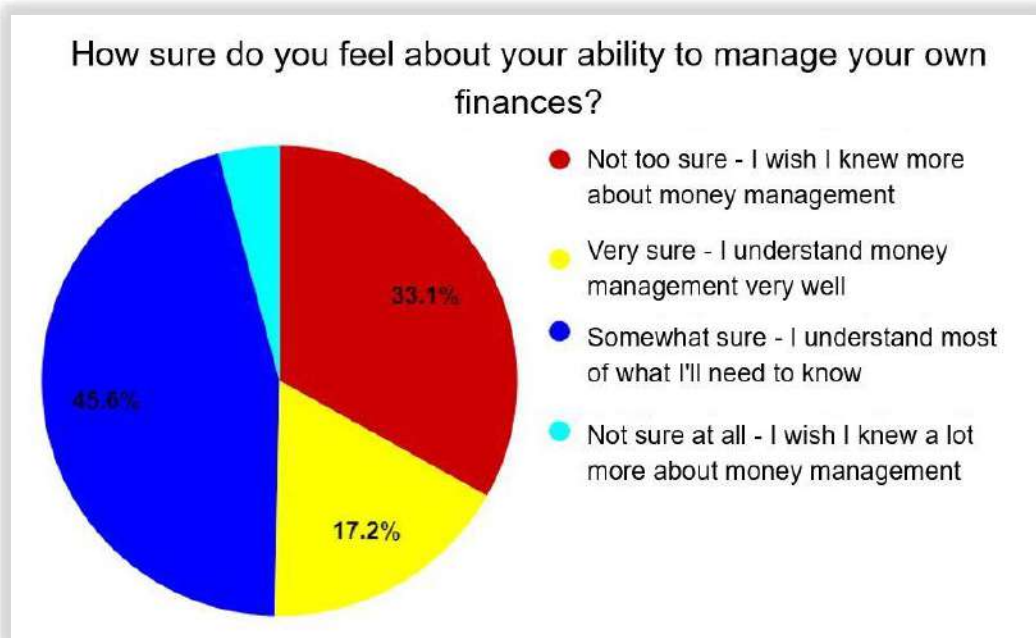
Another source mentioned by 26 people (15,4%) were **experts and related professionals** (financial advisers, accountants, bank clerks, etc.), as well as **friends and acquaintances** (24 people, or 14,2%). Out of the people who consult friends almost 1 in 4 (20,8%) commented that they have people in their close social circle, who have a relevant background or experience, and they ask for advice exclusively from them. Additional sources of advice mentioned by the respondents include **books, newspapers**



**and magazines** (10 people, corresponding to 5,9% of the total), a **formal curriculum in a relevant subject** (2 people – 1,2%) and the **Business Review application** by 1 person (0,6%). Finally, a rather high percentage of respondents (24,9%) answered that they were either **not interested or did not need to look for sources of information** on financial issues (42 people).

Regarding their personal and family financial situation, 51,5% of young people surveyed (87 respondents) said that the financial resources available to both them and their family allow them to live a relatively comfortable life. According to the data collected, 42 respondents (24,9%) answered that their financial situation is such that it is enough to meet their basic needs, 27 of them (16,0%) consider that their financial situation is reasonably comfortable, i.e. they can meet all their basic needs as well as most of their secondary needs. Only 1 young person (0,6%) describes their financial situation as prosperous, i.e. sufficient to cover all the basic and secondary needs of the family. On the other hand, 9 young people (5,3%) state that they face financial hardship, while 3 (1,8%) face great financial hardship.

The analysis of the answers recorded showed that almost half of the respondents (77 young people out of 169, i.e. 45,6%) are relatively confident in their ability to manage their own finances, being able to understand in large issues related to effective money management. However, only 29 young people (17,2%) said they were very confident about how they manage their finances, while 63 young people (37,3%) would like to know more. Of these, 56 (33,1%) state that they have a low level of confidence in their abilities and 6 (4,1%) are not at all sure how they currently manage their financial resources.



The survey's findings on the perceived consequences of wrong financial decisions showed that the main results according to young people are the following:

Lack of money for emergencies and the possibility of bankruptcy, a situation in which the person is unable to meet their financial obligations, was reported by the largest percentage of young people compared to all other consequences (35,5%). The next consequence in reference frequency is a detrimental effect on the psychological state of the individual, which was reported by 47 people (27,8%). The main effect on a psychological level seems to be stress and uncertainty about the future, as these were specifically mentioned by 30 out of the 47 people reporting psychological and emotional disturbances as a consequence of bad financial decisions. Other psychological effects include feelings of failure and inferiority, low self-esteem, and depression. Third in frequency, with 35 reports (20,7%), are the obstacles to achieving long-term goals or to meeting desires, due to the strain poor financial decisions put on savings.

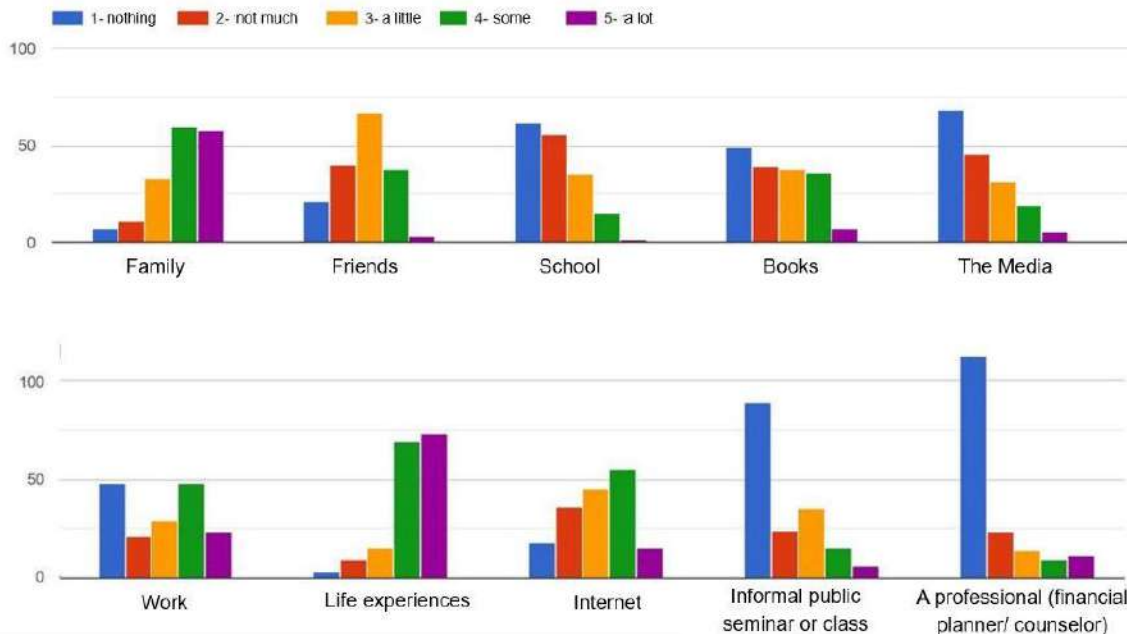
<i>In your opinion, what are the impacts of making poor financial decisions?</i>	Count	Percentage
Bankruptcy, financial dead-end, lack of money for emergencies or for meeting financial obligations	60	35.5%
Inability to save and lack of money to meet secondary needs and / or achieve future goals	35	20.7%
General low living standards, prolonged deprivations that reduce the quality of life	33	19.5%
Psychological distress	47	27.8%
Social consequences	13	7.7%
Lack of autonomy due to debt	29	17.2%
Loss of opportunities	9	5.3%
Impacts on all aspects of life	8	4.7%
Other	12	7.1%

Other reported consequences, include being trapped in a cycle of earning just enough to meet financial obligations and debts, which leads to important sacrifices of other needs and sometimes even degradation of living standards (19,5% - 33 reports), social effects such being underestimated or losing the trust from family members or close friends, social pressure and isolation (7,7%), lack of independence due to debts (17,2%), and loss of opportunities (5,3%). A small number of young people (8 people, i.e. 4,7%) believe that making bad financial decisions has detrimental consequences in all areas of life, because the psychological distress, the lack of calmness and the unfavorable position to which these decisions lead trigger a series of more suboptimal choices and further problems. Also 5 young people highlighted that the wrong financial decisions have consequences not only at the individual level, but also cumulatively at the collective level ("financial crisis", "job loss", "increase in private and public debt", "reduced fiscal policy", etc.).

It is interesting to note that only 4 out of 169 respondents (2,4%) view poor financial decisions from a constructive perspective. Their comments are: "I am of the opinion that we learn from mistakes", "There will be some financial difficulty but then there will be better financial management", "[Bad financial decisions cause] future frustration, but at least you learn and do not do the same mistakes again, you review and understand what has value in life ", " It is a test of liberation from a lifestyle of overconsumption and a way to examine how one can better pursue one's goals and aspirations ".

The main sources from which young people learn to manage their income (i.e. the sources from which young people state that they have learned from "Enough" to "A lot") are the following: 84,0% of young people state that they have learned from "Enough"

How much did you learn about managing your finances from the following?



(40,8%) to "A lot" (43,2%) through their **personal experiences**. Another important source of knowledge for 69,8% of young people is the **family**, as 35,5% say they have learned "Enough" from relatives and 34,3% say they have learned "A lot". **Work** is also recognized as an important source of learning about financial management by 42,0% of young people, and a similar percentage (41,4%) rely on the **Internet** for their information on financial management.

On the other hand, the sources from which young people state that they have learned "little", "very little" or "nothing" are by far the school (90,5%), followed by professionals (e.g. financial advisors) with 88,2%, seminars or courses outside the formal curriculum with 87,6% and the Media with 85,8%.

Books and the social circle (friends and acquaintances) serve as useful resources to some young people but are not useful to others. Specifically, 1 in 4 young people (25,4%) uses **thematic books** as their main source of learning about managing their income and 24,3% seek the **advice from friends and acquaintances**.

How much did you learn about managing your finances from the following	A lot		Some		A little		Not much		Nothing	
	#	%	#	%	#	%	#	%	#	%
Family	58	34.3%	60	35.5%	33	19.5%	11	6.5%	7	4.1%
Friends	3	1.8%	38	22.5%	67	39.6%	40	23.7%	21	12.4%
School	1	0.6%	15	8.9%	35	20.7%	56	33.1%	62	36.7%
Books	7	4.1%	36	21.3%	38	22.5%	39	23.1%	49	29.0%
The Media	5	3.0%	15	8.9%	31	18.3%	46	27.2%	68	40.2%
Work	23	13.6%	48	28.4%	29	17.2%	21	12.4%	48	28.4%
Life experiences	73	43.2%	69	40.8%	15	8.9%	9	5.3%	3	1.8%
Internet	15	8.9%	55	32.5%	45	26.6%	36	21.3%	18	10.7%
Informal public seminar or class (outside the curriculum of a formal relevant program)	6	3.6%	15	8.9%	35	20.7%	24	14.2%	89	52.7%
A professional (e.g. financial planner/ consultant)	11	6.5%	9	5.3%	14	8.3%	23	13.6%	112	66.3%

In the next section, the 169 respondents rated their level of knowledge in various areas of financial literacy.

More than half of the young people estimate that they have very little or no information ("I know very little" or "nothing") about insurance products (56,8%), investments (56,8%), as well as loans and debts (53,8%). It is observed that young people

How much do you know about the following?	A lot		Some		A bit		Not much		Nothing	
	#	%	#	%	#	%	#	%	#	%
Creation of personal budget	12	7.1%	45	26.6%	47	27.8%	35	20.7%	30	17.8%
Taxes	4	2.4%	28	16.6%	60	35.5%	46	27.2%	31	18.3%
Investing	4	2.4%	20	11.8%	49	29.0%	48	28.4%	48	28.4%
Loans and debts	5	3.0%	17	10.1%	56	33.1%	47	27.8%	44	26.0%
Insurance products	1	0.6%	16	9.5%	56	33.1%	53	31.4%	43	25.4%
Services	20	11.8%	60	35.5%	50	29.6%	29	17.2%	10	5.9%



have a better level of know-how ("I know a lot" or "I know enough") in matters related to savings (47,3%), as well as the creation and monitoring of their personal budget (33,7%). Moderate levels of knowledge have been found on issues related to taxes and social contributions, about which the largest share – compared to the other available answers -of respondents (35,5%) reported that they have little information.

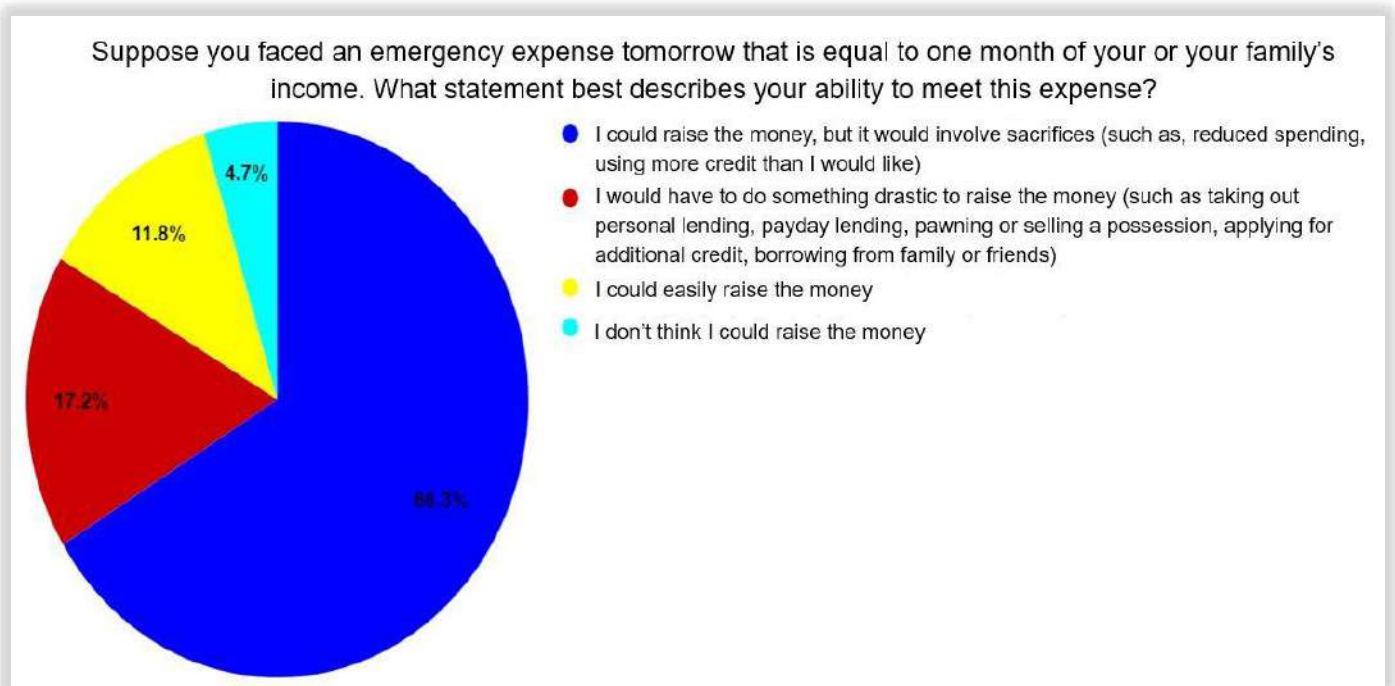
## Part C. Financial Behaviour

For describing their current situation, 61 of the 169 respondents (36,1%) stated that their level of monthly expenses is balanced with that of their savings, 55 (32,5%) enjoy the present high level of quality of life due to the way they manage their financial resources, while 91 people (53,8%) pay close attention to saving, in order to be able to ensure a financially comfortable future. Only 17,8%, i.e. 30 out of 169 respondents, state that their savings are such that "they could handle a large unexpected cost".

<i>Which one of the following statements describes best your current situation?</i>	Count	Percentage
I could handle a major unexpected expense	30	17.8%
I am securing my financial future	91	53.8%
Because of my money situation, I feel like I will never have the things I want in life	43	25.4%
I can enjoy life because of the way I'm managing my money	55	32.5%
I do a good job of balancing my spending and savings	61	36.1%
I run short of money because I overspend	9	5.3%

On the other hand, about 1 in 4 respondents (25,4%) believe that their current financial situation will not allow them to meet their needs and desires in the long run, while only 9 (5,3%) state that their current financial situation is difficult due to mismanagement of money and excessive spending.

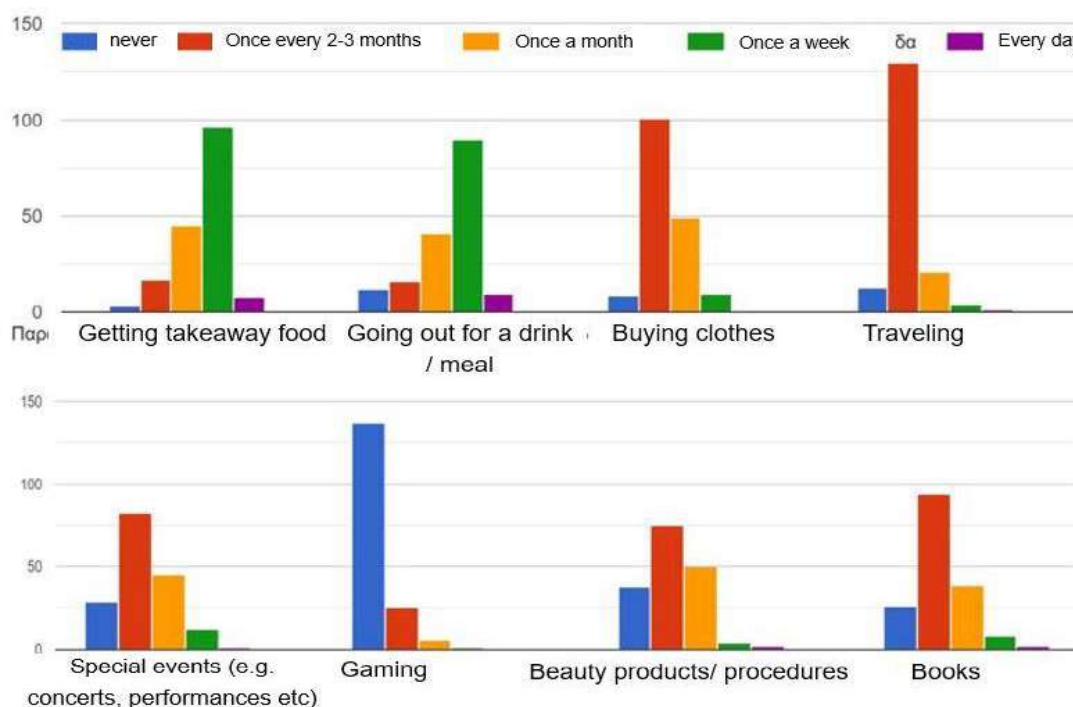
When the young entrepreneurs were asked to consider the scenario in which they need to manage a significant and unplanned financial emergency, which corresponds to the total family income of a month, 112 of them (66,3%) reported that they could obtain the necessary financial resources for avoiding the impasse through some sacrifices, such as curbing some expenses and using more credit than they would like. 29 of the respondents (17,2%) answered that they should take drastic measures such as taking out personal loans, taking out loans from family or friends, pawning or even selling personal property. A slightly smaller percentage, 11,8% of the respondents, would be able to easily raise the necessary money. Only 8 young people (4,7%) out of 169 consider it impossible that they would be able to raise the money.



The following section describes aspects of young people's consumer behaviour, based on the sample studied: most of the time, young people use their financial resources to order takeaway food or to go out for drinks/meals. Specifically, the majority of respondents spend money weekly (55,0%) or even daily (4,7%) to order takeaway food, while 49,1% of young people surveyed spend money to go out for meals or drinks approximately once a week.



### How often do you spend money on the following?



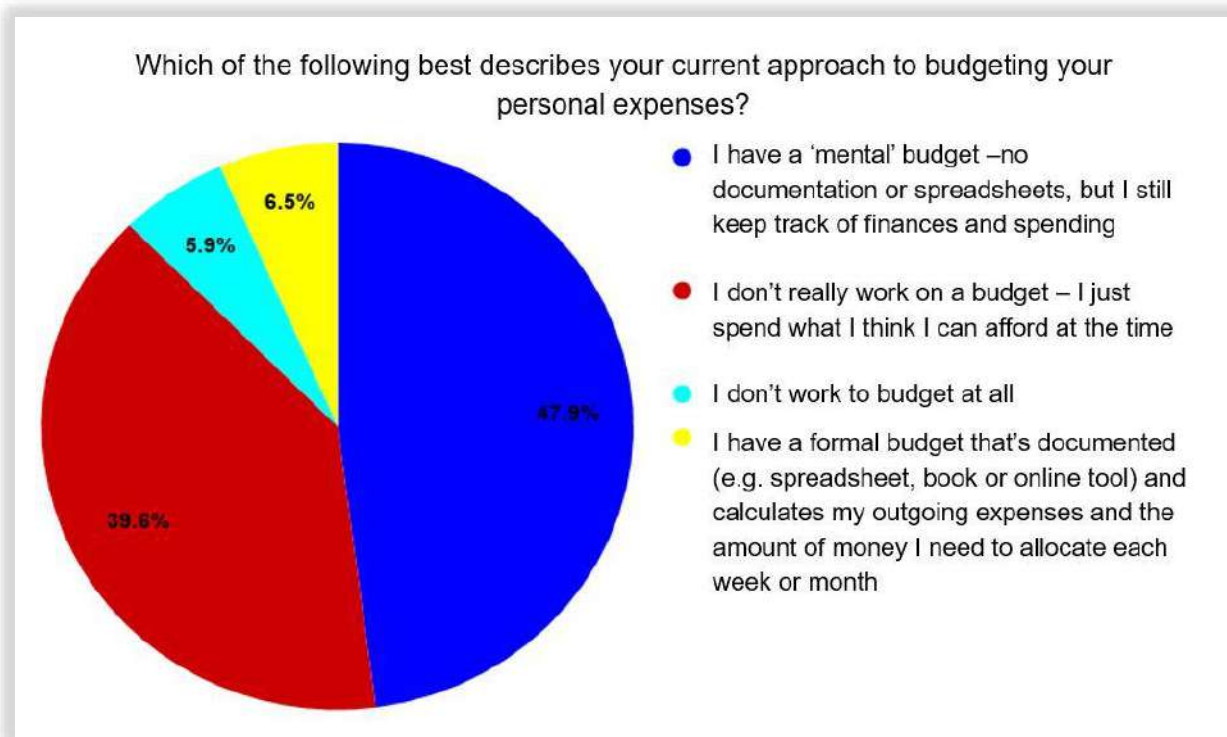
At the same time, the main expenses recorded at regular intervals of 2-3 months relate to: travel expenses (incurred by 76,9% of respondents), expenses related to special events, such as festivals, concerts, performances, exhibitions, etc. (48,5%); purchase of clothing (59,8%); purchase of books (55,6%) and beauty products (44,4%).

Regarding the goods / services, for which young people spend money extremely rarely or never, the vast majority of respondents do not buy video games (81,1%), a percentage

How often do you spend money for the following?	Every day		Once a week		Once a month		Once every 2-3 months		Never	
	#	%	#	%	#	%	#	%	#	%
Ordering food (delivery, take away)	8	4.7%	93	55.0%	44	26.0%	17	10.1%	3	1.8%
Going our for drinks or meals	9	5.3%	83	49.1%	37	21.9%	15	8.9%	9	5.3%
Buying clothes	0	0.0%	5	3.0%	13	7.7%	101	59.8%	5	3.0%
Traveling	1	0.6%	4	2.4%	21	12.4%	130	76.9%	13	7.7%
Special events (e.g. concerts, performances)	1	0.6%	12	7.1%	45	26.6%	82	48.5%	29	17.2%
Gaming	0	0.0%	1	0.6%	6	3.6%	25	14.8%	137	81.1%
Beauty products or services	2	1.2%	4	2.4%	50	29.6%	75	44.4%	38	22.5%
Buying books	2	1.2%	8	4.7%	39	23.1%	94	55.6%	26	15.4%

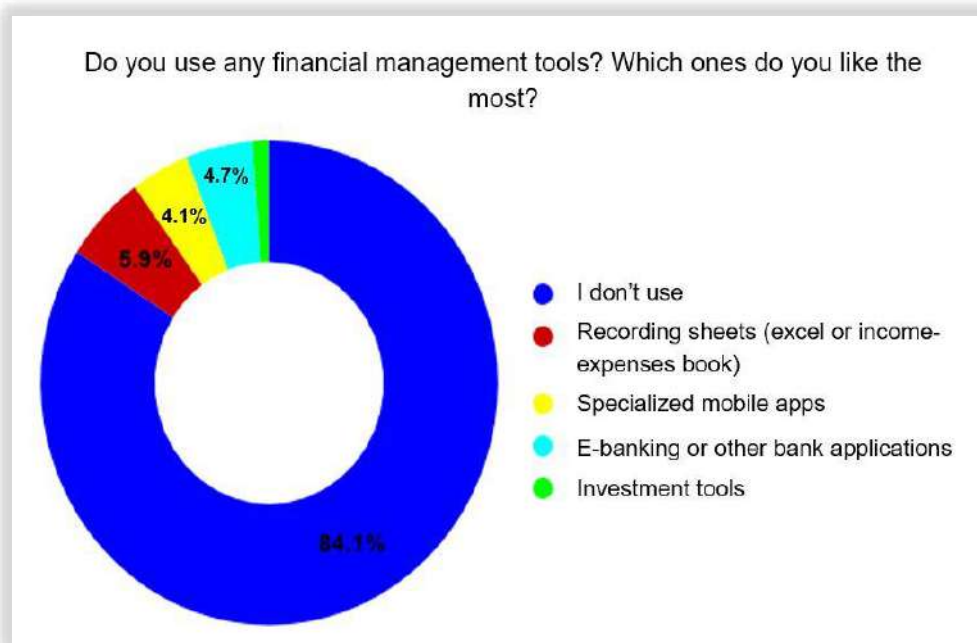
of 22,5% do not buy beauty products and care, 17,2% do not buy tickets for events and 15,4% do not choose to spend money on books.

To the question about the way young people approach budgeting of their personal expenses, 81 respondents (47,9%) stated that they monitor their finances and expenses mentally, without the use of additional tools, such as spreadsheets. 67 people (39,6%) make spontaneous expenses depending on the financial resources they have at a given time having a general sense of their budget, while 7 respondents (4,3%) stated that they do not monitor their personal budget in any way . On the other hand, only 11 young people (6,5%) monitor their budget with a recording system, organized with the help of online or offline, financial instruments. The attitude of young people towards these financial management tools is described in detail in the next section.



84,1% of the sample of young people analyzed (142 people) stated that they do not use and/or do not know any financial management application or tool. Of the remaining 15,9% of young people, 5,9% (10 people) use very simple tools to monitor their personal budget (excel sheet, or handwritten record sheets), 4,7% (8 people) use

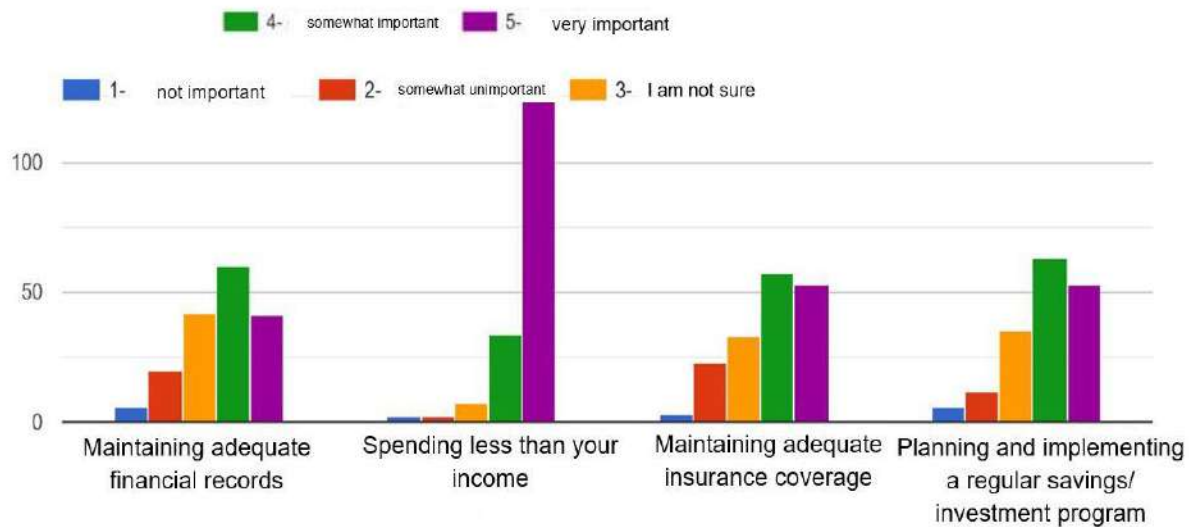
e-banking or other bank applications, 4,1% (7 people) use special mobile applications (digital wallet, Revolut, Expense Manager), while only 2 people (1,2%) use investment applications, such as Acorns.



The analysis of the participants' answers revealed that for 73,4% of young people who participated in the survey it is very important to spend less than they earn. The maintenance of adequate insurance coverage and the planning and implementation of a savings / investment plan are characterized as very important by equal parts of the sample and specifically 31,4%. The maintenance of adequate financial records is considered very important by 24,3% of young people and as relatively important by 35,5% of them.

The percentage of young people who consider that these 4 dimensions are not important at all is very low, with the following percentages observed: 1,2% for spending to be less than income, 1,8% for keeping adequate insurance coverage, and 3,6% both for the regular keeping of financial records and for the implementation of a savings and investment program.

Using the scale given below, please rate the importance of items to you



By calculating the mean score of importance ratings for each of the specific subjects, the following classification results:

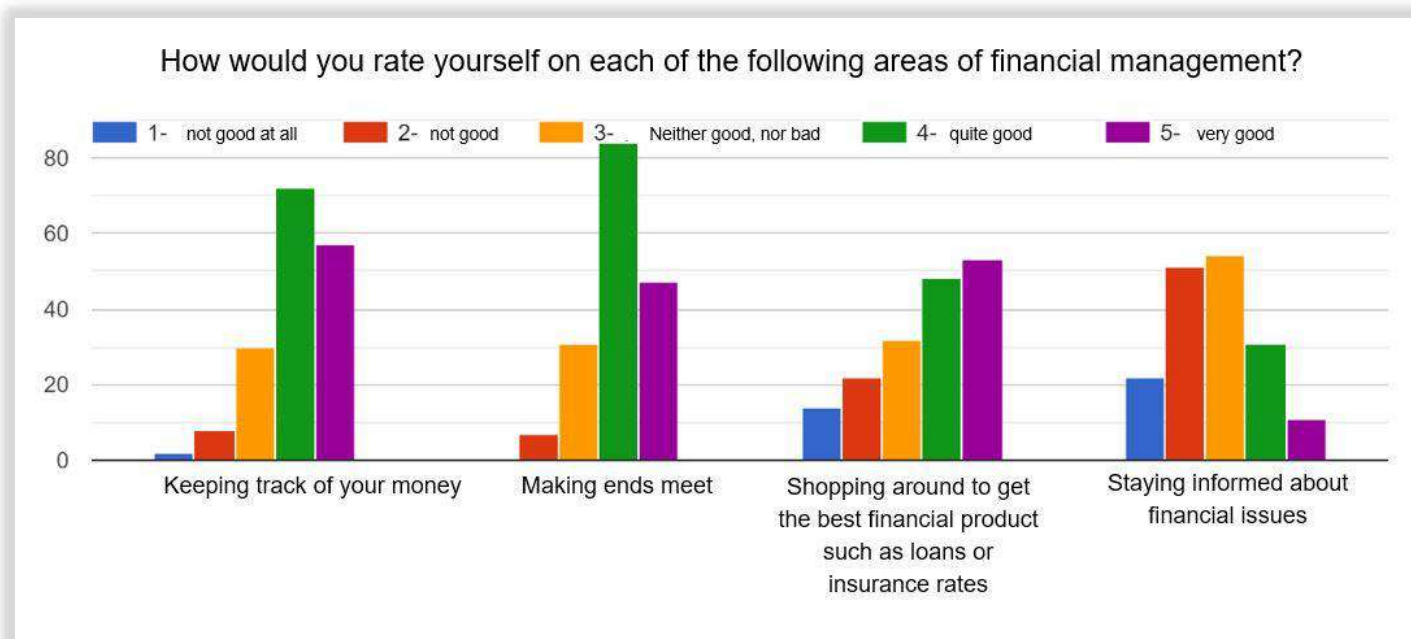
1. "Spending less than your income" with an average of 4.63
2. "Planning and implementing of a regular savings / investment program" with an average of 3.86
3. "Maintaining adequate insurance coverage" with an average of 3.79
4. "Maintaining adequate financial records" with an average of 3.65

Using the scale given below, please rate the importance of items to you:	1- not important		2-somewhat unimportant		3-not sure		4-somewhat important		5-very important	
	#	%	#	%	#	%	#	%	#	%
Maintaining adequate financial records	6	3.6%	20	11.8%	42	24.9%	60	35.5%	41	24.3%
Spending less than your income	2	1.2%	2	1.2%	7	4.1%	34	20.1%	124	73.4%
Maintaining adequate insurance coverage	3	1.8%	23	13.6%	33	19.5%	57	33.7%	53	31.4%
Planning and implementing a regular savings/ investment program	6	3.6%	12	7.1%	35	20.7%	63	37.3%	53	31.4%



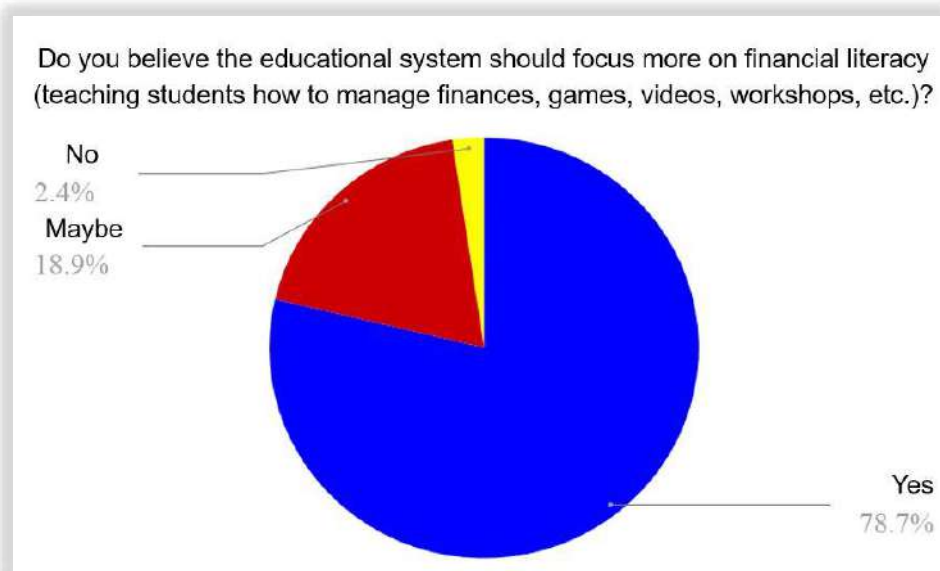
According to the responses of the survey's participants, the areas in which young people most often assess as having a good (score 4) or very good (score 5) level is the **monitoring of their money availability** (76,3%) and **market research to obtain the most advantageous economic option** (59,8%).

On the contrary, 43,2% of young people assess that they **do not follow the developments in financial matters** at a satisfactory level (score 1 or 2). Average level of competence (score 3) was observed for about 1 in 2 young people (49,7%) with respect to their **ability to meet their needs with the available resources** at all times, as well as for 32,0% of young people with respect to their **continuous information on financial issues**.

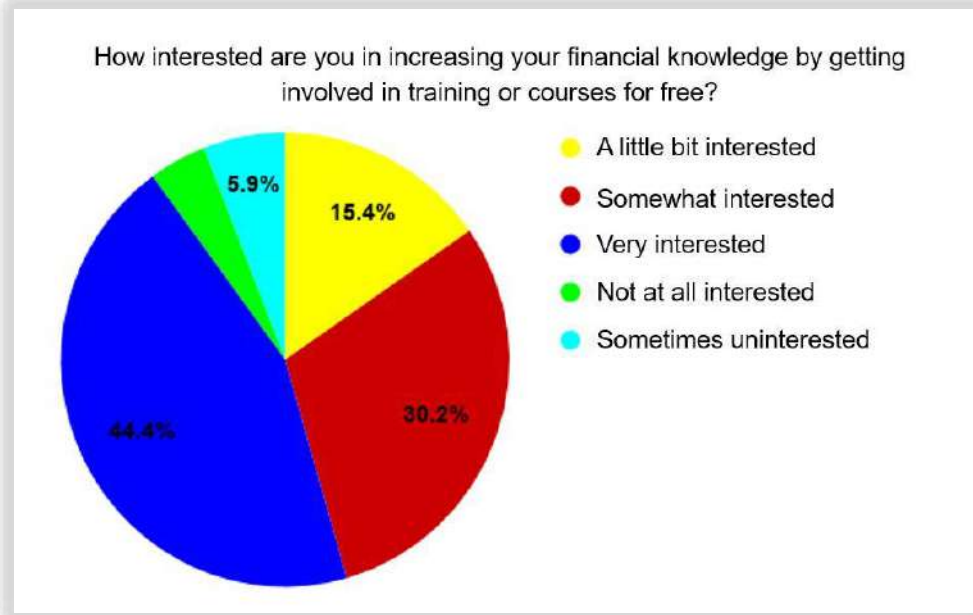


It is noteworthy that although the vast majority of young people (76,3%) closely monitor their resources at all times and 1 in 2 compare the available offers to make the most advantageous product choices, only 27,8% of young people evaluate their ability to meet their needs as good enough and no one among 169 youngsters as very good.

The vast majority of young people, ie 133 respondents (78,7%), agree that the education system should give more importance to the development of financial literacy among children and young people by teaching students how to manage their personal finances, through workshops and versatile media. Of the remaining sample, 32 young people (18,9%) answered "maybe" and 4 young people (2,4%) answered that the education system does not need to focus more on financial literacy.



Also, the majority of respondents (75 out of 169, i.e. 44,4%) answered that they are very interested in increasing their financial knowledge through free training courses, and a 30,2% (51 out of 169) stated that they are quite interested. 26 people (15,4%) stated that they are a little interested in this possibility and 10 people (5,9%) that they are rather indifferent. Only 7 young people (4,1%) stated that they are not at all interested in acquiring thematic know-how through this form of education.



In the last part of the survey, young people were asked to express what they thought was the most important piece of advice they could give to other young people about financial management. Some illustrative examples have been selected, and are listed below:

### Financial management and planning

- Creating a list of priorities and accurately recording their inputs and outputs is a smart way to organize and control your finances!
- I would suggest you follow the 50-30-20 (\*) rule in your monthly budget
- Invest small amounts from an early age for your pension!
- Think carefully about what you want before you buy it and do some market research before, so as not to spend money on momentary impulses. Because the most important thing is to be sure about what we want and maximize the usefulness of everything we buy.
- Have a monthly budget and keep a record of your expenses. Because both practices help you not to spend your money recklessly and possibly save.

### Education

- Read books, do research and invest in YOUR future. Whether it is a book or articles on the internet, deal with financial education through personal research and not so much through school.



- Learn more about finance, because it is the lever of the economy
- Be informed by many different sources, so that you can cross-check the reliability of the information you receive
- Learn macroeconomics and understand macroeconomic terms and how they work. I consider it an important resource that you need throughout your life to understand what is happening around you and why. After all, these are things that affect you and not just an industry that only economists have to deal with.
- Learn about crypto

### **Balanced spending and savings**

- If you can easily buy it twice, then your pocket really can hold it.
- Save a percentage of your income every month, and maybe do some investment that will save you some expenses (e.g. buying a coffee machine at home so you do not pay daily for takeaway coffee)
- Always have an amount of money aside, better in the bank, for something extraordinary or for something you would like urgently in the future
- Do not be influenced by ads and do not buy things that you do not really need. Before each purchase be sure that you are going to use what you will buy
- Save money early, always have something aside in case of need

### **Investments**

- As a student of Finance and Business Management, and as a person directly involved with the Stock Exchange, I would advise others and especially young people never to invest in something they do not understand, because then they will never understand why they may have lost their money.
- Do not take on debts as much as possible, especially if it is not for business needs, due to the fragility of the financial system, which primarily threatens those who do not have very large assets.
- Preparation of business plans and preparation of files for their financing support by the banking system

### **Experiential learning**

- Start working from a very early age (adolescence) to understand the value of money and to understand the sense of autonomy that financial independence brings.

- I think it would be for them to learn about financial management on their own and not just rely on family or others because in the end, others make mistakes and we are responsible for planning our lives.

*\* Rule 50-30-20: 50% of net income to be spent on basic needs (eg supplies with the necessary in the supermarket) and financial obligations (eg bills) 30% on wishes (eg travel, tickets for performances, etc.) and the remaining 20% to go to save / invest or repay a debt*

### 3.2 Financial well-being and financial literacy of young entrepreneurs

The research targeting young entrepreneurs examines the experiences of young Greek entrepreneurs in managing their financial resources, the financial challenges they faced during their entrepreneurial activity, as well as their attitudes to the financial decisions they make, with the aim to investigate their learning needs in a comprehensive manner. The ultimate goal of this research is the development of highly targeted non-formal education learning tools that can effectively increase the level of financial literacy of young entrepreneurs.

In order to collect as many responses as possible from this target group, continuous efforts were made to disseminate the questionnaire. Specifically, the invitation to participate in the research was published - in addition to the website and social media of EKO - on the website of the [Association of Thessalian Enterprises and Industries \(STHEV\)](#) and the [Federation of Greek Associations of Young Entrepreneurs \(OESYNE\)](#), on websites and social media of various non-governmental organizations ([Academy of Entrepreneurship](#), [EndeavorGreece](#)) and adult education providers ([Fractality](#)).

A total of **43 Greek young entrepreneurs** aged between **18 and 30 years** participated in the survey.

#### Part A. Demographic characteristics

Of the 43 young entrepreneurs who took part in the survey, 23 responded that they are male and 19 that they are female, while 1 person chose not to answer. In terms of

age distribution, 11,6% are between 18-22 years old, 25,6% between 23-26 years old, while the majority of respondents (62,8%) belong to the age group 27-30 .

Approximately half of the participants (48,8%) live in large urban areas, 12 of them (27,9%) come from small or medium-sized cities and, 10 young entrepreneurs (23,3%) come from villages or rural areas .

Of the 43 who participated in the survey, 17 stated that they are entrepreneurially active for more than 3 years, representing the relative majority in the sample (39,5%). Almost the same percentage of the sample, 16 respondents (37,2%), answered that their entrepreneurial experience is shorter than a year, while 10 (23,3%) that they have experience from 1 to 3 years.

Regarding the nature of their business ventures, young entrepreneurs stated by an absolute majority (79,1%), that they own an autonomous profit-oriented business, which makes independent financial decisions, and 3 respondents (7,0%) are active in area of social entrepreneurship. Non-profit organizations, subsidiaries and family businesses, were owned by 2 respondents (4,7%).

Regarding the number of staff members in the business of each of the participants, the research shows that the vast majority of companies owned by young people are small or medium enterprises. In particular, 29 respondents stated that their business employs from 1 to 5 people (67,4%), while 12 (27,9%) stated that they employ from 6 to 10 people. Only 2 people stated that they employ from 21 to 50 employees, while there was no response indicating more than 50 employees.

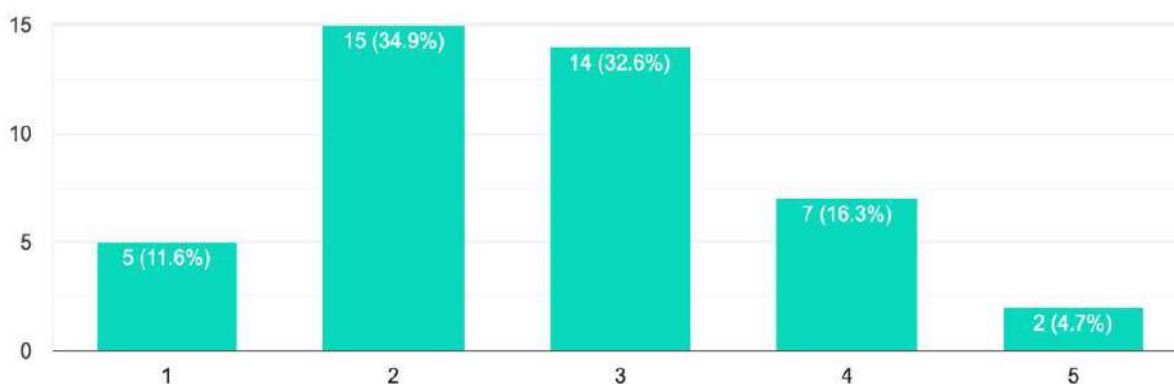
With respect to the participation of the respondents in the decision-making processes of their business, there were no absolute majorities and most of the answers showed proportions between them. Specifically, 17 (39,5%) stated that they participate in the relevant procedures with some help. 12 (27,9%) young entrepreneurs answered what they themselves are responsible for making decisions, without any help, and another 12 (27,9%) stated that they do not participate at all in the financial decisions of their enterprise. Finally, 2 respondents answered that they have a complementary role in the decision-making process of their business.

## Part B. Financial knowledge of young entrepreneurs

According to the results of this survey, 34,9% of young entrepreneurs estimate that their level of financial literacy is quite low (2 out of 5), while 32,6% of the total number consider that they have a moderate level (3 out of 5). The percentage of young people who consider themselves to have a good level of financial literacy (4 out of 5) is around 16,3% and only 4,7% rate their level as very good (5 out of 5).

On a scale of 1 to 5, where 1 is very low and 5 is very high, what do you consider to be your level of financial literacy?

43 responses



To the question "Have you ever received any training or educational program in financial literacy?" the majority of respondents (48,8%) reveal that they have never attended a relevant program, which, although negative, supports the need to implement this project, and its purpose to increase the level of education of young entrepreneurs in the field of finances. On the other hand, 32,6% of young people have received some training or educational program in the context of formal (school / university) education, while only 18,6% of them answered that they have received some training in a non-formal education framework.

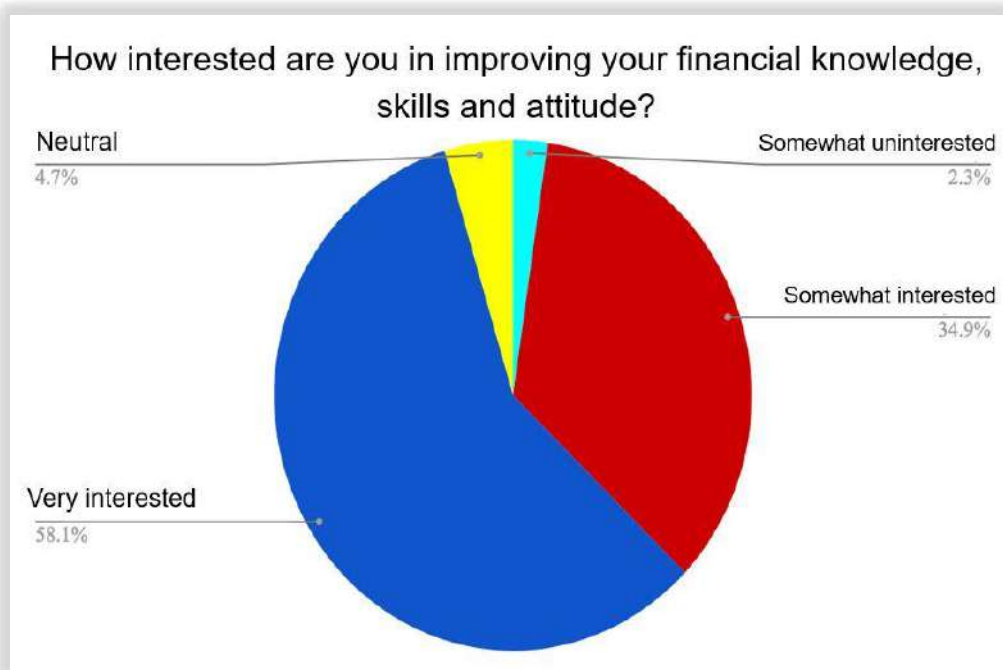
<i>What topics related to the financial management of a business would you like to know more?</i>	Count	Percentage
Finding investment / financial resources	33	76.7%
Financial management tools	31	72.1%
Budgeting management	23	53.5%
Income taxes	25	58.1%
Credit	7	16.3%
Loans/debt	11	25.6%
Interest rates	7	16.3%
Accountancy	24	55.8%
Other	3	7.0%

According to the answers we received regarding the financial management issues of a company, about which young entrepreneurs would like to learn more, **finding investment opportunities or financial resources** is one of the top preferences of the participants with a frequency of 33 answers (76,7%). **Tools of financial management** follow in the preference of young people, with a small difference, at a percentage of 72,1% of the sample. **Income taxes** (58,1%), **accounting** (55,8%), as well as **budget management** with 53,5% are very close in their reference frequency. In addition, 11 young entrepreneurs (25,6%) stated that they would like to know more about **loans and debts**, followed by issues related to **interest rates** and **credit** (16,3%), while 7% reported other topics on which they would like to know.

The motivation of entrepreneurs to develop their knowledge and skills in the field of finances is very important, as also evidenced by the results of the following question.

More than half of the respondents (58,1%, 25 out of 43 respondents) are very eager to improve their knowledge on this topic. Of the 43 young people surveyed, 15, i.e. 34,9%, answered that they are interested enough to acquire more knowledge of financial content. It is therefore clear that most Greek young entrepreneurs in the sample feel that

they lack in knowledge and skills in economics, as only 1 in 43 (2,3%) state that they are very little interested in learning more and expanding their horizons in the field.

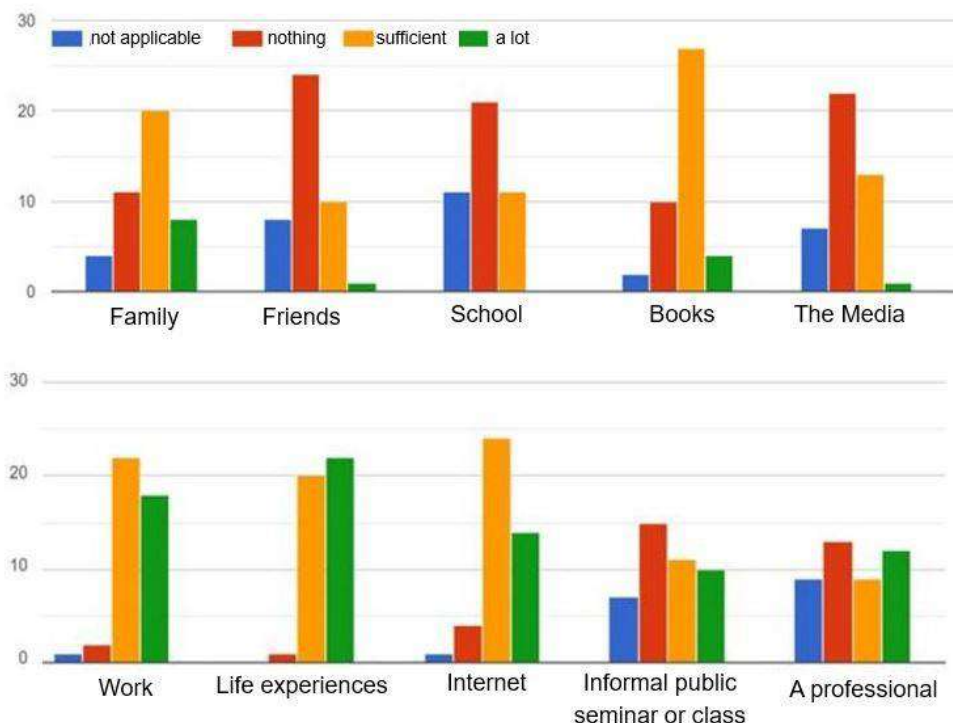


In the next section we can see the sources from which young people learn about the management of their business finances, based on the sample studied: young people basically draw knowledge through their **life experiences** (51,2%) or **work** (41,9%) - answer "A lot".

Many of them (32,6%) are informed a lot through the **Internet**, consulting a **professional** (27,9%) or through seminars or courses outside the curriculum (23,3%). Young entrepreneurs seem to learn a lot more through **Books** (62,8%) than from the Internet (55,8%), which leads us to the conclusion that the Internet and ease of access to it have not replaced the book, perhaps thanks to the reliability of information and knowledge provided by the latter. Equally popular is the work as a source of information for the financial management of a company since work experience has helped 51,2% of entrepreneurs to learn several things ("sufficient") about the subject. The same goes for **family and life experiences** as 20 out of 43 young people (46,5%) mentioned them as a way to gain enough knowledge about a company's finances.



### How much did you learn about managing the finances of your business from the following?

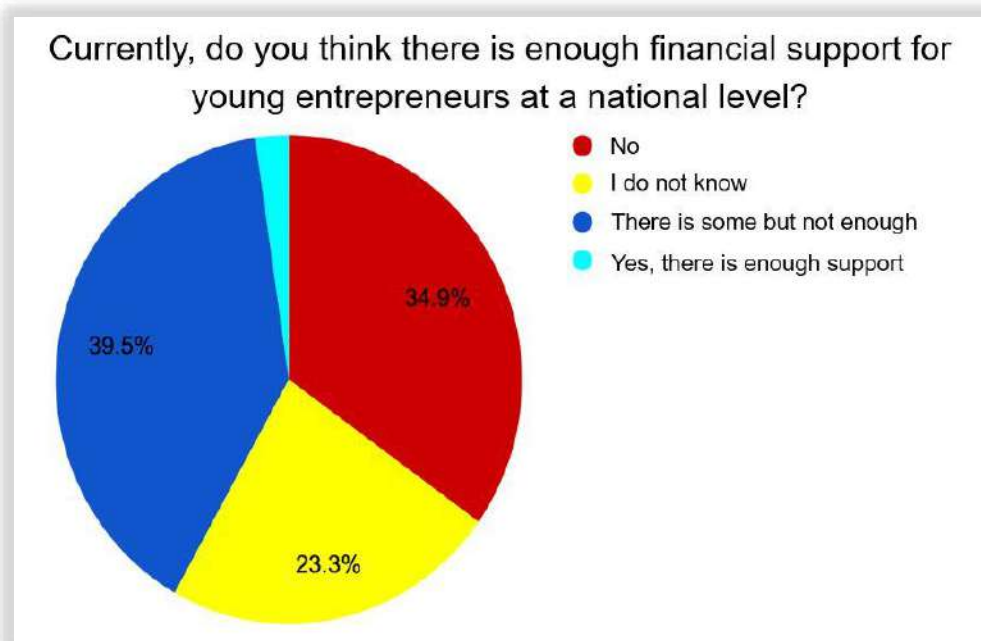


On the other hand, most young people (74,4%) gained no knowledge about the financial management of their business ("nothing" or "does not apply") from their **friends**, **the media** (67,5%) and **school** (74,4%).

How much did you learn about managing your business' finances from the following:	Not applicable		Nothing		Sufficient		A lot	
	#	%	#	%	#	%	#	%
Family	4	9.3%	11	25.6%	20	46.5%	8	18.6%
Friends	8	18.6%	24	55.8%	10	23.3%	1	2.3%
School	11	25.6%	21	48.8%	11	25.6%	0	0.0%
Books	2	4.7%	10	23.3%	27	62.8%	4	9.3%
The Media	7	16.3%	22	51.2%	13	30.2%	1	2.3%
Work	1	2.3%	2	4.7%	22	51.2%	18	41.9%
Life experiences	0	0.0%	1	2.3%	20	46.5%	22	51.2%
Internet	1	2.3%	4	9.3%	24	55.8%	14	32.6%
Informal public seminar or class (outside the curriculum of a formal relevant program)	7	16.3%	15	34.9%	11	25.6%	10	23.3%
A professional (e.g. financial planner/ consultant)	9	20.9%	13	30.2%	9	20.9%	12	27.9%



As shown in the chart below, our respondents seem to feel that the financial support available to young entrepreneurs at the national level is insufficient. Of the 43 survey participants, only 1 person (2,3%) stated that the national support system is adequate. 34,9% consider that there is no support at all, while 39,5% have managed to identify some sources of financial support, but assess that these are not enough. Finally, 6 respondents are not informed about the financial opportunities available at the national level.



It is important to note that about 1 in 4 young entrepreneurs (23,3%) are unaware of the national support system, stressing the need to strengthen this group's financial literacy.

Of those who have identified some financial support opportunities for young entrepreneurs, all of them mentioned two programs: the financing programs for young entrepreneurs of the National Strategic Framework for Development (ESPA) and the grant program for hiring the first employees in a new enterprise of the Manpower Employment Organization (OAED). They point out, however, that these programs are hard to find and difficult to implement, as there are major bureaucratic hurdles, they are very scattered in time and have a lot of restrictions in the criteria for the eligible beneficiaries.

To the question "What do you think would have helped you to know about the field of finances when you started running your business?", about 1 in 3 entrepreneurs (30,2%) who completed the questionnaire reported that knowledge on **accounting and financial statements** would have been the most helpful. Also 18,6% state specifically that it would have helped to know more about **creating and using a budget**. 23,3% said it would be helpful to have more information on **financial support programs for start-ups**, while 20,9% said they would like to know more about **taxes, employer contributions and related jurisprudence**. A lower percentage (14,0%) would have opted for **investment products, loans and fundraising**, while only 2 people (4,7%) stated that they would like to have been informed about the best matching **insurance products** to the needs of their enterprise.

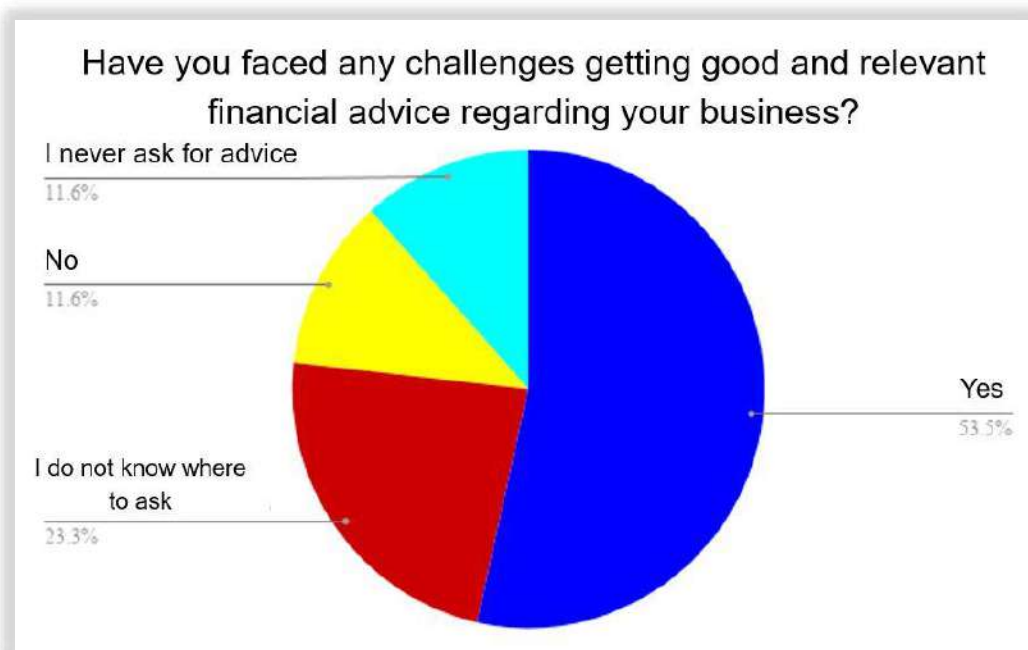
<i>What do you think would have helped you to know about the field of finances when you started running your business?</i>	Count	Percentage
Accounting	13	30.2%
Taxes, employer contributions and related jurisprudence	9	20.9%
Creating and using a budget	8	18.6%
Investment products, loans and fundraising	6	14.0%
Support programs for new entrepreneurs	10	23.3%
Insurance products	2	4.7%
Other basic financial management processes	11	25.6%
Anything would have helped - I knew nothing	6	14.0%
Nothing - I knew everything I needed	1	2.3%

It is noteworthy that 1 in 4 entrepreneurs (25,6%) claim that they would like to know just the basics in terms of financial management of a company (such as payroll management, cash flows, market research to determine the prices of products, warehouse management, etc.) at the beginning of their business, while 14,0% comment

that any knowledge would have been welcome, as they started operating in the field of entrepreneurship without any knowledge on business finances. Only 1 person (2,3%) stated that there is nothing more they would have found helpful to know at the beginning of their entrepreneurial activity, as they were already fully informed about all issues they needed at that time.

These data clearly show that the majority of young entrepreneurs in Greece are characterized by a low level of financial literacy, which is a significant obstacle to the effective understanding, participation and management of key financial figures and parameters of their business and consequently suspends development prospects and jeopardizes the viability of their business.

Obtaining good and reliable financial advice for businesses is a challenge faced by 53,5% of the respondents, whereas 11,6% of the respondents did not face any challenge. The percentage of young entrepreneurs that needs advice, but does not know where to turn, represents an important part of this group (23,3%). The remaining 11,6% state that they do not seek advice on financial management issues of their business.



Effective financial management entails the use of specific tools for the diverse needs of managing an enterprise's finances.

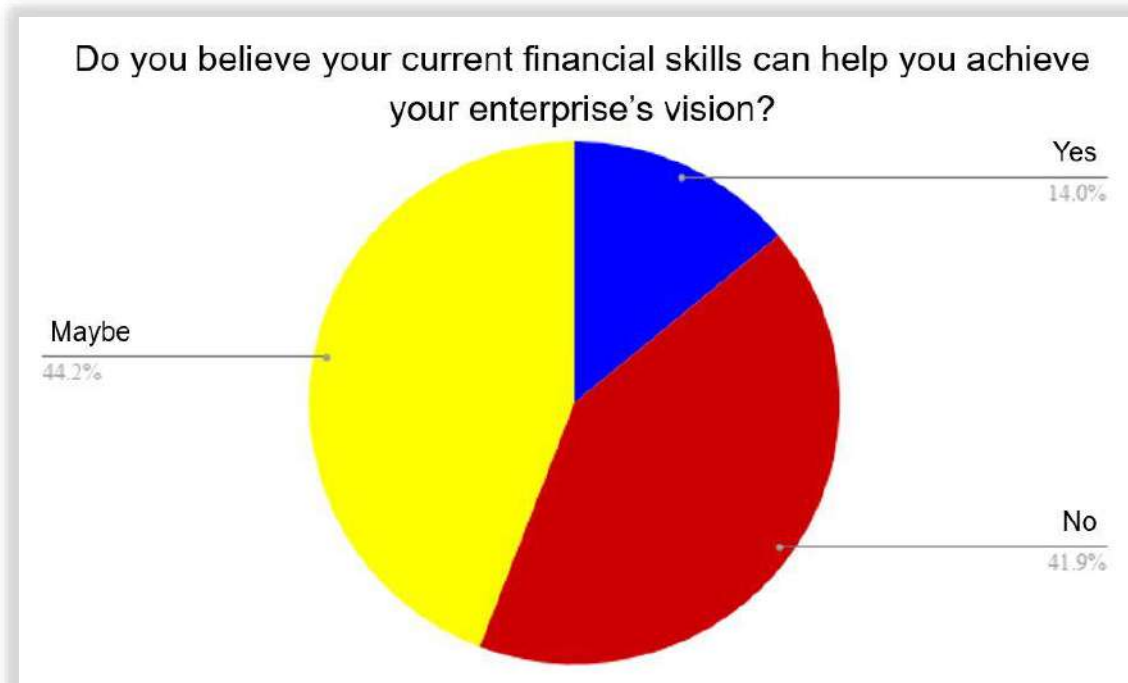
<i>Which financial tools do you use to manage your business finances?</i>	Count	Percentage
None	16	37.2%
I am not using, since I entirely rely on the enterprise's accountant	9	20.9%
Excel-Spreadsheets	8	18.6%
Various not specified	5	11.6%
SoftOne	2	4.7%
Google Calendar for payments	2	4.7%
Expensify	1	2.3%
PBS one	1	2.3%
PrismaWin	1	2.3%
Singular Logic	1	2.3%
Dropbox	1	2.3%
Using 2 or more tools from the above	5	11.6%

The most frequently mentioned tool (from 18,6% of the sample) is the **Excel spreadsheets** for the recording of income and expenses and the preparation of budgets. Other tools mentioned include the following:

- General accounting, cash flow and payroll management software (SoftOne, PBSone, PrismaWin)
- Google Calendar for payroll scheduling
- The Expensify application for tracking expenses and registering documents and receipts
- Singular Logic applications for the Management of Financial & Operating Leases and Payments, and for general accounting

11,6% of respondents report using 2 or more of the above, and the same percentage of entrepreneurs said they use a variety of tools, without specifying which ones exactly. Unfortunately, all of the above respondents, i.e .young entrepreneurs who use any of the above tools represent a minority, as more than half of the participants (58,1%) do not use financial management tools in their business, either because they rely entirely to the company's accountant (20,9%), or because they have no knowledge of relevant tools (37,2%).

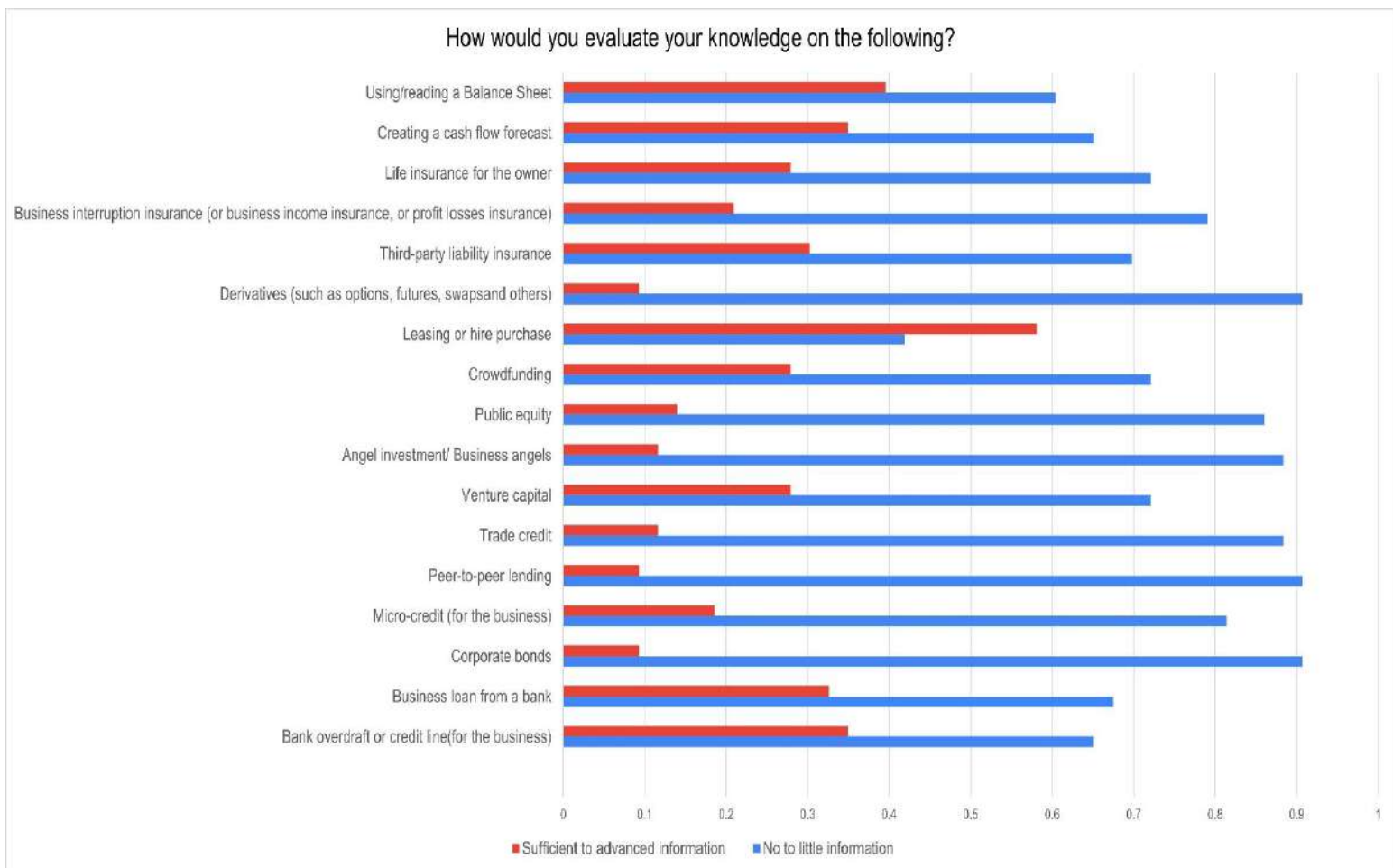
Regarding the financial skills of the 43 participating entrepreneurs, 41,9% of them consider that their current financial skills are not enough to fulfil their business' vision, and only 14,0% believe that they are equipped with adequate financial skills to achieve the long-term goals as entrepreneurs. The remaining 19 entrepreneurs (44,2%) believe that they "probably" have sufficient financial skills to fulfil their vision for the business they manage.



## Part C: Financial Products

Through a self-assessment process of the survey participants grading their level of knowledge on a range of accounting and financial products and practices, the following image has been formed.

Broadly speaking, the majority of young entrepreneurs seem to be either partially or completely unaware of most of the financial products included in the study highlighting the importance of providing a supporting educational framework catering to the needs of this group.



More specifically, the only financial product that most respondents claim they know quite well (41,9%) or very well (16,3%) is **leasing and hire purchase**.



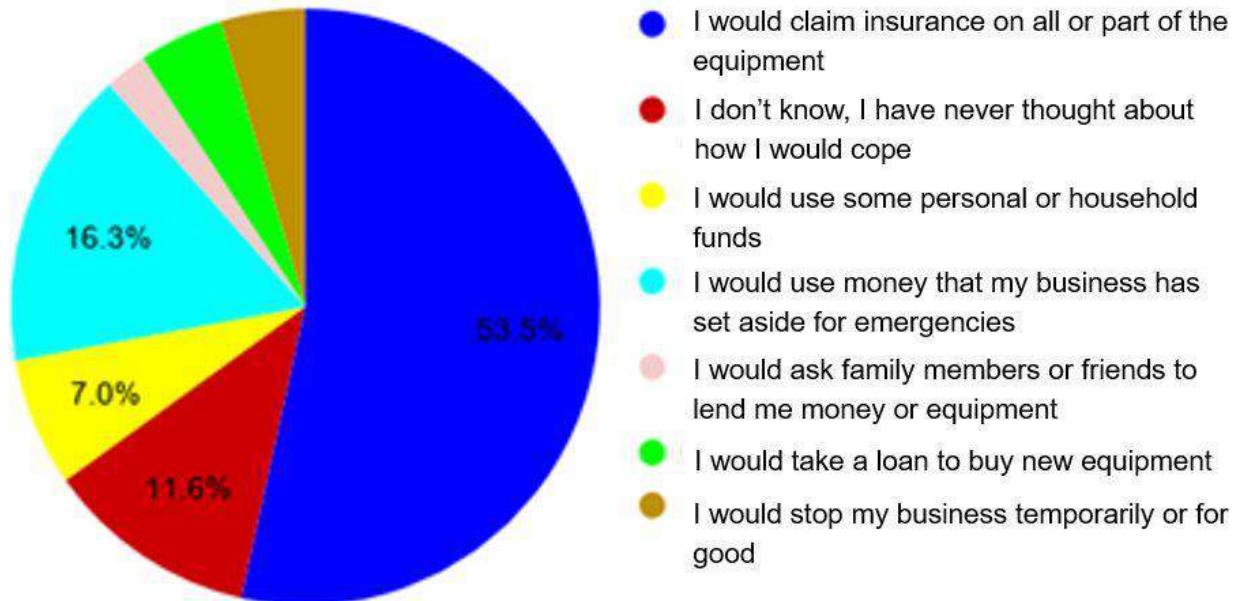
On the other hand, the majority of the respondents consider that they have either little or no knowledge at all for a wide array of products, such as "**business angels**" (no knowledge – 74,4%, little knowledge – 14,0%), of **corporate bonds** (no knowledge – 65,1%, little knowledge – 25,6%), **peer-to-peer lending** (no knowledge – 62,8%, little knowledge – 27,9%), **derivatives**, such as options, futures, and swaps (no knowledge – 51,2%, little knowledge – 39,5%) and **trade credits** (no knowledge – 48,8%, little knowledge – 39,5%).

With regards to **insurance services and products**, the respondents presented marginally more shared answers than for the above products. Nevertheless, in this case too, the majority of entrepreneurs have either little or no knowledge about the products in question. Specifically, almost half of the respondents (41,9%) answered that they know nothing about **third-party liability insurance** and a few things about **business interruption insurance**. At the same time, 20 respondents (46,5%) stated that they also know little **about life insurance for the owner**.

Of particular interest are the findings about the way our respondents would deal with a business emergency or unexpected damage, such as theft of the largest part of the business' equipment. The survey's participants were asked how they would react on this occasion and the majority (53,5%) answered that they would claim compensation from the insurance of the company for part or all of the equipment. The next answer in selection frequency was the use of funds that were saved beforehand precisely for the purpose of dealing with emergencies (16,3%). A significant part of the sample (11,6%) answered that they do not know how they would react in this scenario, as they have never contemplated about that before. 3 young entrepreneurs (7,0%) responded that they would use own or family funds to deal with the emergency, 2 (4,7%) that they would take a loan from the bank, 2 that they would temporarily or even permanently suspend their business activity, and 1 that they would lend money from close relatives or friends.



Imagine that tomorrow you discover that most of the equipment that you need to operate the business has been stolen (it could be computers, vehicles or other equipment). Which one of these represents what you would do?



The young entrepreneurs who took part in the survey were then asked to report if, and to what extent they agree or disagree with a series of statements related to certain functional characteristics arising from their business philosophy and practice.

74,4% of the respondents partially or completely agreed with the statement that they keep secure data and information of the company, 76,7% agreed that they decide whether to make an investment based on the financial data of the business, while an equally large percentage (72,1%) agreed that they compare the cost of different sources of finance for the business. It is interesting that more than 1/3 of the respondents do not explicitly agree with the regular monitoring of the profitability of their business, while about half (48,8%) did not explicitly agree with the regular monitoring of developments in economic factors and tax rules applying to their business.

Also, just over 1 in 3 entrepreneurs (34,9%) totally or partially agree that they know how to raise money in case they need it for their business and only 8 out of 43 (18,6%) are well aware of national support programs for young entrepreneurs. A similar discrepancy is observed in the ease to which entrepreneurs can find access to finance.

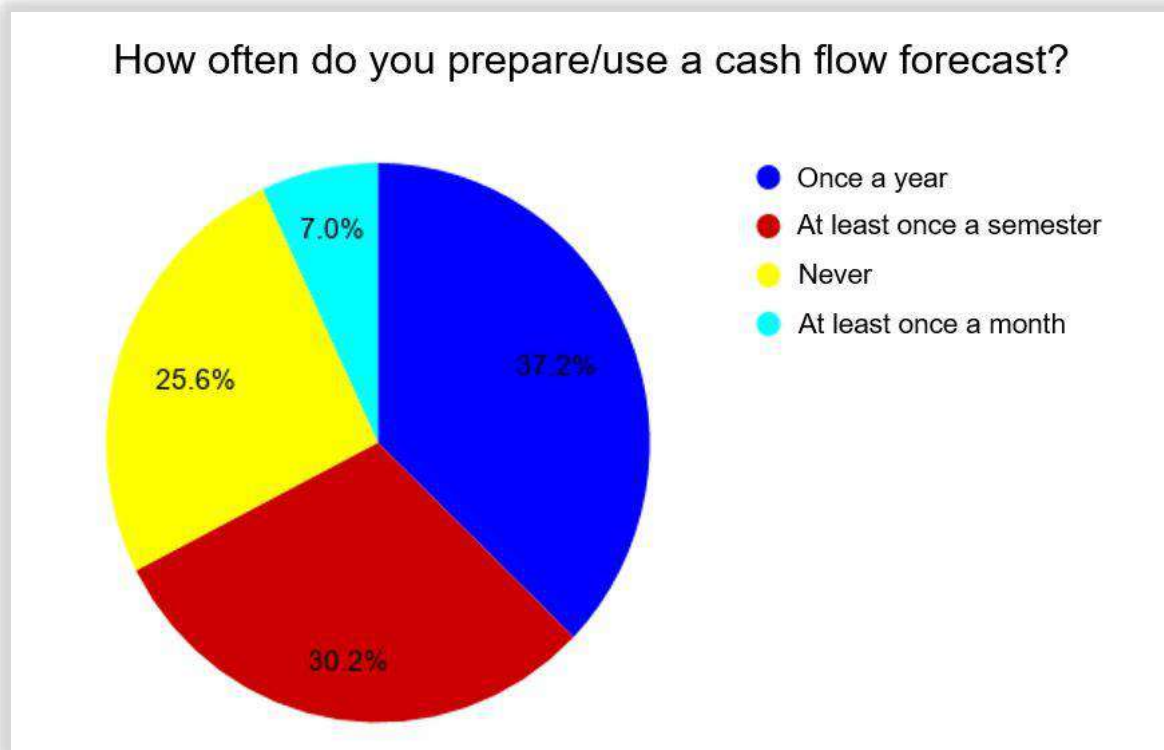
However, more than half of them (58,1%) seem to be able to monitor, via accounting processes, the financial situation of their business.

Thinking about your business, would you agree or disagree with the following statements?	Strongly disagree		Somewhat disagree		Neither agree nor disagree		Somewhat agree		Strongly agree	
	#	%	#	%	#	%	#	%	#	%
I keep secure data and information about the business	0	0.0%	3	7.0%	8	18.6%	16	37.2%	16	37.2%
I decide whether to make an investment based on the financial data of the business	3	7.0%	2	4.7%	5	11.6%	12	27.9%	21	48.8%
I compare the cost of different sources of finance for the business	1	2.3%	5	11.6%	6	14.0%	13	30.2%	18	41.9%
I forecast the profitability of the business regularly	1	2.3%	5	11.6%	12	27.9%	11	25.6%	14	32.6%
I follow changes in economic factors to adjust the course of business operations	4	9.3%	7	16.3%	11	25.6%	12	27.9%	9	20.9%
I regularly check the tax rules that apply to my business	8	18.6%	7	16.3%	5	11.6%	13	30.2%	10	23.3%
I know how to raise funds if my business needs them	5	11.6%	7	16.3%	16	37.2%	9	20.9%	6	14.0%
I use my book-keeping to monitor the financial position of the business	8	18.6%	2	4.7%	8	18.6%	14	32.6%	11	25.6%
It is easy to access the money I need for my business	9	20.9%	11	25.6%	11	25.6%	9	20.9%	3	7.0%
I know how to access government financial support for my business	10	23.3%	11	25.6%	14	32.6%	7	16.3%	1	2.3%

Regarding the frequency of preparation and use of cash flow forecasting, the young entrepreneurs who took part in the survey shared significantly among the available answers, highlighting distinct functional characteristics among large groups of young people. In particular, most respondents stated that they are in the process of forecasting cash flows on an annual basis (16 - 37.2%). With a small difference comes the second half-year forecast (13 - 30.2%), while almost one in four (25.6%) stated that they never use cash flow forecast. Finally, 3 of the 43 respondents (7.0%) answered that the cash flow forecast is monthly.

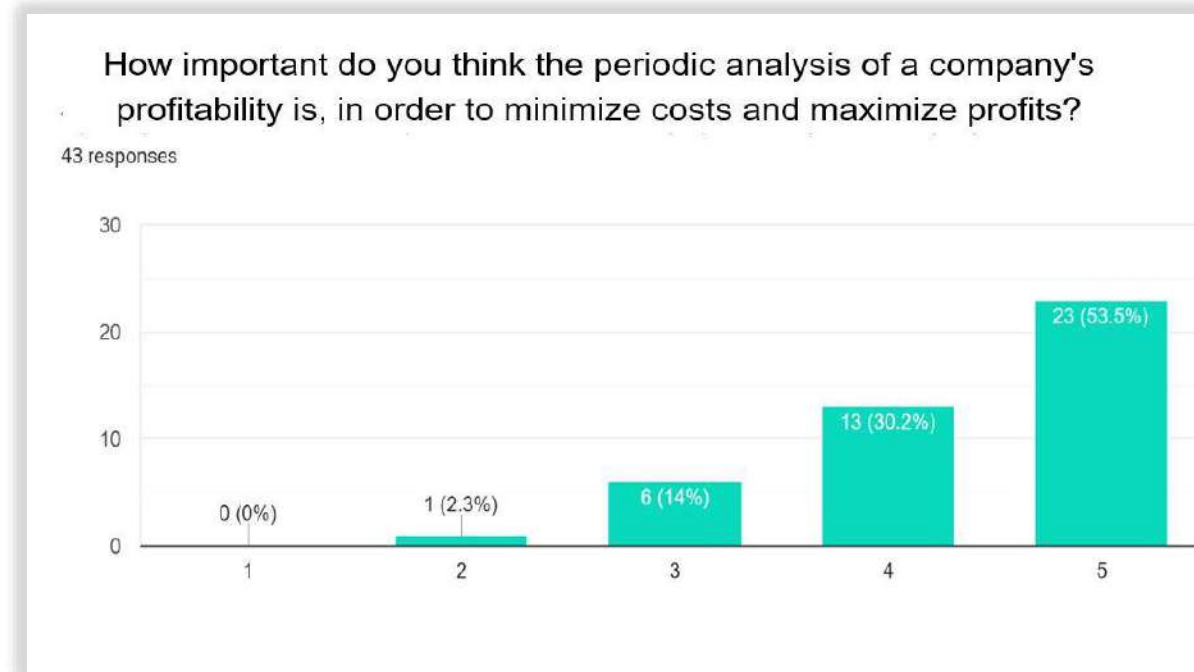
According to the survey results, 53.5% of young people believe that the periodic analysis of a company's profitability is very important in order to minimize costs and maximize profits (5 out of 5), while 30.2% of

As far as the frequency of preparation and use of cash flow forecasting is concerned, most respondents stated that they perform a cash flow forecast on an annual basis (37,2%), and 30,2% of them perform it once per semester. On the other hand, around 1 in 4 (25,6%) stated that they never perform cash flow forecasts. Finally, only 3 of the 43 respondents (7,0%) answered that their cash flow forecast is done on a monthly basis.



According to the survey results, 53,5% of young entrepreneurs believe that the periodic analysis of a company's profitability is very important for minimizing costs and maximizing profits (5 out of 5), 30,2% of the sample estimate that it is quite important (4 out of 5), 14,0% moderately important (3 out of 5), while 1 person (2,3%) thinks that the periodic analysis of a company's profitability is relatively unimportant. Finally, none of the

young people surveyed considers the periodic analysis of a company's profitability to be insignificant.



When asked "What sources do you rely on to get informed about financial management?", 17 young entrepreneurs (39,5%) said they mainly rely on the **Internet**, 13 (30,2%) on the advice of **experts** and 12 (27,9%) on the advice of an **accountant**. Another source of information on financial topics are various **training programs** (outside the formal

<i>What sources do you rely on to get informed about financial management?</i>	Count	Percentage
Internet	17	39.5%
Advice of more experienced persons	13	30.2%
Advice of an accountant	12	27.9%
Various training programs/seminars outside the formal curriculum	6	14.0%
Not a specific source	5	11.6%
I am not responsible for the financial matters of my company	2	4.7%



curriculum of a relevant program/degree), a source reported by 6 people (14,0%).

Out of a total of 43 young people, 5 stated that they **do not have any specific source** (11,6%), while 2 of them (4,7%) answered that **they do not deal with the financial affairs of the company**.

Regarding tools considered to be most important for the effective financial management of a company, most young entrepreneurs (34,9%) mentioned **balance sheets**, while 7 people (16,0%) consider that a solid understanding **of accounting and tax issues** is key for good financial management of a business. **Good knowledge of the market** was given as an answer to this question by 6 young people (14,0%), while 5 of them (21,7%) mentioned **good planning** (such as financial forecasts or periodic analysis of the company's profitability) as a necessary tool for effective management of a business. Three people (7,0%) mentioned proper **marketing and professional advice** as useful tools for effective management and 2 young people (4,7%) considered that good communication between members of a company and common goals contribute to effective business financial management.

<i>What do you consider to be the basic tools to achieve an efficient financial management of a business?</i>	Count	Percentage
Balance sheets	15	34.9%
I don't know	9	20.9%
Understanding of accounting and taxation issues	7	16.3%
Good knowledge of the market	6	14.0%
Sound planning	5	11.6%
Effective marketing	3	7.0%
Advice from professionals	3	7.0%
Good communication among the member's of a company's team	2	4.7%
Continuous information about investing and insurance	1	2.3%

Finally, only 1 entrepreneur mentioned information on **investment issues** and insurance as a necessary tool for the aforementioned purpose, while 1 in 5 (20,9%) stated that they do not know what the key tools for effective financial management of a company are.

The survey targeting young entrepreneurs ends with the question "Which do you consider to be the basic financial literacy skills for a young entrepreneur, so that they can grow and sustain a business?"

<i>Which do you consider to be the basic financial literacy skills for a young entrepreneur to grow and sustain a business?</i>	Count	Percentage
Good financial planning	20	46.5%
Vision, innovation and creativity	7	16.3%
Being continuously informed on financial matters	5	11.6%
Adaptability	4	9.3%
Analytical skills	2	4.7%
Understanding of accounting	2	4.7%
Efficient risk management and planning	1	2.3%
Investing in a strategic manner	1	2.3%
I don't know / NA	8	18.6%
Other	9	20.9%

Most entrepreneurs, namely 20 out of 43 (46,5%) consider **good financial planning** to be the most important skill for developing a new business, followed by **innovation, vision, insight and creativity** (16,3%), **constant information/ monitoring of the developments** in the field (11,6%), and **adaptability** (9,3%). Additional skills mentioned include the strong **analytical skills** referenced by 4,7% of the sample, a thorough **understanding of accounting** issues (4,7%), as well as "other" skills (such as confidence and reliability, being able to understand the customer, finding professional



and trustworthy collaborators, competences in digital marketing etc).

Only 1 person (2,3%) acknowledged the importance of **efficient risk management** and preparation of an appropriate response plan, and another 1 (2,3%) the importance of **strategic investments** for developing a business and ensuring its viability. Finally, 8 respondents (18,6%) either did not answer or answered that they do not know which financial literacy skills to consider as basic for a young entrepreneur.

## Chapter B: Conclusions and Recommendations

### 4.1. Conclusions from the survey on financial literacy of young people

The data collected from the 169 respondents show the following regarding the attitudes and needs of young people in terms of financial literacy and financial education:

#### Financial knowledge and learning needs of youth

Young people are already financial consumers, but only less than half of them say they are very confident in their ability to manage their finances, while the majority knows very little about basic financial services, such as loans and debts, taxes, investments and insurance products.

The biggest challenges faced by young people aged 18-30, due to insufficient financial literacy, are: poor income management and consequently insufficient financial resources at times, inability to cope with unexpected expenses and satisfaction of needs for entertainment, education or other personal needs, the loss of financial opportunities (such as investments, allowances, scholarships, loans), as well as a lack of autonomy / dependence on the opinions of others to make personal financial decisions.

Moreover, young people fully understand that making wrong or ill-informed financial decisions can bring about serious consequences, the most important of which, according to the answers, are: lack of money for emergencies and inability to meet financial obligations (bankruptcy), significant psychological distress, obstacles to

achieving long-term goals or meeting secondary needs, due to the strain poor financial decisions put on personal finances, deteriorating living standards and significant deprivations that reduce the quality of life, social pressures, lack of independence due to debts and loss of opportunities.

From the psychological effects, the main consequence seems to be the anxiety and the feeling of insecurity about the future. It is important to note that from the comments of the respondents, it seems that young people attribute the intensity of stress and uncertainty largely to the lack of financial knowledge, which creates obstacles to effective recovery from the problems created by bad financial decisions.

To overcome these challenges, young people turn to various information channels (mainly to the internet and to the family), but do not know where to turn for reliable advice (27,8%), or cannot apply the advice they receive due to lack of trust (29,8%), insufficient understanding (11,8%) or receiving conflicting advice, which they are not able to critically consider (27,8%).

Although they recognize that their lack of financial knowledge prevents them from distinguishing which sources on the internet are valid, young people still rely on it as it is the most easily accessible or the only source they know of. At the same time, they recognize that their family's advice is subjective and not based on strong knowledge foundations, but they still rely on them, as they can be confident in their family's good intentions. Only 15,4% of the respondents turn to a relevant professional (financial advisor, accountant, etc.) and only 11,8% state that they have learned a lot or enough things from this source of financial knowledge. Also, 32,5% of the youngsters have never sought advice up to date, while 24,9% have not searched for general information on financial matters through personal research.

The findings above indicate a strong need to map out all reliable sources of financial knowledge and information, but also the need to create programs that will target young people and provide them with reliable financial advice.

## Financial behaviour of young people and skills development needs

A central value that characterizes the economic behaviour of young people, as suggested by the survey's finding, is the balance of income with expenses, and savings. This is reflected by the fact that the advice of more than 130 respondents to other young people encouraged saving and rational spending, by the fact that more than half of young people (53,8%) pay close attention to savings, in order to be able to ensure a financially comfortable future, as well as by the fact that for the vast majority of respondents (73,4%) it is very important to spend less than they earn. On the contrary, only 31,4% of young people consider the maintenance of adequate insurance coverage and the implementation of investment programs as very important. This reluctance of young people to take risks could be partly attributed to the long-term consequences of the devastating economic crisis of 2008, combined with the effects of the ongoing pandemic crisis, as well as to the economic values of the Greek family, as shaped by the dramatic decline in the income of the Greek household and the dominance of the feeling of intense uncertainty for more than a decade, i.e. the emergence of savings as a top priority, to the detriment of investment behaviour. Equally important possible factors are the lack of adequate understanding of financial issues and the inability of the majority of young people (75,2%) to monitor developments in financial matters that prevent them from taking complex financial decisions, such as investments.

Despite the high rank of savings in the economic values of young people and despite the fact that their vast majority (76,3%) closely monitors their resources at all times and compare the available offers to make the most advantageous product choices (59,8%), only 27,8% of young people rate their ability to meet their needs as good enough and no young people in 169 as very good. This may be due to the following reasons:

A. Firstly, young people develop consumption habits that prevent them from achieving balanced management of their finances. For example, the majority of respondents spend money weekly (55,0%) or even daily (4,7%) to order delivery or takeaway food, while 49,1% of young people spend money to eat in the city about once a week.

B. Secondly, young people do not monitor their budget in a systematic and detailed way. Only 6,5% use an organized documentation system of their income and expenses (spreadsheets, income-expenses tools, etc.)

C. Thirdly, few young people use financial management tools (15,9%)

Also, only 11,8% could easily raise the money needed to cover a significant (= equal to the family income for one month) extraordinary cost. This finding may be partly attributed to the fact that investing in insurance products is still not a frequent choice in this population group.

Based on the above data, there are solid grounds to suggest that there is a high need to inform young people about the existence and functions of various financial management tools, as well as about their effectiveness in reducing costs and making sound financial decisions.

Suggestions for the design of appropriate educational programs and financial education tools, based on the learning needs of young people

The vast majority of young people (78,7%) agree that the education system should give more importance to the early financial literacy of children and young people by teaching students how to manage their personal finances, with workshops, multidisciplinary tools, etc.

### **Need for cross-sectoral cooperation under a common regulatory framework**

Financial education programs and extracurricular study programs from the first years of school are proposed. Cross-sectoral collaborations, protocols and actions are needed among financial authorities, non-profit organizations active in the fields of education and youth work, private education institutions and the Ministry of Education, with clear goals, responsibilities and roles at the national level.

Cooperation between financial and educational authorities is a challenge, as there is no common regulatory framework that aligns learning objectives, priorities, responsibilities and practices. These challenges could be addressed by means of a national financial education strategy, which is still missing from the National Strategy of the Ministry of Education. The private sector can provide financial resources, expertise and specialized human resources and knowledge on financial issues, while non-profit

organizations can contribute to the development of financial education programs, through experiential approaches and non-formal education methodologies, that target skills development and cultivation of proper economic behaviour, while also being able to access disadvantaged or hard-to-reach groups of the population.

These cooperations shall be governed by a set of impartiality, objectivity and quality standards, as well as the principles of inclusive education, in the design and implementation of financial education programs agreed and offered by providers that clearly distinguish between commercial and educational activities.

The public opinion, the encouragement by the family and the public debate on the importance of financial literacy can also have a positive effect on the coordination between authorities and the introduction of a comprehensive financial education module in the high school curriculum.

### **Proposed goals and priorities of financial education programs for young people**

It is important that financial education programs and initiatives for young people meet the priorities of a national financial education plan and are designed with the following key features / principles in mind:

#### **1. Clear learning goals**

Any effective curriculum starts with a clear mission and vision. The vision should clearly set out specific objectives for the financial education program, which should include raising awareness of financial problems, supporting financial integration, developing sound financial management habits and behaviours, promoting responsible use of credit and continuous self-informing on financial issues.

#### **2. Connection with the special needs of the community**

An effective financial education program should take into account the particular characteristics, values, habits, pre-existing knowledge and learning needs of the target group at the community level, as this way it is more likely to have a positive impact on the learners' economic behaviour in the long run.

That is, for this target group, i.e. Greek youth between the ages of 18 and 30, financial education programs will be more effective if they place more emphasis on areas in which these young people seem to lag behind, such as knowledge of investment and

insurance products, different terms and conditions of loan agreements and debt settlement agreements, various specialized financial management tools, etc.

It is equally important to put emphasis on providing inclusive education services and approaches tailored to special groups with increased and special financial literacy needs, such as women, migrants, people with high levels of financial vulnerability, etc.

### **3. Connection with recognized standards**

Recognized skills frameworks, such as the OECD/INFE International Financial Education Framework [1], or the Wisconsin Model Academic Standards for Personal Financial Literacy [2], can serve as valuable tools for designing effective financial literacy programs. According to these standards, a comprehensive financial education program aims at multiple levels of knowledge and skills, the combination of which allows the learner to identify and consider different available options, make informed and rational decisions, and access different and appropriate financial products. These levels are divided as follows:

A) Money and Transactions: This content area covers core competencies relating to factors such as the different forms and purposes of money and its uses, income generation and management, comparison shopping, payments, and the importance of financial records and contracts.

B) Planning and managing finances: This content area incorporates day-to-day financial planning skills relating to budgeting and managing income and expenditure, as well as long-term planning skills such as saving, investing and developing long-term plans. It also includes basic skills related to retirement, credit use and debt management.

C) Risk and Reward: This content area includes key skills related to risk identification, creating financial safety nets and balancing risk and reward. Covers risks inherent in certain financial products and other types of risks that may impact on personal and household financial well-being (e.g. damage caused by natural phenomena or loss of household income through illness, disability or death).

D) Financial landscape: The financial landscape is related to the characteristics and features of the financial world. It covers the overarching framework of regulations, protection measures, rights and responsibilities of consumers, various financial products and tools, protection from scams and fraud, information on taxes and public spending,



etc.

#### **4. Effective delivery methodologies**

Financial education should be provided by teachers with a high level of financial knowledge and teaching skills, while the educational material used should provide unbiased and objective information, present differing views where required, and provide a wealth of resources for further study.

Based on the findings of the present study, it is also suggested that the educational material maps a wide range of reliable sources of financial knowledge and information (books, articles, websites, experts, seminars and distance learning opportunities) to facilitate young people in seeking specialized information, based on of their needs at all times.

It is also of the utmost importance to utilize modern educational methods that aim both at deepening knowledge and understanding on financial issues, as well as at developing key skills and cultivating balanced and rational economic attitudes and behaviours. Such methods include interactive exercises and experiential activities / simulation activities, learning through a collaborative problem-based learning process, the inverted classroom model, parallel to the use of modern digital tools.

In general, it is proposed to design programs that offer young people the opportunity to put into practice the knowledge they acquire, allowing them to understand the impact of their decisions in an experiential manner.

#### **5. Continuous evaluation for effectiveness**

Financial education initiatives should include assessment methods that allow results to be measured based on predetermined learning objectives. Assessment methods may include measuring student performance at the end of each program, regular formative assessment throughout the program, needs analysis as well as follow-up studies of young people, who have complete a program.

Finally, the effectiveness of financial education depends not only on the content and topics, but also on the nature of the learning experience and the age of the beneficiaries. Our suggestions include: 1) starting financial education early and planning it in ways that take into account the age-specific level of cognitive, social and psychological development of children and young people, and 2) designing long-term programs that are structured/ organized in modules, while avoiding fragmented, short-

term programs.

## **4.2. Conclusions from the survey on financial literacy of young entrepreneurs**

The data collected from the 43 respondents show the following regarding the attitudes and needs of young entrepreneurs in Greece, in terms of financial literacy and financial education:

### Financial knowledge and learning needs of young entrepreneurs

Despite the crucial importance understanding financial issues has for running a business, only 21,0% of the entrepreneurs surveyed rated their level of financial literacy as good or very good, and only 14,0% considered that they have sufficient financial skills to achieve the long-term goals of their business.

Almost 1 in 2 (48,8%) young entrepreneurs state that they have never attended a financial education program in the context of either formal or non-formal education. Instead, most young entrepreneurs basically gained knowledge through their life (51,2%) or work experiences (41,9%) and many through the Internet (32,6%) or by consulting a professional ( 27,9%). At the same time, 2 out of 5 entrepreneurs (39,6%) report that they would either like to know more about financial management basics or that any knowledge would be welcome, as they entered the arena of entrepreneurship without any knowledge.

These findings show that a large number of young people in Greece start to work professionally without having the necessary knowledge of financial management, and then do not develop their knowledge in a systematic and appropriate way, but rely mainly on empirical knowledge. During the accumulation of experience, most professionals also face challenges in obtaining reliable advice (53,5%) or do not know whom to turn to, in order to receive it (23,3%). Since the core of experiential learning is a trial-and-error process, and as the vast majority of entrepreneurs do not receive the guidance they need, the growth of start-ups may be slowed down significantly, and even their viability might be put at risk, due to erroneous financial decisions with multiple consequences.

Other factors related to financial management issues that may hinder the development and smooth operation of new businesses are: i) the lack of support

programs for young entrepreneurs at the national level (which 74,4% of respondents agree is at least insufficient), ii) the lack of knowledge about such programs (reported by about 1 in 4 young entrepreneurs, i.e. 23,3%), iii) the limited or non-existent use of specialized financial management tools (which is observed for 53,4% of respondents), iv) the remarkably low knowledge of all financial products included in the study except leasing or hire purchase, as well as v) the weaknesses observed in the financial management processes of a company, such as regular monitoring and forecasting of profitability (41,8%) and the continuous monitoring of developments in terms of economic factors and taxation rules (48,8%).

With respect to the specific preferences of young entrepreneurs for business financial management issues, about which they would like to know more, finding investments or financial resources is placed in the top position with a reference frequency of 76,7% of the sample. Financial management tools are placed in the second place with a small difference (referenced by 72,1% of the sample), and followed by income taxes (58,1%), accounting (55,8%), and budget management (53,5%).

Based on the above findings, the most important learning needs of young entrepreneurs include:

- High quality information on a wide range of financial products and their use, such as "business angels", peer-to-peer lending, financial derivatives (e.g. swaps, options, futures etc.), trade credit, as well as investment products, loans and fundraising
- Information and cultivation of a responsible attitude towards the different insurance products and services (Third Party liability insurance, business interruption insurance, life insurance for the owner, etc)
- Introduction to basic principles of accounting and taxation, contributions and the corresponding laws, as well as mapping of sources for the continuous monitoring of developments in these matters
- Introduction to basic financial management procedures for businesses (such as regular cash flow forecasting and maintenance of detailed financial records, budget and balance sheets management, payroll management, etc.) for young people who want to develop a business or own a new business
- The recording of available sources of reliable financial advice, but also entrepreneurship

support programs at national and European level

- The presentation of available financial management tools and applications

## Financial behaviour of young entrepreneurs and skills development needs

The use of specific tools is essential for effective financial management. However, according to the results of the present survey, the young entrepreneurs who use any such tool represent a minority, as more than half of the participants do not use financial management tools in the context of their entrepreneurial activity (58,1%), or rely entirely on the accountant of their business (20,9%), or have no knowledge of relevant tools (37,2%). However, young entrepreneurs seem to recognize the value and benefits of these tools, given that the utilization of financial management applications is placed on top of their preferences (72,1%) in terms of business management issues, for which they would like to know more.

Another aspect of the financial behaviour of young entrepreneurs that needs to be highlighted is that 1 in 4 respondents appear unprepared to face a business emergency or an unexpected loss, stating either that they have not thought about what they would do in such a case (11,6 %), or that they would resort to a suboptimal solution – e.g. the use of own or family capitals (7,0%) or borrowing from close persons (4,6%) -, or even that they would be forced to close the business temporarily or permanently. Also, just over one in three respondents (34,9%) state that they fully or partially agree that they are able to raise money in case they need it for their business.

Despite the fact that for the vast majority of respondents (83,7%) the regular analysis of a company's profitability is of high or very high level of importance, only 7,0% carry out a cash flow forecast on a very regular basis (once a month) and 30,2% on a regular basis (once a semester), while 1 in 4 (25,6%) report that they never prepare a cash flow forecast. Also, a significant percentage of respondents (41,9%) does not seem to be able to follow the financial situation of their business, because these entrepreneurs lack basic knowledge on accounting.

Finally, another major challenge that young entrepreneurs seem to face is the limited ability to find financial resources and access to finance (81,4%), as well as to take advantage of financial support opportunities through relevant national programs.

Based on the above findings, the most important skills development needs of young entrepreneurs include:

- Becoming familiar with the use of available tools, as well as practices and procedures of basic financial management, i.e. the use of financial information to monitor the performance of a company and the creation of policies and controls that optimize it
- Development of skills for in-depth assessment of the risks to which the business is exposed and for planning of an appropriate response - Practicing the drawing of a risk management plan and choosing the right insurance products
- Hands-on experience in keeping detailed records of business transactions, monitoring revenue and expenses, designing cash flow and budget forecasts in the short and long term and assessing whether the company is making profit or is losing money
- Assessing actions that can be taken to increase revenue (such as pricing policies or efficient marketing) and to reduce costs (such as investing in green energy)
- Receiving guidance on how to search in a targeted manner for loans and other forms of financial support (grants, guarantees) available at a national and local level, as well as on how to apply (application writing, preparing necessary documents, etc)
- Providing supplies for managing financial relations with banks and other sources of external financing and constantly informing young entrepreneurs about developments in the business, in order to ultimately improve the lending or investment process
- Mapping of resources and familiarization with methods of effectively monitoring changes in key macroeconomic variables and the legal / fiscal framework that may affect businesses
- Cultivation of critical thinking skills, so as to distinguish reliable, impartial and high quality sources of financial information from unreliable ones.

Suggestions for the design of appropriate educational programs and financial education tools, based on the learning needs of young entrepreneurs

The strong motivation of entrepreneurs to develop their knowledge and skills in the field of financial management is evident from the results of this survey, since the vast majority (93,0%) of the respondents expressed willingness to attend non-formal education programs.

Similarly to the guidelines discussed for the development of financial education programs for young people, the following guiding principles are proposed for the design of effective financial literacy learning tools and training programs for young entrepreneurs:

### **1. Clear learning goals**

Clearly defined learning objectives are the cornerstone of any curriculum. Especially in the field of entrepreneurship, an effective financial literacy education program should meet the real needs of the sector and prepare the beneficiaries in an all-round manner, focusing on the objectives below:

- to make the prospective or new entrepreneur a competent user of financial products and services, who is able to understand the costs, benefits and risks of each and to choose the right ones for their business
- to equip the learners with the appropriate tools so that they can forecast the future financial needs of the company under alternative conditions
- to help the learners to gain an in-depth understanding of the decision-making process of funding providers and, therefore, have the ability to assess the ways in which the business can improve its creditworthiness and investment-readiness
- to guide the young entrepreneurs in adapting the financial management of the company in accordance with the regulatory and tax framework of their country
- to prepare the young entrepreneurs to exercise financial management, i.e. to help them use financial information to analyze the performance of their business and make rational financial decisions that maximize it



## **2. Connection with the special needs of the community**

The identification of the learning objectives of each educational program should be precisely guided by the specific learning needs of the target group to which that program is addressed.

For this specific target group, i.e. Greek young entrepreneurs between the ages of 18 and 30, financial literacy programs will be more effective if they place more emphasis on areas where this group seems to be lagging behind, such as the use of financial management tools, knowledge of basic financial management procedures, the characteristics of a wide range of financial products (such as "business angels", peer-to-peer lending, financial derivatives, as well as investment products, loans and finding resources), as well as the benefits and risks the use of each entails, the development of a business risk management plan and the selection of appropriate insurance products, access to loans and other forms of financial support, including national or European programs for start-ups with an emphasis on the process and skills required to acquire them, and finally, the available sources of reliable financial advice.

## **3. Connection with recognized standards**

Designing an effective financial literacy program for young entrepreneurs is facilitated by the existence of internationally recognized core competency frameworks, such as the OECD / INFE framework [3], which addresses all stakeholders interested in developing financial literacy education programs for prospective, young or new entrepreneurs, such as policymakers, business associations, chambers of commerce, organizations supporting entrepreneurship and start-ups, other non-profit organizations, accountants, financial management or education software developers, and financial intermediaries.

## **4. Effective delivery methodologies**

Business education for entrepreneurs should be provided by teachers with a high level of financial knowledge and teaching skills. The educational material to be used should provide unbiased and objective information, present different points of view, where necessary, and enlist abundant resources for further study.

Based on the findings of the present study, it is also suggested that the training material maps a wide range of reliable sources of financial advice for entrepreneurs, as well as the available support programs for young entrepreneurs at the national and the European level.

With respect to the training methods, a key factor to success is the multifaceted targeting a. at the level of awareness, knowledge and understanding (for example, understanding the main elements of business income and budget - revenues, profits, assets, liabilities, etc. - and how they are related to one another) b. at the level of skills and attitudes (for example, practical knowledge of keeping written records of business transactions and tracking revenue and expenses) c. at the level of general attitudes (for example, having the perseverance and patience needed to monitor costs, revenues and profits consistently).

It is suggested to use modern, interactive and action-oriented education methodologies that utilize the lived experiences of the beneficiaries in the learning process, while combining information from the appropriate literature. For instance, conducting case studies adapted to the learner's own business could be combined with comparative analysis of other cases available in the literature.

## **5. Continuous evaluation for effectiveness**

Even for optimally designed educational interventions, it is essential to have realistic expectations of success and to monitor the degree of effectiveness of each intervention regularly with the appropriate tools. An important parameter is the good correlation between the learning objectives pursued, the methods used and, consequently, the evaluation criteria. It is also suggested that assessment methods combine self-assessment data with appropriate objective indicators, such as performance in appropriately designed tests (e.g. [NEFE Financial Education Evaluation Toolkit](#)), but also such as the improvement in basic indicators of business financial performance that can be ascertained from learners' follow-up studies.

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