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**Factors Influencing the Financial Literacy of Gen Z in Vietnam**

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**Abstract**

In recent years, financial literacy among young adults has received rising attention, driven by a growing societal awareness of its importance. International studies have indicated the importance of enhancing personal financial management knowledge at the youth level in order to avoid future financial problems. This study highlights the importance of financial literacy for Generation Z by examining factors such as individual characteristics, family background, financial experiences, etc. Data analysis indicates that most of Gen Z still lack financial literacy; females would have more financial knowledge than males. Furthermore, those who engage in part-time jobs have lower financial education than those who do not. The research team offers various recommendations to enhance personal financial literacy among Gen Z in Vietnam.

**Keywords:** Financial literacy, Gen Z, Personal finance, Vietnam.

**1. Introduction**

In today's world, personal financial knowledge plays a crucial role-not only for each individual, but also for the stability and development of the economy. In emerging economies, financial literacy citizens can ensure that the financial sector contributes effectively to real economic growth and poverty reduction (Faboyede et al., 2015). Vietnam is also one of the developing and transition countries, in which the level of financial literacy in the whole society as well as in the young generation, in general, the Generation Z, is relatively low.

This study examines students' financial literacy influenced by gender, school, major, religion, etc. Data was obtained through questionnaires and analyzed using SPSS 22.0 and descriptive statistics. The research subjects consist of students from several high schools and universities in Hanoi. From the results of the factor analysis on financial literacy the research team recommends a number of measures to enhance the effectiveness of financial management for Gen Z in Vietnam.

## **2. Literature Review**

International studies of financial literacy have been studied internationally and a number of studies have shown that such a positive relationship does exist between age, gender, area of studies, income, education level and performance in personal financial decisions. Lursadi & Mitchell (2011) reported that middle-aged people have higher financial literacy than younger and older counterparts. Although age is positively related to financial literacy, this relationship is not always clearly defined. Chen & Volpe (1998) stated that individuals at 23-29 years of age and over 40 years old tend to have higher financial literacy compared to other age groups.

Studies by Kharchenko & Olga (2011), Al-Tamimi & Hussain (2009), Arrondel et al. (2013), and Koenen & Lusardi (2011) have given prominence to gender and have pointed out that, overall, men are more financial literacy than women. Other studies by Chen & Volpe (2002), Eitel & Martin (2009), Goldsmith (2006), and Hira & Mugenda (2000) also find that males have higher levels of financial literacy compared to their female counterparts.

There are also numerous findings supporting that location of residence has an impact on people's financial literacy. Cole et al. (2008) point out that Indian students in rural areas tend to have higher financial literacy than those living in urban areas. According to Mohamad (2010), students residing in the hostel are financially more literate than those who do not. This is explained by the fact that dormitory residents must manage their own expenses and live independently away from family, which requires them to balance spending and gain more knowledge related to financial matters.

Researchers have also emphasized that family background variables, such as parental education parental occupation, and family socioeconomic status determine students' financial literacy (Mohamad, 2010). As started by Murphy (2005), youth who are born in well educated families normally have better levels of financial literacy, and frequent discussions about financial topics with parents further reinforce youths' financial awareness. Lusardi et al. (2010) contended that a mother's education level is highly associated with financial literacy of a person particularly when the mother is a university/college graduate. Therefore, parents' education level has a positive effect on young people's financial knowledge.

Based on Chen & Volpe (1998, 2002) and Sabri et al. (2010), and Shin et al. (2009), academic achievement has been employed to predict students' financial literacy and financial well-being in a few previous studies. Jariah et al. (2004) also pointed out a strong relationship between academic achievement and financial knowledge, stating that students with higher GPAs tend to have better financial literacy. The study further indicated that students with higher GPAs are more likely to seek financial knowledge from their peers compared to those with lower academic performance.

In parents' studies that examined children's financial behavior, Danes (1994) conducted research. Parents were asked the degree to which and at what age they thought their children should be involved in or informed about financial activities. For more complex financial matters

such as understanding insurance or owning a personal bank account, most parents believe that children should begin learning at 15 to 17.

Over half of surveyed parents also thought 18 year olds are prepared to handle checking accounts, credit and debit on their own. Frijns et al. (2014) discovered a positive association between money experiences and financial literacy. Students who began discussing financial matters with their parents after the age of 18 tended to possess greater financial knowledge than their peers.

Lots of research on the determinants of financial literacy has been conducted with respect to demographic characteristics (such as age, gender, etc), education, and family background. However, the group of psychosocial factors appears to be a relatively new area of research. A few researchers are starting to go in this direction, by splitting the variable into four sub-factors: risk tolerance, beliefs, financial satisfaction, and despair. Agnew et al. (2007) showed that in general women are more risk averse than men. A study by Mohamad et al. (2010) have observed a positive correlation between risk tolerance and financial knowledge of investors in Pakistan. This indicates that between risk aversion and financial literacy, insight of the fact that risk aversion does not influence in favour of being knowledgeable with market instruments and financial markets in general.

Loibl & Hira (2005) and Mezias (1994) show that if individuals understand financial literacy, the result is financial satisfaction. This may be explained by the fact that concerns and anxiety stemming from financial dissatisfaction often motivate individuals to seek financial knowledge in order to improve both their financial situation and psychological outcome (Folkman et al., 1986). Avants et al. (2003) observed that more religious individuals tend to be more willing to accept financial risks, as they believe that God will provide support. These traits may lower the perceived requirement for financial knowledge among religious people. However, Renneboog & Spaenjers (2009) found, on the other hand, a non-negative impact of religiosity on saving behavior among Dutch citizens thus the set of religious beliefs and cultural values that emphasize thriftiness in practice as arguments tend to support the notion. Studies on these factors have demonstrated their negative effects on several aspects such as financial knowledge, financial status, and financial behavior.

In Vietnam, a research by the World Bank assesses the level of financial knowledge, financial capability, and financial behavior of students in finance at universities in Hanoi. In this study, attitudes toward financial decision-making were introduced as financial behavior. The findings concluded that the general orientation toward personal financial literacy of students in Hanoi city is at a moderate and low level. This finding is in line with a survey performed in the University of Southern Mississippi (Floyd, 2015) and in Padjadjaran University (Nidar & Sandi, 2012) which concluded that it was significant. Nguyen Thi Hai Yen (2015), when designing an objective test for assessing the financial literacy of university students in Vietnam, on all levels, observed the existence of gender, place of residence, student areas of study, student learning experiences, financial dependence on the family and student needs for financial training

significantly affecting students' levels of financial literacy. The majority in economics-related majors were taught basic financial knowledge during their first years. Even for students outside of economics disciplines, financial literacy could improve during their studies due to increasing demand for financial knowledge to participate in financial markets after graduation. Desire of the students to learn financial literacy, on the other hand, also contributes to the level of the students' financial literacy. However, only half of surveyed students expressed this need.

### **3. Theoretical Framework**

Definitions of Financial Literacy (also known as financial knowledge or financial capability) has been defined in a number of ways. According to Hogarth (2002), financial literacy as the approaches with which individuals manage their money in the areas of personal savings, investments, budgets and long-range financial planning. Personal experience, competence and personal need are the determining factors for the formation of financial literacy, which in turn enhances personal involvement in the financial services market.

Schagen (1996) defines financial literacy as “the ability to make informed judgements and effective decisions regarding the use and management of money”. This definition emphasizes the cognitive and decision-making dimension of financial behavior.

In contrast, a richer, more personal view is presented by Roy Morgan Research (1993), who defines financial literacy as having the ability and confidence to save, spend, plan. According to this perspective, financial literacy should be measured in the context of an individual's concrete financial circumstances. Financial knowledge, therefore, should be assessed based on a person's unique needs and financial context rather than on a general understanding of all financial tools and services - some of which may not be relevant or necessary to every individual.

Remund (2010) explained that, “Financial literacy is a measure of one's understanding of basic financial concepts, along with the ability and confidence to manage personal finances through informed short-term decision-making, long-term financial planning, and a responsible approach to life and economic changes”. This definition focuses on the knowledge-based and behavioral side of things, but brings confidence, planning, and the ability to resize as needed in economic fluctuations into the fold.

The Organization for Economic Cooperation and Development (OECD), based on its definition of financial education, incorporates questions on behavior, attitudes, and knowledge to assess financial literacy. Although there is no universally accepted term, the OECD has piloted this multidimensional approach under the umbrella of global financial literacy.

For the purpose of measurement and analysis, financial literacy is described as “a mix of awareness, know-how, skills, perception, and performance to make wise decisions with money (or how finances) to enjoy financial well-being of individuals” (N.S. Mahdzan & Tabiani, 2013). This definition emphasizes that financial literacy is not merely about knowledge; it also encompasses attitudes, behaviors, and relevant skills. It highlights decision-making - the use of

what you learn in the real-world - and suggests becoming better off is both an individual and national necessity.

Financial literacy is described in terms of the following dimensions:

- Financial knowledge: knowledge about key financial concepts, familiarity with financial products and services and fundamental financial operations (such as making payments, opening accounts);
- Financial activities: management of day-to-day money, planning of personal finances, and seeking for financial advice;
- Financial literacy, including basic financial knowledge such as numeracy and literacy;
- Determinants of financial behaviour: for instance, propensity to save and borrow, confidence on retirement planning.

#### **4. Research Model and Hypotheses**

The construct of financial literacy is measured by a series of questions, developed to test basic personal finance knowledge and computational ability. The questions center on major financial concepts such as the time value of money, inflation and price changes, investment risk, and the role of diversification in reducing risk. This series of questions were derived from OECD questionnaires and altered to fit the Vietnamese context. The research team devised an initial survey of 25 questions to measure fundamental financial literacy.

The research model was developed based on the model suggested by Nguyen Dang Tue and Dinh Thi Thanh Van (2018) but was modified to meet the objectives of this study. The model is designed to test the following two pairs of hypotheses:

Hypothesis Pair 1:

- H01: The personal financial literacy level of the male and females students shows no significant difference.
- H11: There is a significant difference in the level of personal financial literacy between male and female students.

Hypothesis Pair 2:

- H02: The personal literacy of students who had a part-time job or who are doing one is not better than the personal financial literacy of students who have never had a part-time job.
- H12: There is a significant difference in the level of personal financial literacy between students who have never had a part-time job and those who have had or currently have one.

Among the various causes, numerous reasons can be named other than the above mentioned to explain students' financial literacy but the scale of this study is quite limited; hence, the scope of this paper is also limited to discussing only two variables: gender and working part-time. These two factors were selected because previous research has shown inconsistent findings regarding their impact on financial literacy. In this sense the present study wants to go deeper in the effects of these two variables.

The data in this study was primarily that was surveyed on the respondents Generation Z students in different high schools and universities in Hanoi City, Vietnam. The research team distributed the questionnaire via Google Forms to 200 students, and received 148 valid responses, resulting in a response rate of 74%. Of the participants, 44.7% were female and 55.3% were male. The demographic distribution is shown in detail in the table below:

Table 1: Gender Distribution of Surveyed Students

	Frequency	Percentage (%)
0 (Female)	66	44.59
1 (Male)	82	55.41
<b>Total</b>	<b>148</b>	<b>100.0</b>

Source: SPSS results

In addition, the proportions of students who have never had a part-time job and those who have or are currently working part-time, as well as the proportions between students majoring in economics-related fields and those in non-economics-related fields, are also presented in the table below.

Table 2: Employment status of the surveyed students

	Frequency	Percentage
Never worked part-time	63	42.57
Have worked/ Currently working part-time	85	57.43
<b>Total</b>	<b>148</b>	<b>100.0</b>

Source: SPSS results

## 5. Research Results

### 5.1. Financial Literacy Levels of Students

The survey questionnaire consists of 25 questions, including 20 general questions on financial literacy and 5 calculation-based questions designed to assess the ability to make appropriate financial decisions. The vast majority of questions assess fundamental financial literacy, though three are classified as “challenge questions” and call for higher order financial comprehension. The more general questions are about insurance, interest rates, exchange rates, taxes and other financial matters. These questions assess foundational financial knowledge at a basic level, which respondents may be able to answer based on prior reading, reasoning, and everyday life

experience. The calculation and decision-making questions are more difficult and require the application of knowledge and some calculations to achieve a sound financial decision.

Table 3: Results of the General Financial Literacy Assessment of Students

Point	N	Min	Max	Mean	Std. Deviation	Shapiro-Wilk		
	Statistic					Statistic	df	Sig.
	148	6	25	14.36	4.440	.981	148	.614

Source: SPSS results

Table 3 shows that the personal financial literacy scores of the surveyed students follow a normal distribution, as confirmed by the Shapiro-Wilk test (used because the sample size is less than 150). The average financial literacy level of students is at a moderate level (mean = 14.36). Nonetheless, this evidence is not strong enough to claim that the financial literacy of Hanoi students is good.

*5.2. Hypothesis Testing: Gender Differences in Financial Literacy Levels*

To determine whether there is a statistically significant difference in personal financial literacy between male and female students, the authors conducted an Independent Samples T-Test using SPSS version 22. The results of the test are presented below:

Table 4: Findings from the financial literacy comparison test between male and female students  
Group Statistic

	Gender of the Respondents	N	Mean	Std. Deviation	Std. Error Mean
Point	Female	66	14.9	3.769	0.822
	Male	82	12.31	4.589	0.912

Independent Sample Test

	Levene's Test for Equality of Variances		T-test for Equality of Means					
	F	Sig.	t	df	Sig. (2-tailed)	Mean difference	Std. Error Difference	
Point	Equal variances assumed	.872	.316	2.215	45	.031	2.789	1.250
	Equal variances not assumed			2.268	44.951	44.951	2.789	1.224

Source: SPSS results

As can be observed from the Group Statistics table, the overall mean financial literacy score for females is a little higher than for their male counterparts (14.9 and 12.31, respectively). Through the T-test, the Sig. (2-tailed) value is 0.028, which is less than 0.05, indicating a statistically significant difference in the means between the two genders, leading to the rejection of hypothesis H01. Consequently, there is empirical evidence compromising the personal financial literacy of male and female students and the female possesses a higher level of personal financial literacy than male.

This finding is contrary to the conclusion of Kharchenko & Olga (2011), Al-Tamimi & Hussain (2009), Arroncel et al. (2013), etc., found that males were better financial managers than females. This difference may be explained by gender equality in today's society, where women are most equal to men in all aspects. Nowadays, women hold many important positions in society instead of playing only a supporting role in family care.

5.3. Testing the hypothesis on the significant difference in financial literacy levels between students who have never worked part-time and those who have worked/are working part-time

In order to determine the difference in financial literacy awareness among students based on part-time work experience, the author processed the data using Independent Samples T-Test in SPSS 22 and obtained the results as shown in the table:

Table 5: Results of the Financial Literacy Level Test Based on Part-Time Work Experience Group Statistics

	Current Education and Employment Status	Average Score	Std. Deviation	Std. Error Mean
Point	Have not had a part-time job	14.68	3.774	.722
	Have had and currently have a part-time job	12.43	4.476	.998

Independent Samples Test

F		Levene's Test for Equality of Variances		t-test for Equality of Means				
		Sig.	t	df	Sig. (2-tailed)	Mean difference	Std. Error Difference	
Point	Equal variances assumed	1.427	.213	3.173	45	.003	3.736	1.200
	Equal variances not assumed			3.045	36.697	.005	3.736	1.232

Source: SPSS results

The Group Statistics table reveals that students who never participated in a part-time job have a higher average financial literacy score than have ever or currently have a part-time job (mean score 14.68 vs 12.43). According to the Independent Samples Test, the Sig. (2-tailed) value is 0.004, which is less than 0.05. This indicates a statistical difference in the average scores between two groups, leading to the rejection of hypothesis H02. Thus, a significant difference in financial literacy exists between students who have ever worked part-time and students who have not.

According to the survey, most of the students with a part-time job do manual labor, such as waiting on tables, working in a takeaway, etc., and very few of them can choose to go to internships or work in financial companies. These students often work to earn money for daily living rather than to gain financial knowledge or experience. On the other hand, students who do not work part-time tend to have more time to explore financial news, watch current affairs programs, or participate in financial literacy courses.

6. Conclusions and Recommendations

The students are relatively well informed about financial matters (an average of 14 correct answers out of 25 in the survey). This somewhat contradicts previous reports on the overall

financial literacy situation in Vietnam. Notably, a Standard & Poor financial literacy score for Vietnam was lower than all of regional counterparts, with only 25% of the population having financial literacy, based on a 2014 survey. Furthermore, Nguyen Truc Le (2018) stated: “Currently, Vietnam’s financial inclusion index is only 21.28 points, ranking 112th out of 176 countries globally, and 22nd out of 37 developing countries in Asia. Financial illiteracy was noted to be rife among the general public and this has impacted on their accessibility to financial products and services”.

The limitation of this study is that the survey is based only on 148 students in Hanoi, Vietnam. While the results are not representative of the financial literacy of Gen Z across the country, they do partially reflect the financial awareness of this generation in the field.

### **Recommendation**

#### *Implications for Gen Z*

To increase financial literacy, Gen Z needs to learn the importance of financial literacy “for others” as well as for themselves. By recognizing this role, students will be more proactive in acquiring financial knowledge and skills, thereby enhancing their own understanding.

Students majoring in economics must master fundamental financial concepts to apply them in daily life and continuously update themselves on real-world economic and financial phenomena. Meanwhile, students from other majors, although not directly educated in finance, should not overlook financial knowledge, as it is highly practical and directly impacts personal financial well-being. Students also need basic financial knowledge and skills, as well as ability to make informed predictions and plans for the future.

Moreover, very interesting and useful finance-oriented contests can be taken part in every year by students for free such as Go Finance, I Invest, etc. By participating in these competitions, students have the opportunity to exchange knowledge, learn new things, and gain valuable experiences.

#### *Implications for academic institutions*

Experience from most developed countries in the world demonstrates that education is of utmost importance in any nation’s development. Therefore, a solution to improve financial knowledge for students is to integrate the training of this knowledge into the education curriculum to equip students with basic financial and economic knowledge. Schools can provide some short-term financial and economic knowledge courses free of charge, for students to achieve the knowledge at a very low level or conduct internships in financial and economic areas for students by themselves.

Besides, there needs to be a connection between high schools and universities to better facilitate the improvement of financial education equality for students.

*Implications for policy*

The Vietnamese government needs to issue policies and strategies to promote the role of personal finance as well as encourage people to raise their financial awareness. We must learn from those in developed countries and build free online platforms for financial education in China, send officials to study best practices in other countries, popularize financial education to the overall public, and organize economic and financial practice education activities, to make the public have enough knowledge in economy and finance to manage and rule spending wisely. The enthusiastic support of government agencies is a strong driving force for the entire population in general, and for students in particular, to study financial knowledge. More importantly, the government needs to have a long-term vision and a financial education strategy to concretize the goal of popularizing financial education.

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