

# Effect of Financial Literacy and Parental Socialization on Students Savings Behavior of Bangladesh

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**Abstract-** This study explores the effect of financial literacy and parental socialization on savings behavior of university going students of Bangladesh. Savings is one of the crucial wheels of economic growth and university students are the future peddler of that wheel. Not only that, total number of university students are 872891 which is a handsome amount. So their savings habit is very significant for the economy. On the other hand recently student's loan is very available but due to lack of financial knowledge students spend improperly and can't save. But students are unaware of the effect of different factors which influence their savings behavior. Though a lot of study has focused on this problem in outside countries, it is still untouched in Bangladesh. So determining the effect of factors in savings behavior of the students of Bangladesh is momentous. This is a quantitative research consisting of 130 sample size where the primary data has been collected through face to face interaction by using self-administered structured questionnaire. In this paper savings behavior has been used as dependent and parental socialization and financial literacy have been used as independent variables. Descriptive statistics has been used to generalize demographic information. Pearson Correlation and multiple regression analysis tools are used to investigate the effects or relationship and both of them found good relation with parental socialization and moderate relation with financial literacy. In multiple regression analysis, F test found significant relationship. All these findings are very important because it will help the loan provider to develop policies to penetrate the young savers and parents will be conscious about fostering their child to save from their childhood.

**Index Terms-** Savings Behavior, Financial Literacy, Parental Socialization

## I. INTRODUCTION

The world economy is growing and developing rapidly day by day and as an important factor of economic growth, savings is playing a crucial role in the continuation of this development. All the countries (developed, developing and underdeveloped) are endeavoring to keep pace with this development process for gaining a better locus in the world of survival. In the chain of this economic development savings may oil more to get rapidity.

Savings takes place when an individual is able to spend less than his/her income which later leads to investment. Higher investment leads to the accumulation of assets which results in

higher living standard of the people through higher economic growth. The growth model of Solow (1956) emphasizes on savings for steady economic growth. According to Aurthur Lewis (1954), Growth is accelerated by savings and this growth is also termed as traditional development. Not only that solid savings is the best cure for economic woes and it increases the ability to cope with financial hardship and speed up financial recovery (Elmerraji, 2010). Financial literacy has potential to affect the economic growth by making contribution to savings and development of financial sector. (Bayar et al, 2017). In a developing country like Bangladesh savings act as a life blood of growth as savings helps to get rid of so called equilibrium trap and vicious cycle of poverty by creating a big push.

In Bangladesh almost 27.1 % ( male 18512114 and female 21129073) people are aged from 15 to 29 (Wikipedia, 2017) and almost 872891 people are university (Both private and public) going students among which 493110 are public university students (BANBIES, 2015) and such a huge number of people can largely affect the overall savings of a country. Among all the students, university going students are at the vicinity of stepping down as a leader in the future economy. But most of them are not aware of their savings behavior. Savings decision basically depends on many significant factors such as habits, financial literacy, parental socialization, peer influence, social, economic, political conditions, regulatory flexibility etc. Among them parental socialization and financial literacy has an immense impact on students savings behavior. Financial Literacy consists of knowledge regarding finance, attitude and behavior towards finance and to be financially literate is important to make a good financial decision (Kumar et al, 2017). Financial literacy such as better understanding of credit management, investment knowledge, ability to prepare budget etc. have strong impact on savings behavior of any people. Not only that sometimes students having financial literacy may behave like a rational investor.

Student life specially the college and university life is the inception of using money without the supervision of parents (Fluellen, 2013). In these stages they learn how to make spending budget, proper use of money, and also faces financial stress. These learning help them in future financial decision making. It is said that financial social learning opportunities has a great effect on financial behavior (Fluellen, 2013). With regards to savings behavior, different peoples need for the savings are different because the mind-set, culture, social environment, economic environment, knowledge may be different (Jamal et al. 2015). And different factors have different effect on the financial behavior of people. So it is important to determine the effect of

different factors on financial or savings behavior as people are more prone to consume rather than savings (Ismail et al, 2013). So the researcher tried to find whether there is actually any relationship with/ effect of financial literacy on savings behavior of students.

Parents are the first teacher of any children. Most of the habits among children and implicit socialization occur through the unconscious communication of norms and hopes, look-out or imitation of behaviors and subtle cues from parent's behavior (Jorgensen and Savla, 2010). So how the parents are, their background, their culture, their influencing power, their savings habit, and their perspective about spending all has a strong effect on the behavior of their children. For this reason the researcher also tried to find out whether this variable has any effect on savings behavior of students or not.

Not only that Bangladesh is a country of villages with little technological knowledge where most of the students of public universities are from villages having no or very little financial skills that results in different types of money management problem. Recently financial institutions are offering students loan and different types of scholarship which has become the major source of financing among students. But because of financial illiteracy students don't using the money efficiently. As a result they are facing financial stress. But they don't know how they can come out from this situation and by practicing what they can build savings habit. Even parents don't know whether they should discuss the financial matter and savings habit with their children. Till now a lot of research work has been done on factors affecting student's savings behavior or the effect of different factors on savings behavior but none of them focused on Bangladeshi student. As Bangladesh culture is completely different from those countries the researcher focused on this gap.

## II. RESEARCH OBJECTIVES

The primary objective of this paper is to observe the effect of financial literacy and parental socialization on savings behavior of students. To attain these objectives the researcher has introduced some other specific objective:

- ✓ To determine the relationship between financial literacy and savings behavior
- ✓ To determine the relationship between parental socialization and savings behavior

## III. LITERATURE REVIEW

There are huge numbers of papers that have concentrated on financial literacy and savings behavior of student as it has become a significant issue with the onward economic development, student's room for involving with economic activity and easy accessing of student loan etc.

Delafrooz. N & Paim. L. H (2011) focused on the relatedness of financial literacy and savings behavior of workers where they tried to discover whether financial literacy can predict financial puzzle that boost the savings and traced significant relationship. In addition savings regularity, earnings, gender has a relationship with savings which is arrived by Mahdzan and Tabiani (2013). Asmawi (2015) attempted to

exhibit the relatedness of financial literacy, parental socialization, peer visitation, self-control and savings bearings of university pupils and discovered significant relationship between parental socialization and savings behavior.

Bayar et al. (2017) has investigated The Impact of Financial Literacy on Personal Savings of Usak University Staff through a logistic regression analysis where it is found that financial knowledge, earnings level, age and education level affected the personal savings positively where risk tolerance affected the personal savings negatively. On the other hand Kumar et al. (2017) has focused on the influence of financial literacy on financial behavior and how financial behavior influences on financial decision among college students where they found that financial literacy affect financial behavior and financial behavior affect financial decision making. Not only that it was also found that parents are the first people to the children and they should give good financial literacy to the children because it has a strong effect on financial behavior of children.

Salikin et al. (2012) analyzed the effect of parents background on savings behavior of students in Malaysian local university and found that parents financial condition and educational background has significant relations with savings behavior of student. Students who have discussion with their parents about money management have more and positive knowledge on behaving in more financially responsible way. So it is clear that parents has an important effect on students savings and thus the researcher has used it for investigating whether it is same for this papers also. Wong (2013) also explores saving practices among secondary, college or university students and found that financial knowledge and parents' socialization are two important factors for influencing savings. The research also found student's future retirement plan also affected saving tendency. College students are more curious and serious about savings than university students.

Alwi et al. (2015) studied Factors Affecting Savings habits within Millennial in Malaysia by using the same variables called financial literacy, peer influence, self-influence, parental socialization and found strong influence of parental socialization. Family involvement plays a major role in nurturing student's savings behavior, followed by financial literacy and peer visitation. In addition, it is said that students have more favorable financial attitude when they are financially literate.

Jorgensen and Savla (2010) investigated financial literacy among Turkish college students and the role of formal education, learning approach and parental teaching in financial literacy where the regression result found that formal finance education in college, a deep approach to learning, and direct financial teaching by parents have a significant association with financial literacy.

Nationality, gender, religion, field of study also has an effect on savings and investment behavior of students found by (Massol and Molines, 2015). Falahati and Paim (2012) found the effect of gender on the relatedness of childhood consumer experiences, primary and secondary socialization, agents visitation, financial wisdom and financial skills on savings behavior. Akhter & Lima (2015) studied consumption behavior of Bangladeshi students and their academic performance. All these studies give the researcher a view of the factors that affect

consumption behavior and financial decision which helps in determining savings fact.

Most of the paper above somehow tried to explain the factors affecting savings behavior of students and other people. But all of the paper which focused on factors affecting savings behavior are based on foreign culture, norms, values, environment and practices. And we know that the culture, values norms practices and environment of Bangladesh is completely different. The researcher of this paper basically tried to focus on the research paper of Thung et al. (2012) and tried to analyze it from Bangladesh perspective.

#### IV. METHODOLOGY

##### Sample Selection and Data Collection

This research is an explicative study in terms of applied signification, carried grounded on descriptive-survey. The exploration is materially a quantitative study since the research objectives requires quantitative analysis for assessment and analysis and getting the optimum and expected outcome. Here the research objective is to specify the effect of financial literacy and parental socialization on savings behavior of students where to visualize the true picture, the researcher has used some statistical tools which deal with relationship such as Pearson correlation analysis and multiple regression analysis. These sorts of statistics require quantitative data. That's why to meet the objectives of the study the investigator has used quantitative data rather than qualitative.

For this research the aimed population is the whole group of people the researcher is inquisitive in that means all the students currently studying in all sessions and all study areas in the public universities of Bangladesh. Public university students have been focused because all type of students (Poor, middle class, Rich) comes here for studying and they are from different areas of Bangladesh. Thus public university is more representative than that of others. Not only that most of them live far away from their parents and every month there is an absolute amount of income (this may be from parents, from part time job, from tuition etc.) which they can use according to their wish and can save also.

To represent the population and fulfill the objectives of the research, the researcher picked Jahangirnagar University's students as most of the public university's students of Bangladesh have almost same characteristics. Not only that it is time consuming, need more financial support and has other barriers to consider all students of all public universities. Moreover as the researcher is from same university, respondents will feel more comfortable to provide proper information and this is also another reason for considering Jahangirnagar University. Here the sample frame is all the currently studying students of Jahangirnagar University from all background. Random sampling technique is employed because it is able to better estimate the characteristics of the population (Tharanika and Andrew, 2017). Most of the research such as Albeurdy and Gharlegh (2015) used 105 samples for 3 independent and 1 dependent variables. Asmawi (2015) used 158 samples for four independent and 1 dependent variables. Not only that, Cattell (1978) has referred 250 sample sizes for 4-6 independent variables. Zikmund (2013) said using a sample size similar to the

sample sizes used in the previous studies provides the inexperienced researcher with a comparison of other researcher judgment. So, as in this research the independent and dependent variables are two and one respectively, by following the previous discussed research area, the researcher selected 130 random respondents for the sample irrespective of gender, background etc. in order to represent and generalize the population of 493110 public university students.

All the data are collected through primary sources. Primary data are generated from the researcher's self-administered close ended structured questionnaire. Close ended questionnaire is used because in open ended question when quantitative value is allotted their initial meaning may reduce. Moreover here the researcher has tried to communicate similar meaning to all respondents which is only possible by close ended question. That's why close ended question is used. The 1<sup>st</sup> part of the questionnaire consists of all factors (financial literacy and parental socialization) that have effect on savings behavior and the savings behavior itself and the 2<sup>nd</sup> part consist of the demographic information. Most of the questions are formed by following likert scale and some questions used category scale. The questionnaire has been made by following previous research paper on this issue which is developed based on their respective country and culture.

These questions are developed based on Albeurdy and Gharleghi (2015) and Thung et al. (2012). Savings behavior questions are made based on Ismail et al. (2013) and Asmawi (2015) research paper which was regarding money saving interval, spending behavior, importance of spending and amount of spending etc. Parental influence question has been made based on Thung et al. (2012), Jorgensen and Savla (2010) and it is regarding degree of parental influence, discussion with parents etc. All the questions of this section include 5 point likert scale where 5 is the best value. The researcher personally has gone to each room of different halls and classrooms to collect the responses by face to face interaction. Each question are tried to be explained and justified so that no confusion can arise among respondents.

##### Variable Construction

Here the researcher has used three types (Demographic, Dependent and Independent) of variables. Dependent and independent variables are constructed by considering 8 questions for each.

##### Demographic variables

The demographic part of questionnaire consists of 6 questions where gender, marital status, area of study, tuition or part time job information are nominal scale data and parents contribution and age are ordinal scale data. All these demographic information is used because it provides us basic information regarding the sample and moreover present different characteristics of the people which make them behave differently and this can be identified by this information. From allowance and engagement in part time job data, the attitude of the students regarding taking money from parents can be observed and by this it can be understood how much students are still more or less dependent on their parents. As all these are directly or indirectly

related to the savings behavior of students the researcher considered these by following (Thung et al, 2012).

### Dependent Variable (Savings behavior)

Saving is the residual income after deducting current consumption for a certain period of Time (Browning and Lusardi, 1996). 8 questions are adopted from Ismail et al. (2013) and Asmawi (2015), Thung et al. (2012) and Nga et al. (2010) and the respondents were asked to rate on the statement of their savings behaviors based on 5 point likert scale where the higher scale represent the respondents effective savings practice and vice versa.

### Independent variable (Financial Literacy)

Financial literacy has significant impact on individual's savings, as more knowledge on financial matters helps people to make more informed and effective decision regarding money management and therefore savings. For determining financial literacy variable 8 questions regarding investment knowledge, financial institutions, instruments knowledge and ability to maintain money are asked. Lots of paper like Akben-Selcuk and Altiok-Yilmaz (2015), Thung et al. (2012), Bayar et al. (2017) used financial literacy as independent variable.

### Independent Variable (Parental socialization)

Parental socialization has an influence on building children's habit, character and therefore influence money management. A lot of research paper such as Madzan & Tabiani (2013), Thung et al. (2012), Asmawi (2015), Delafrooz and Paim (2011), Jamal et al (2016), Akben-Selcuk and Altiok-Yilmaz (2015), Alwi et al. (2015), Salikin et al. (2012) has used parental socialization as independent variables to determine savings behavior. Here also 8 questions are asked to determine this variable.

### Tools for Analysis

After getting the responses, the researcher has reviewed the completeness of the data, assigned numerical values to each question and then analyzed the data. Three types of statistics have been used for analysis. Descriptive statistics, scale measurement and inferential statistics. Here Descriptive statistics is used to get some general idea about the basic features of the data. Not only that the researcher also has tried to apprehend some simple summaries by this statistics. To display the number of observation within a given interval, frequency distribution has been used. This is applicable only for demographic data. Mean is used to determine central tendency where Standard Deviation and Skewness used to know variability.

### Reliability Test

When multiple likert scale question is used in a questionnaire which form a scale, sometimes this scale may not be internally consistent that means the questions asked may not reliably support that latent variable fully. So to have consistent result it is emergent to ensure that these measurements are free from bias. Reliability test has been conducted to conform this. As in this survey multiple likert scale question has been used and also set multiple scale such as nominal, ordinal and interval,

Cronbach's alpha value is appropriate for testing reliability (Brown, 2011).

### Inferential Statistics

Inferential statistics include Pearson correlation analysis and multiple regression analysis. These two are basically measures of association. As the objectives of this research requires identifying the effect of parental socialization and financial literacy on savings behavior and the data set are continuous (interval) these two statistics are appropriate. The difference between correlation and multiple regressions is that correlation doesn't distinguish between independent and dependent variables. It treats variables symmetrically. On the other hand in regression independent variables affect dependent variables. The significance level in correlation analysis and multiple regression analysis is 5%. P value is used for accepting or rejecting the hypothesis.

### Pearson correlation analysis

Correlation analysis is carried out to identify the tradeoff between the dependent and independent variables. It can be represented like this

Savings Behavior= f (Financial Literacy and Parental Socialization)

Where, it is indicating that firm's value is a function of liquidity.

### Multiple Regression Analysis

According to Cooper & Schindler (2014) multiple regression analysis is used in three types of situation. Among them the first is to develop a self-weighted estimation of equation to predict the dependent variables from the independent variables. The 2nd situation is causal relationship or impact and changes that means how much the dependent variable changes if independent variable changes. And the third one is it predicts future trend. Here the researcher's objective is to determine the effects of independent variables on dependent variable which support the two situations. It determines the relationship between independent variable (two or more) and the dependent variable. It gives an idea about whether there is any relationship or not. If has, how strong or weak, positively or negatively skewed etc. Most commonly, regression analysis estimates the conditional expectation of the dependent variable given the independent variables — that is, the average value of the dependent variable when the independent variables are held fixed. The model would be

$$Y_t = a + B_1X_1 + B_2X_2 + B_3X_3 + \dots + B_tX_t + u_t$$

Where

Y=Dependent Variable (Savings behavior)

X1= Independent Variable (Financial Literacy)

X2= Independent Variable (Parental Socialization)

a= Intercept

U=Residual or error term

To determine the degree of strength, correlation of determination has been used as it measures the proportion of variation in dependent variables explained by independent variables. To prove the hypotheses parametric test (ANOVA or F) test have been used. As in this research the data are interval and the researcher want to compare 3 groups or conditions

(savings behavior, financial literacy and parental socialization), 1 way ANOVA test is appropriate because it helps to find out whether there is any significant difference among the means and if have difference, it can be said that the variables have been manipulated that means independent variables have an effect on dependent variables (Cooper & Schindler, 2014). Two hypotheses have been developed to prove the relationship.

- H1: There is significant relationship between financial literacy and savings behavior
- H2: There is significant relationship between parental socialization and savings behavior

The researcher has developed these hypotheses by following different previous research work conducted on this same area. Thung et al. (2012) found strong relationship between parental socialization and savings behavior. Jamal et al. (2016), Alwi et al. (2015) found that both financial literacy and parental socialization has strong effect on savings. So from all these studies it is clear that there is some relationship between savings, financial literacy and parent’s socialization and that’s why the researcher used these hypotheses. All these analysis has been conducted by using SPSS 18 and excel 2013.

V. ANALYSIS AND FINDINGS

*Descriptive statistics:*

**Table 1: Demographic Presentation**

Demographic Constructs	Types	Percentage
Gender	Male	35.4
	Female	64.6
Age	18 or less	1.5
	19-20	16.9
	21-22	27.7
	23 or above	53.8
Marital Status	Single	92.3
	Married	7.7
Course of Study	Business	32.3
	Non-Business	67.7
Part Time Job	Yes	27.7
	No	72.3
Parents Allowance	1000-2000	10
	2001-3000	14.6
	3001-4000	26.2
	40001-5000	26.9
	5001 or Above	22.3

Source: Developed by the researcher

The table shows that 64.5% respondents are female and male are 35.4%. Here very few respondents have age 18 or bellow which is only 1.5%. On the other hand almost 53.8% respondents are aged with 23 or above. 16.9% and 27.7% respondents are aged with 19-20 to 21-22 respectively. Only 7.7% student is married and most of the students are single. The Respondents are mostly from Non-business Background. Only

32.3% people are from business background. 72.3% people are not engaged in any types of job or income. Only 27.7 % are engaged in part time job. Most of the people take allowance from their parents ranged from 3000tk -5000 tk. 10% take 1000-2000 and 14.6% take 2000-3000tk. Almost 26.9% respondents take 4001-5000tk and 22.3% take more than 5000tk.

*Central tendency of Financial Literacy:*

**Table 2: Central tendency of Financial Literacy**

	Financial Literacy	Mean	STD Deviation	Skewness	Kurtosis
FL1	I have better understanding of how to invest my money	3.5154	1.16296	-.623	-0.574
FL2	I have better understanding of how to manage my Borrowed money or credit use	3.5462	1.02004	-.772	0.114
FL3	I have better understanding of financial instruments such as bonds, stock, T-bill, mutual fund etc.	2.8385	1.22509	.057	-1.055
FL4	I have the ability to prepare my own monthly budget	3.5231	1.15615	-.760	-.292
FL5	I have the ability to maintain financial records for my income and expenditure	3.4692	1.14247	-.493	-.670
FL6	I have no difficulty in managing my money	3.0846	1.09993	.150	-.887

Source: Generated by the researcher

The table shows that FL (financial literacy) question no 2 has the highest mean value that means most of the respondent demanding that they know how to manage their money. And the standard deviation is highest for question no 3 that means in this question the response of the respondent deviate more than that of others. Except FL6 and FL3 all the questions answer have

negative Skewness and except FL2 all has negative kurtosis. All this indicating that the distribution is flatter. Not only that all the Skewness and kurtosis except FL3 are within range from +1 or -1, which is indicating that most of the responses are normally distributed.

**Central tendency of Parental Socialization:**

**Table 3: Central tendency of Parental Socialization**

Parental Socialization		Mean	Std. Deviation	Skewness	Kurtosis
PS1	My parents are good example for me when it comes to money management	4.0154	1.02666	-0.991	0.439
PS2	I always talk about money management with my parents	3.2	1.33759	-0.117	-1.232
PS3	It's good when my parents control my spending	3.4769	1.21499	-0.722	-0.286
PS4	It's a good thing to ask my parents to keep hold of my money sometimes to help me save	3.5769	1.02576	-0.736	0.32
PS5	My parents are proud of me for saving	3.3231	1.18266	-0.368	-0.633
PS6	I appreciate it when my parents give me advice about what to do with my money	3.8308	1.0502	-0.959	0.467
PS7	I save money because I don't think my parents should pay for things I don't really need but like	3.5154	1.12914	-0.793	-0.139
PS8	Saving is something I do regularly because my parents wanted me to save when I was little	3.1923	1.14185	-0.418	-0.471

Source: Generated by the researcher

Here the table shows that PS1 has the highest mean. PS2 has the highest standard deviation that means deviation from mean response is higher in this question. In parental socialization all the items have negative Skewness and except PS1, PS4 and PS6 all questions response have negative kurtosis. But as all the Skewness and kurtosis (except PS2) are within range from +1 or -1, they are normally distributed.

**Central tendency of Savings Behavior:**

**Table 4: Central tendency of Savings Behavior**

Q	Savings Behavior	Mean	Std. Deviation	Skewness	Kurtosis
SB1	I put money aside on a regular basis for the future	3.0615	1.22477	-.145	-1.101
SB2	In order to save, I often compare prices before I make a purchase	3.8077	.91581	-.837	.554
SB3	In order to save, I often consider whether the real necessity before I make a purchase	3.6846	.99639	-.619	-.095
SB4	In order to save, I always follow a careful monthly budget	3.4769	1.02840	-.458	-.473
SB5	I have money available in the event of emergency	3.2077	1.19233	-.216	-.950
SB6	In order to save, I plan to reduce my expenditure	3.4154	.99444	-.531	-.047
SB7	I save to achieve certain goals	3.5077	1.09436	-.506	-.468
SB8	I save until the end of my semester or year end	2.8846	1.14550	.072	-.657

Source: Generated by the researcher

In saving behavior the 2<sup>nd</sup> question has the highest mean that means most of the respondents compare prices when make any purchase. Standard deviation is for the question no 1 that means there is huge deviation from the mean response. All the questions skewness is less than one. Kurtosis value for all the questions are also less than 1 except SB1. So both the Skewness and Kurtosis result indicating that the responses are within -1 to +1. So the responses data are normally distributed.

**Reliability Test:**

**Table 5: Reliability value**

Construct	Cronbach's Alpha	No of Items
Financial Literacy	0.613	6
Parental Socialization	0.718	8
Savings Behavior	0.669	8

Source: Developed by the researcher

The table shows that all variables Cronbach's Alpha value is greater than the minimum level alpha value of 60%. So the construct measures seemed to be reliable and all questions or item in the construct measures are retained.

**Pearson Correlation Analysis:**

**Table 6: Pearson Correlation Result**

		Savings Behavior
Financial Literacy	Pearson Correlation	0.369**
	Sig. (2-tailed)	0.000
Parental Socialization	Pearson Correlation	0.461**
	Sig. (2-tailed)	0.00
Savings Behavior	Pearson Correlation	1
	Sig. (2-tailed)	0.000

Source: Developed by the researcher

According to the table both financial literacy and parental socialization has positive relationship with the savings behavior. Both the independent variables are moderately related followed by 36.9% to 46.1% but parental socialization has more effect than the financial literacy on savings behavior. All the hypotheses (H<sub>1</sub> and H<sub>2</sub>) accepted here as the p value is less than 5%.

**Multiple Regression Analysis:**

**Table 7: Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.461	0.213	0.207	4.21811
2	0.516	0.266	0.254	4.09005

Source: Developed by the researcher

1. Predictors: (Constant), Parental Socialization

2. Predictors: (Constant), Parental Socialization, Financial Literacy

The Table shows that the R square for the model 1 is 0.213 that means only parental socialization can explain the savings behavior by 21.3 % and combinedly parental socialization and savings behavior can explain 26.6%. Here the adjusted R square for model 2 is 25.4%. This represents the models goodness of fit for the population. Standard error is 4.09. This is the standard deviation of actual values of dependent variables from the estimated value.

**ANOVA**

Model	Sum of Squares	DF	Mean Square	F	Sig.
Regression	769.205	2	384.602	22.991	0.000
Residual	2124.518	127	16.728		
Total	2893.723	129			

a. Predictors: (Constant), parental Socialization

b. Predictors: (Constant), parental Socialization, financial literacy

c. Dependent Variable: Savings Behavior

In the table, the calculated value of F is 22.99. From the F table with 5% significance level and (2, 127) degrees of freedom, the critical value is 3.09. So as the  $F_{cal} > F_{crit}$  ( $22.991 > 3.09$ ) and also the p value is less than 5%, alternative hypothesis is accepted here that means financial literacy and parental socialization can explain the variation in savings behavior very well.

**Coefficients**

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	11.670	2.311		5.050	0.000
parental Socialization	0.341	0.072	0.381	4.734	0.000
financial literacy	0.290	0.096	0.243	3.023	0.003

a. Dependent Variable: Savings Behavior

From the column headed B, an equation can be drawn  
 $SB = 11.67 + 0.341PS + 0.290FL$

And it is clear from the equation that parental socialization and financial literacy have significant positive relationship with savings behavior as  $P < 5\%$ . From the beta coefficient of 0.381 it can be concluded that if one unit of parental socialization increase savings will increase by .381, holding all other things constant. Parental socialization has stronger effect than that of financial literacy as if increased.

**6.0 Discussion of Major Findings**

**1st Hypothesis:**

H1: There is significant relationship between financial literacy and savings behavior

Based on the previous analysis and findings section there is sufficient evidence to conclude that the Savings behavior has significant relationship with financial literacy as P value is less

than 5% in both empirical tests (Pearson correlation test and F test). This indicates that the more the students are financially knowledgeable the more they tend to save. This findings is supported by Thung et al. (2012), Delafrooz et al. (2011), Jamal et al. (2016), Wong (2013), Alwi et al. (2015) etc. All of them found positive relationship between savings behavior and financial literacy. Therefore it can be deduced that higher level of financial literacy enables the students to understand the importance of savings.

**2nd Hypothesis:**

Furthermore it also proved in the previous section that parental socialization has a great impact on savings behavior as the  $P < .05$  in both Pearson correlation test and multiple regression test analysis. Similar findings also found by Salikin, et al. (2012), (Wong, 2013), Alwi et al. (2015) and Thung et al. (2012). Thung et al. (2012) tried to determine the effects of financial literacy, parental socialization, peer influence on savings behavior of Malaysian students and found strong relation between parental socialization and savings behavior. Alwi et al. (2015) studied Factors Affecting Savings habits within millennial in Malaysia and used the same variables that are financial literacy, peer influence, self-influence, parental socialization and found strong influence of parental socialization.

## VI. CONCLUSION

The research has been conducted to determine the effect of parental socialization and financial literacy on savings behavior of University students in Bangladesh, specifically to determine the relationship between savings behavior and parental socialization and relationship between savings behavior and financial literacy. It is found that financial literacy and parental socialization has positive effect on savings behavior and parental socialization can affect savings behavior more than financial literacy.

Here the researcher has considered only two factors, parental socialization and financial literacy. But there may have other major factors that directly or indirectly affect the savings behavior of students and thus affects the reliability of the data. Not only that the data has collected based on a single timeframe. But with time the respondent's behavior may change and with those results may change.

This study is only confined to the public university students. If private university, college or school level students are considered then completely different result may come out. Not only that, as the sample used only Jahangirnagar university students data, considering a university outside the Dhaka city like Rajshahi university may bring different result as this university is situated in a place where living cost is lower. So the student may be more able to save here.

The future researcher can consider the sample respondents from other universities, college and school level. With this, completely new idea may come out as the behavior, consumption pattern and environment is different in each level. They also can use different tools for analysis which may consider the effect of other factors because the statistical tools used here is not able to determine the biasness and showing the effect of other factors. They can also observe the respondents for a longer period of time so that most changes in their behavior can be considered and most appropriate data can be collected.

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