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THE DETERMINANTS OF THE LEVEL OF FINANCIAL LITERACY IN TURKEY

Keywords: financial literacy, financial behaviour, financial knowledge, financial attitudes.

J E L Classification: G53.

Abstract: The main objective of this study was to explain individuals' financial literacy levels through socioeconomic and demographic variables. A random sample of 1000 participants was recruited from Turkey. As an indicator of the financial literacy level, a measure with three constructs was adopted: financial attitude, financial behaviour and financial knowledge. Logit model was estimated from these explanatory variables: gender, age, marital status, number of family members, education, income, number of persons with income, household income and working conditions. In the logit model results, the effect of gender, age and education was statistically significant and positive. The results emphasized that there is a relationship between financial literacy level and

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gender, age and education. Additionally, the results of this study indicated that the level of financial literacy is 52.9% in Turkey.

■■■ INTRODUCTION

Capital markets are seen as one of the crucial financing options in the economic growth of countries. For this purpose, development of supply and demand in capital markets has become one of the top priority issues in terms of countries. Development of supply and demand in the market depends on increasing savings and using the options of the individuals who make savings effectively. In addition to financing individuals' incomes correctly, being able to direct them to the right investments and savings is defined as "financial literacy". Financial literacy is expressed in its most general form as, "The skill, motivation and confidence of having knowledge and an understanding on financial concepts and risks, making effective decisions with these knowledges and understanding in different financial contexts, developing the financial well being of the society and using it to facilitate participation in economic life." (OECD, 2013). As a result of the increasing significance of financial literacy, studies have started to determine the level of financial literacy in developing and developed countries. As a result of studies, it has been determined that levels of financial literacy are low around the world (Chen & Volpe, 1998; Furtuna, 2007; Çam & Barut, 2015), the potential cost of low financial literacy levels have been revealed worldwide with financial crises, and this had led countries to develop financial education strategies. For the purpose of increasing the level of financial prosperity, institutions and organisations continue their work including the "International Gateway for Financial Education", financial education programmes and Jumpstart by the Organisation for Economic Cooperation and Development (OECD), financial literacy programmes organised by the World Bank and the Programme for International Student Assessment (PISA), financial literacy programmes by the Financial Literacy Association (FODER) in Turkey and initiatives by the National Endowment for Financial Education (NEFE) in the United States. The main reason for this is that individuals' management of their financial lives is as important as managing the national economy. The motivation of this study was to determine the relationship between financial literacy and savings that contribute to countries' economies in the long term and how they are evaluated by individuals. In this study, therefore, it was aimed to determine the level of financial literacy in Turkey. Along with this, avoiding unnecessary

expenses and transitioning from a consumer society to a knowledge, economy and technology society will increase the financial literacy levels of countries. As a matter of fact, in developed countries such as the United States and the United Kingdom, it is observed that they create savings funds, have retirement plans, and it is easy to access and use knowledge in their financial markets (Danes & Hira, 1987; Volpe, Chen & Pavlicko, 1996).

LITERATURE REVIEW

Financial Literacy

The concept of financial literacy has the same content, but it is expressed in different terms in some countries. For example, “Financial Literacy” is used in the USA, Australia and New Zealand, while Canada and the United Kingdom use it as “Financial Capability” (Orton, 2007). Along with these, the terms “Financial Education and Financial Awareness” are those that are the closest to financial literacy (Gökmen, 2012). The definition of the concept of financial literacy is expressed in different definitions in the financial literature. The definitions of financial literacy from 1996 to today are as follows.

According to Schagen and Lines (1996), financial literacy is the ability to make efficient and right decisions with financial management (use of money), whereas, according to Chen and Volpe (1998), financial literacy is the most effective concept in making financial decisions in an uncertain environment.

The concept of financial literacy in the 2000s was defined as being aware of the financial concept of an individual, obtaining information needed in decision-making, and understanding and assessment of the information (Mason & Wilson, 2000).

The Organisation for Economic Co-operation and Development (OECD) (2005) described financial literacy as not only financial knowledge but also to include financial attitudes, behaviour and talent.

While Taşçı (2011) defined financial literacy as being aware of financial risks and opportunities, making informed financial decisions and making choices, Karabacak (2013) stated that financial literacy in its simplest form is the state of using financial resources effectively with this kind of information by having knowledge on simple economic and financial issues.

Furthermore, according to Financial Literacy Association of Turkey (FODER), which was established to determine the financial literacy level in Turkey and achieve development on this issue, financial literacy is the capability of the individual to make an informed assessment regarding the use and management of money and to make effective decisions, or in other words, it is the state of individuals of having gained the capability and skills of utilizing their income, savings and investments wisely and forming budgets correctly.

Considering all definitions, the general statement that arises expresses the following: financial literacy refers to individuals' effective use and utilization of money management. It should not be thought that individuals have to be an expert or a professional in the field of finance to be considered financially literate. Financially literate individuals are those who have financial knowledge on a level sufficient for themselves and their families and financial habits such as saving. It is sufficient for financially literate individuals to know the difference between shares and bills of exchange, but they are not expected to know how to use both. Different components are used while assessing the financial literacy levels of individuals.

In a study conducted by Atkinson and Messy (2012) with the support of OECD, a broader definition was made for financial literacy, and financial literacy was measured as a composition constituted by the consciousness, knowledge, talent, attitudes and behaviours necessary for being able to make financial decisions and ultimately reach financial prosperity. It was proposed that the components of financial literacy are financial knowledge, financial attitudes and financial behaviours. In this study, the financial knowledge, behaviour and attitude components were used to determine the level of financial literacy.

Previous Studies on Financial Literacy

Financial literacy is considered as one of the fields of literacy required by the digital age. In today's world where rapid transformations, innovations and a large data flow are experienced, while financial literacy has become a globally significant phenomenon, it is also one of the most important topics in the finance literature which has been most research and discussed and on which various studies have been conducted. In this part of the study, information on some studies on the topic of financial literacy may be seen in table 1.

Table 1. Financial Literacy Literature

Author(s)	Year	Method	Results
Chen and Volpe	1998	University/ Survey	Financial literacy levels of women, people with less education and those under 30 years of age are people's financial literacy level is low.
Cude, Lawrence, Lyons, Metzger, LeJeune, Marks and Machtmeset	2006	University/online survey	Individuals' financial decisions are affected by family.
Kieschnick	2006	High school / survey	Self-confidence and financial literacy level have a positive relationship.
Worthington	2006	Austrian Households/ telephone survey	Financial literacy levels of people at ages of 50-60, workers, farmers and those graduated from university are high.
Furtuna	2007	University / survey	Financial literacy level of the unemployed and women are low.
OECD	2009	18-countries/ university	The level of financial literacy is different for each country.
Lusardi, Mitchell and Curto	2010	University / survey	The family situation (rich or poor) affects level of financial literacy.
Ansong and Gyensare	2012	University / survey	Family's education level affects students positively.
Atkinson and Messy	2012	14 countries /survey	Most people have financial knowledge but their knowledge and interest level is different for each country.
Ergün, Şahin and Ergin	2014	Public university / survey	There is mainly a relationship between financial literacy and demographic characteristics.
Er, Temizel, Özdemir and Sönmez	2014	5 public universities / survey	32% have high, 30% have medium, 16% have low financial literacy levels.
Bayram	2014	Public University /survey	Financial literacy levels of students taking finance and accounting course are higher than students of other departments.
Potrich et al.	2015	Households /survey	67.1 % were classified as having a low financial literacy level.
Çam and Barut	2015	Public University /survey	Financial literacy level is so low.
Alkaya and Yağlı	2015	Public university/ survey	There is a significant relationship between financial behaviour and financial attitudes.
Çelikkol and Çelikkol	2015	Public university/ survey	Financial literacy level of girls is higher compared to boys.
Dilek, Küçük and Eleren	2016	Public university / survey	In department comparisons, economics students have higher financial literacy levels than others.

Table 1. Financial...

Author(s)	Year	Method	Results
Danişman, Sezer and Gümüş	2016	Turkish students (390) / survey	Financial literacy level is basic.
FODER	2017	Survey /Households	Financial literacy level is 70%.
Çam, Ayaydın, Çam and Akdeniz	2018	TR90 Households/survey	Income and education levels have a positive relationship with financial literacy levels.
Boz	2019	Student's Family member/ survey	Students' family members have high levels of financial literacy.
Bağcı and Arabacı	2019	Public University /survey	Students have a low financial literacy level due to lack of calculating abilities.

Source : compiled by the author.

Considering the studies that have been conducted, the topic of financial literacy is a topic that has newly become popular in Turkey. Studies in Turkey have usually focused on determining the financial literacy levels of university students and academic personnel and whether or not they have a relationship with demographic characteristics. Looking at the international literature, it is seen that studies may be traced back to older dates, while this concept has been studies since the 20th century. While similar studies are seen in the literature in Turkish, it was determined that, in the international literature, studies have also been conducted on topics such as determining the financial literacy levels of high school students and retired individuals. In this part of the study, a broad literature review was carried out, and what kind of improvement can be made on the topic was focused on.

RESEARCH METHODOLOGY AND RESEARCH PROCESS

Data

In this study, which was carried out to determine the financial literacy levels in Turkey, a questionnaire was applied on randomly selected households living in 12 provinces located in the LEVEL 1 region determined by the Turkish Statistical Institute (TÜİK).

The questionnaire application included 1000 individuals, and the questions were directed to the participants via telephone and face-to-face interviews. The questionnaire implementation process started in March 2018 and ended in July 2018. The questions in the questionnaire that was used in the study were compiled from those used in the studies by van Rooij, Lusardi and Alesie (2011) and Potrich, Vieira and Kirch (2015). The questionnaire consisted of four parts. Questions on determining financial knowledge (8 questions), financial behaviour (27 statements) and financial attitude (10 statements) and current financial knowledge (8 questions) were asked of the participants. The questions on financial knowledge and current financial knowledge were multiple-choice questions with three options each, while the statements on financial behaviour and attitude were 5-point Likert-type (absolutely disagree, disagree, undecided, agree, absolutely agree) statements. The eight questions that were asked to determine the financial knowledge of the individuals responding to the questionnaire were questions on topics such as simple mathematical operation, time value of money, inflation, interest calculation and risk and diversification. The questions on current financial knowledge were those that measured topics such as blockchain and exchange rates. At the next stage of the study, the relationship between financial literacy and sociodemographic characteristics was aimed to be determined.

METHODOLOGY

Econometric Model

In this study that aimed to determine the financial literacy levels in Turkey, Logit regression analysis was carried out to reveal the relationship between the independent and dependent variables. In this study, the Stata MP 14 (64 bit) was used for analysis. Nonparametric scale and ordinal variables were described with frequency analysis, whereas scale parameters were described with means and standard deviations. Crosstabulation and Chi-Square analysis were used for contingency tables. Spearman's rho correlation was used for correlation matrix for study parameters. Logit model with margin effects were used for analysis for research question. The main equation was given as in the follows:

Financial Literacy

$$\begin{aligned}
&= \beta_0 + \beta_1 \text{ Gender} + \beta_2 \text{ Age} + \beta_3 \text{ Marital status} \\
&+ \beta_4 \text{ Number of family members} + \beta_5 \text{ Education} + \beta_6 \text{ Income} \\
&+ \beta_7 \text{ Number of income person} + \beta_8 \text{ House income} + \beta_9 \text{ Worker}
\end{aligned}$$

Research Hypotheses

When financial literacy was considered within a theoretical framework and in the light of the literature review that was carried out, the following hypotheses were formed.

- H₁: Gender has a statistically significant predictive effect on level of financial literacy.
- H₂: Age has a statistically significant predictive effect on level of financial literacy.
- H₃: Marital status has a statistically significant predictive effect on level of financial literacy.
- H₄: Number of family members has a statistically significant predictive effect on level of financial literacy.
- H₅: Education has a statistically significant predictive effect on level of financial literacy.
- H₆: Income has a statistically significant predictive effect on level of financial literacy.
- H₇: Number persons with income has a statistically significant predictive effect on level of financial literacy.
- H₈: Household income has a statistically significant predictive effect on level of financial literacy.
- H₉: Working condition has a statistically significant predictive effect on level of financial literacy.

Empirical Results and Discussion

The demographic characteristics of the participants are presented in the table 2.

Table 2. Demographic characteristics

	Frequency (n)	Percent (%)
Gender		
Female	306	30.6
Male	694	69.4
Age		
18-24	33	3.3
25-34	243	24.3
35-44	335	33.5
45-54	247	24.7
55-64	101	10.1
65+	41	4.1
Marital status		
Married	752	75.2
Single	205	20.5
Divorced	43	4.3
Educational level		
Literacy	4	0.4
Primary school (5 years)	57	5.7
Primary school (8 years)	46	4.6
High School	212	21.2
Vocational School	96	9.6
Bachelor's Degree	463	46.3
Post Degree (master and Ph.D)	122	12.2
Number of family members		
1	83	8.3
2	183	18.3
3	275	27.5
4	319	31.9
More than 4	140	14.0

Table 2. Demographic...

	Frequency (n)	Percent (%)
<i>Number of revenue generating family members</i>		
1	437	43.7
2	495	49.5
3	50	5.0
4	15	1.5
More than 4	3	0.3
<i>Income</i>		
No	160	16.0
Less than 1.603 TL	52	5.2
1.604 TL-2.600 TL	139	13.9
2.601 TL- 3.600 TL	150	15.0
3.601 TL- 4.600 TL	129	12.9
4601 TL- 5.600 TL	108	10.8
More than 5.601 TL	262	26.2
<i>Household's Income</i>		
Less than 1.603 TL	24	2.4
1604 TL-2600 TL	73	7.3
2601 TL- 3600 TL	112	11.2
3601 TL- 4600 TL	121	12.1
4601 TL- 5600 TL	118	11.8
5601 TL and over	552	55.2
<i>Who is the decision maker about financial action?</i>		
You	383	38.3
You and your wife	456	45.6
Wife	46	4.6
You and other family members	115	11.5

Table 2. Demographic...

	Frequency (n)	Percent (%)
Working status		
Non-worker	251	25.1
Worker	749	74.9

Source: compiled by the author.

30.6% of the participants in the study are women and 69.4% are men. 3.3% of participants between 18-24, 24.3% between 25-34, 33.5% between 35-44, 24.7% between 45-54, 10.1% between 55-64, 4.1% has 65 and over age. 75.2% of the participants are married, 20.5% are single and 4.3% are divorced. While 0.4% of the participants are literate; 5.7% have 5-year primary school, 4.6% 8-year primary school, 21.2% high school, 9.6% associate degree, 46.3% undergraduate and 12.2% graduate education. 8.3% of the participants have one other than their own, 18.3% two, 27.5% three, 31.9% four, 14.0% over 4 family members. 5.2% of the participants are below 1603 TL, 13.9% between 1604-2600 TL, 15.0% between 2601-3600 TL, 12.9% between 3601-4600 TL, 10.8% between 4601-5600 TL 26.2% of them have 5601 TL and above income. 2.4% of the participants are below 1603 TL, 7.3% between 1604-2600 TL, 11.2% between 2601-3600 TL, 12.2% between 3601-4600 TL, 11.8% between 4601-5600 TL 55.2% of them have family income of TL 5601 and above. While 38.3% of the participants made financial decisions themselves, 45.6% of them stated that they made them with their spouses, 4.6% of them made their spouses and 11.5% of them agreed with the family. 74.9% of the participants stated that while working 25.1% stated that they were not working.

Correlation matrix of study variables is given in the table 3.

Table 3. Correlation matrix of study variables (Spearman's rho Test)

	Age	Marital status	Education	N. of family members	N. of income person	Income	House income
Marital status	-0.150**						
Education	-0.097**	0.006					
N. of family members	0.001	-0.402**	-0.199**				
N. of income person	-0.029	-0.057	0.152**	0.229**			
Income	0.043	-0.047	0.274**	-0.043	0.028		
House income	-0.050	-0.122**	0.347**	0.086**	0.303**	0.436**	
Working	-0.393**	-0.008	0.233**	0.041	0.153**	0.402**	0.288**

** p < 0.01

Source: compiled by the author.

There is a statistically significant and negative relationship between the participants' ages and marital status, education and employment status ($p < 0.01$). There is a negative relationship between marital status and number of family members and household income ($p < 0.01$). There is a positive relationship between the number of individuals in the family and the income generating family and household income ($p < 0.01$). There is a positive relationship between the number of income earners and household income and working status ($p < 0.01$). There is a positive relationship between income and household income and working status ($p < 0.01$). There is a positive relationship between household income and working status ($p < 0.01$). Contingency results explaining financial literacy and explanatory variables are given in the table 4.

Table 4. Contingency tables – financial literacy x explanatory variables

	Low (n=471; %47.1)		High (n=529; %52.9)		X ²	p
	f	%	f	%		
Gender						
Female	177	57.8	129	42.2	20.424	0.000
Male	294	42.4	400	57.6		

Table 4. Contingency...

	Low (n=471; %47.1)		High (n=529; %52.9)		X ²	p
	f	%	f	%		
Age						
18-24	26	78.8	7	21.2		
25-34	131	53.9	112	46.1		
35-44	153	45.7	182	54.3	26.900	0.000
45-54	110	44.5	137	55.5		
55-64	39	38.6	62	61.4		
65+	12	29.3	29	70.7		
Marital status						
Married	334	44.4	418	55.6		
Single	115	56.1	90	43.9	9.122	0.010
Divorced	22	51.2	21	48.8		
Educational level						
Literacy	3	75.0	1	25.0		
Primary school (5 years)	38	66.7	19	33.3		
Primary school (8 years)	28	60.9	18	39.1	26.312	0.000
High School	116	54.7	96	45.3		
Vocational School	44	45.8	52	54.2		
Bachelor's Degree	193	41.7	270	58.3		
Post Degree (master and Ph.D)	49	40.2	73	59.8		
Number of family members						
1	42	50.6	41	49.4		
2	89	48.6	94	51.4	2.678	0.613
3	131	47.6	144	52.4		
4	139	43.6	180	56.4		
More than 4	70	50.0	70	50.0		
Number of revenue generating family members						
1	211	48.3	226	51.7		

Table 4. Contingency...

	Low (n=471; %47.1)		High (n=529; %52.9)		X ²	p
	f	%	f	%		
2	233	47.1	262	52.9	3.181	0.528
3	18	36.0	32	64.0		
4	7	46.7	8	53.3		
More than 4	2	66.7	1	33.3		
Income						
No	87	54.4	73	45.6		
Less than 1603 TL	28	53.8	24	46.2		
1604 TL-2600 TL	75	54.0	64	46.0	11.146	0.084
2601 TL- 3600 TL	65	43.3	85	56.7		
3601 TL- 4600 TL	57	44.2	72	55.8		
4601 TL- 5600 TL	49	45.4	59	54.6		
More than 5601 TL	110	42.0	152	58.0		
Household's Income						
Less than 1603 TL	9	37.5	15	62.5		
1604 TL-2600 TL	39	53.4	34	46.6		
2601 TL- 3600 TL	59	52.7	53	47.3	4.253	0.514
3601 TL- 4600 TL	57	47.1	64	52.9		
4601 TL- 5600 TL	57	48.3	61	51.7		
5601 TL and over	250	45.3	302	54.7		
Who is the decision maker about financial action?						
You	176	46.0	207	54.0		
You and your wife	202	44.3	254	55.7	9.010	0.029
Wife	27	58.7	19	41.3		
You and other family members	66	57.4	49	42.6		
Working status						
Non-worker	114	45.4	137	54.6	0.380	0.537
Worker	357	47.7	392	52.3		

Source : compiled by the author.

57.8% of women and 42.4% of men have low financial literacy knowledge, this difference is statistically significant ($p < 0.05$). 78.8% of those aged 18-24, 53.9% of those aged 25-34, 45.7% of those aged 35-44, 44.5% of those aged 45-54, 55- 38.6% of those aged between 64 and 29.3% of those aged over 65 have financial literacy knowledge, this difference is statistically significant ($p < 0.05$). 44.4% of married participants, 56.1% of single participants, 51.2% of divorced participants have low financial literacy knowledge and these differences are statistically significant ($p < 0.05$). 75.0% of literate people, 66.7% of 5-year primary school graduates, 60.9% of 8-year primary school graduates, 54.7% of high school graduates, 45.8% of associate degree graduates, 41.7% of graduate graduates, graduate graduates 40.2 of them have financial literacy knowledge and this difference is statistically significant ($p < 0.05$). 50.6% of those who have a person outside their family, 48.6% of those who are two, 47.6% of those who are three, 43.6% of those who are four, 50.0% of those who are more than four individuals have lower financial literacy knowledge, however, these differences are not statistically significant ($p > 0.05$). 48.3% of those who have income from their own family, 47.1% of those who are two, 36.0% of those who are three, 46.7% of those who are four, 66.7% of those who are more than four individuals have lower financial literacy knowledge, but these differences are not statistically significant ($p > 0.05$). 53.8% of those with a monthly income of 1603 TL and below, 54.0% of those between 1604-2600 TL, 43.3% of those with 2601-3600 TL, 44.2% of those between 3601-4600 TL, those between 4601-5600 TL 45.4%, 42.0% of those with TL 5601 and above have low financial literacy knowledge and this difference is not statistically significant ($p > 0.05$). 37.5% of households with household income of 1603 TL and below, 53.4% of those between 1604-2600 TL, 52.7% of those with 2601-3600 TL, 47.1% of those between 3601-4600 TL, 4601-5600 TL 48.3% of the ones, 45.3% of those with TL 5601 and above have low financial literacy knowledge and this difference is not statistically significant ($p > 0.05$). 46.0% of those who make the decisions themselves in the family, 44.3% of themselves and their spouses, 58.7% of the spouses and 57.4% of family members have low financial literacy level and this difference is statistically significant ($p < 0.05$). 45.4% of those who do not work and 47.7% of employees have low financial literacy level and these differences are not statistically significant ($p > 0.05$).

Logit nonlinear results for research parameters and financial literacy are given in the table 5.

Table 5. Logit nonlinear result for research parameters and financial literacy

	Logit			
	Model		Marginal effects	
	Coefficient	p	Coefficient	p
Gender	0.646	0.000*	0.149	0.000*
Age	0.241	0.000*	0.055	0.000*
Marital status	-0.150	0.270	-0.034	0.269
Living family mem.	0.067	0.313	0.015	0.312
Education	0.297	0.000*	0.068	0.000*
Income	0.044	0.256	0.010	0.255
N. of income person	0.028	0.798	0.006	0.798
House income	-0.060	0.153	-0.014	0.152
Working	-0.335	0.094	-0.077	0.092
Constant	-2.989	0.000*		
X2	78.38			
X2 p	0.000			
R2	0.057			
Log likelihood	-652.274			
Observation	1000			

Source : compiled by the author.

In the logit model, the contribution of gender, age and education on the level of financial literacy is statistically significant ($p < 0.05$). The marginal effect results are also compatible with the results obtained in the logit model. In the logit model, the effect of gender, age and education was positive. Since the ranking for gender is coded as female-male, the level of financial literacy increases when gender passes from female to male. This situation is also seen in Table 4. Since age and education parameters are coded increasingly, financial literacy level increases with age and education. The explanatory power of the model is 0.057, and the model is significant in predicting the relationship between financial literacy and demographic characteristics (X^2 : 78.38; $p < 0.01$). Moreover, in

the model, the hypotheses H_1 , H_2 and H_5 were accepted, whereas the hypotheses H_3 , H_4 , H_6 , H_7 , H_8 and H_9 were rejected. Considering the results on the hypotheses in detail, in their studies, Chen and Volpe (1998), Lusardi and Mitchell (2007), Agarwal, Driscoll, Gabaix and Laibson (2009), Lusardi and Mitchell (2011), Atkinson and Messy (2012), OECD (2013), Brown and Graf (2013), Mahdzan and Victorian (2013) and Potrich et al. (2015) accepted the hypothesis " H_1 : Gender has a statistically significant predictive effect on level of financial literacy." They explained the effect of gender on financial literacy as that women are financially less literate than men. This situation supported the results on the hypothesis in this study. Additionally, Agarwal et al. (2009), Lusardi and Mitchell (2011), Atkinson and Messy (2012), OECD (2013) and Scheresberg (2013) accepted the hypothesis " H_2 : Age has a statistically significant predictive effect on level of financial literacy." This situation showed that younger individuals are less financially literate than older individuals, and as age increases, people are more likely to become more financially literate. In addition to this, the increased experiences of individuals who are older makes a positive contribution to the increase in their financial literacy levels. This study also supported this hypothesis, but Potrich et al. (2015) rejected it. Research (2003), Calamato (2010) and Brown and Graf (2013) obtained results supportive of the hypothesis " H_3 : Marital status has a statistically significant predictive effect on level of financial literacy." This was stated in their studies as single individuals are less financially literate than married individuals. The results obtained by this study and the study by Potrich et al. (2015) were similar, and they rejected the hypothesis H_3 . Servon and Kaestner (2008) and Mottola (2013) obtained results supportive of the hypothesis " H_4 : Number of family members has a statistically significant predictive effect on level of financial literacy." They argued that, as the number of individuals living in a household increases, the financial literacy level is lower. However, in this study, they hypothesis H_4 was rejected. Furthermore, Chen and Volpe (1998), Hogarth (2002), Lusardi and Mitchell (2011) and Mahdzan and Victorian (2013) obtained results that supported the hypothesis " H_5 : Education has a statistically significant predictive effect on level of financial literacy." It was determined that individuals who have undergraduate and postgraduate degrees are more financially literate than those with high school or primary school degrees. This finding was similar to those in this study. Monticone (2010), Hastings and Mitchell (2011) and Atkinson and Messy (2012) found results that supported the hypotheses " H_6 : Income has a statistically significant predictive effect on level of financial literacy" and " H_7 : Number of persons

with income has a statistically significant predictive effect on level of financial literacy." It was observed that individuals with lower income have lower financial literacy levels. On the other hand, this study and the study by Potrich et al. (2015) did not obtain results that supported the aforementioned hypotheses and the hypothesis "*H₈: Household income has a statistically significant predictive effect on level of financial literacy.*" Chen and Volpe (1998), Research (2003), Kim and Garman (2004) and Calamato (2010) obtained results supportive of the hypothesis "*H₉: Working condition has a statistically significant predictive effect on level of financial literacy,*" but neither this study nor the study by Potrich et al. (2015) could find a statistically significant relationship.

■■■ CONCLUSIONS AND RECOMMENDATION

The purpose of this study was to explain the significance and components of financial literacy for the purpose of increasing the financial literacy levels of financial consumers. In the scope of the study, the relationship between the financial literacy levels and sociodemographic characteristics of individuals living in the LEVEL 1 region of Turkey was investigated. As a result, a significant and positive relationship was determined between financial literacy and the variables of gender, age and educational status. Accordingly, men were found to have higher financial literacy levels than women. It was additionally determined that the financial literacy levels of individuals with postgraduate degrees were higher, while the financial literacy levels of individuals at the ages of 18-24 were lower. In this study, among the participants of the questionnaire, the financial literacy levels of 52.9% were high, while those of 47.1% were low. This situation reveals the necessity of conducting work to increase the financial knowledge and financial literacy levels in Turkey. This way, in societies whose financial literacy levels increase, responsible saving tendencies will increase. It is considered that, as a result of this, increased investments will create a significant effect on growth. Realizing this situation is a long-term process. What needs to be done in this process may be to establish and infrastructure. For example, such an infrastructure may include offering courses containing basic finance knowledge at educational institutions on the level of high schools, including compulsory financial literacy courses in the first year curricula of all departments regardless of field and constantly keeping this issue in the agenda on the print and visual media. In the case that such efforts are made, not only

will the financial literacy levels in Turkey start to rise in the medium run, but a healthier responsibility of saving will also start to develop. In a longer term, several positive effects of this on Turkey's economy will be observe.

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