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Dear Jennifer:

As a student of the Faculty of Arts at the University of British Columbia, I have prepared a feasibility analysis of the need to improve financial literacy amongst Arts students.

In my research, I have discovered that many students are not confident in their financial abilities, and are not prepared for the future. Many have also expressed an interest in the improvement of financial awareness at the university.

As an Economics major who seeks to pursue a career in the financial industry, I am very interested in your opinions on this issue. Could you possibly find time to read through my analysis and arrange a time to discuss the options I have suggested to combat this issue? I can be reached via my email: [cmrnchw@gmail.com](mailto:cmrnchw@gmail.com)

Regards,

Carmen Chow

# **Feasibility Analysis of the Need to Improve Financial Literacy Amongst Arts Students**

for

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**Abstract**

Financial illiteracy is a growing problem among young adults. A large percentage of students in the Faculty of Arts at the University of British Columbia are not confident in managing their own finances in the future.

Many Arts students agree that the university should raise more awareness on money management and that there should be a form of financial education made available to the students' discretion.

There are several possible solutions already being implemented in various institutions in North America that have seen positive results in improving the financial literacy of university students. These solutions should be implemented or be improved within the university.

## **I. Introduction**

Even though money has become an integral part of a person's daily life, it is astounding at how little the average person understands even the most basic financial concepts. Many people today are faced with serious problems relating to how to handle their budgets and how to efficiently grow their money. As a result, the quality of life may be effected for these people. It is an issue that many adults have trouble understanding, and is even more prevalent in students.

Students attending the University of British Columbia are no exception. With the cost of post-secondary education increasing by as much as 2% every year due to inflation, many students are finding themselves in a massive debt by the time they graduate. Without proper financial education, it is becoming increasingly difficult for students to effectively lead a desirable lifestyle when they lack basic management knowledge (Britt & Durband, 2012, p. v). Many students from the Faculty of Arts, in particular, consider themselves as being financially illiterate.

The introduction of financial literacy programs into universities and colleges is not a new concept. There are already many programs that have been integrated into the post-secondary school system, with a positive correlation between schools that have implemented this program, and an increase in financial awareness amongst its students. As Rooney (2017), the financial literacy leader at the Financial Consumer Agency of Canada suggests, "financial literacy programs work – if they're done right".

This report analyzes the feasibility of introducing such a program being made available to all students, with a focus on students in the Faculty of Arts. Information that has been gathered include:

- A survey determining the average level of financial literacy (Arts students only)
- Verbally asking random students that did not complete the survey (Not limited to Arts students)

## **II. Data Section**

### **Survey Results**

To determine the average level of financial literacy among Arts students at UBC, and to determine the best solution in raising financial awareness, questions have been compiled into the form of a survey, answered anonymously by thirty randomly selected Arts students. The survey includes a complete definition of financial literacy as well as a notice of confidentiality.

Please refer to Appendix A for a sample of the format of the survey questions.

#### Determining the Financial Literacy Among Art Students:

According to Investopedia, financial literacy is defined as, “the confluence of financial, credit, and debt management and the knowledge that is necessary to make financially responsible decisions – decisions that are integral to our everyday lives”. While answering the questions, students were aware that being financial literate includes the knowledge of balancing a budget, managing debt, growing and saving money, and

planning for the future. It includes knowing how to purchase a home, funding children's education, as well as preparing for retirement.

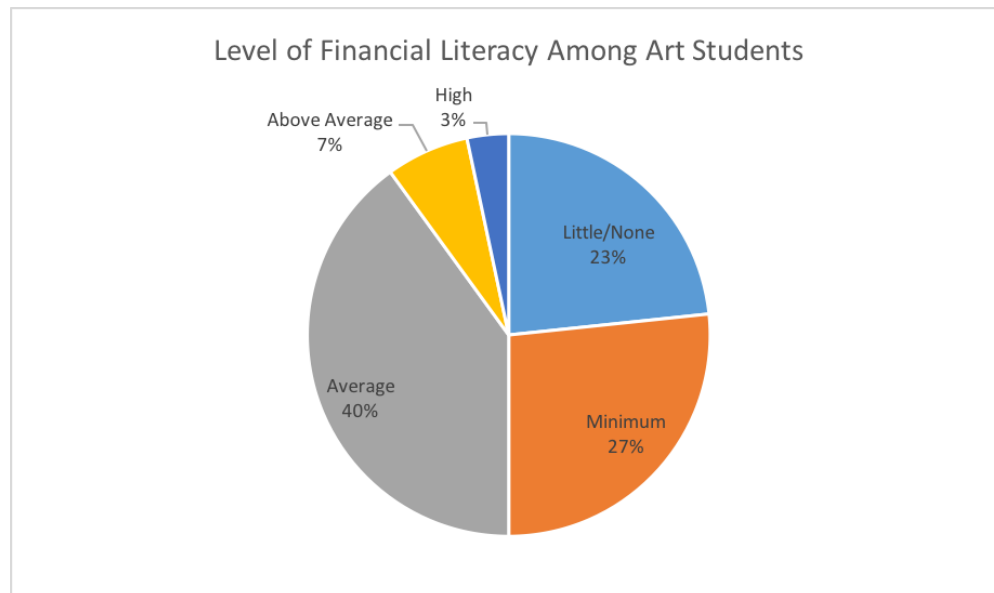


Figure 1: A chart demonstrating the surveyed Arts students' views on their personal financial literacy. Here, "above average" and "high" are considered being quite knowledgeable, whereas "little/none", "minimum", and "average" depicts a student's unfamiliarity of finance.

As the data suggests in Figure 1, only 10% of students are confident in their financial ability, showing a serious case of financial illiteracy. This is a growing concern as students may gradually experience a growing difficulty in managing finances. Because many students are already in debt from student loans, it is especially important for students to understand the concepts of managing debt. While practises such as preparing for retirement may appear to be too distant in the future for the average student to worry about, it is essential for students to be knowledgeable in the most basic financial concepts of managing debt and growing their money.

It is also important to note that this is the surveyed student's opinion of their own level of financial literacy. As the characteristics for each choice were not listed, it may reflect an overconfidence of ability.

Concerns and Opinions of Students:

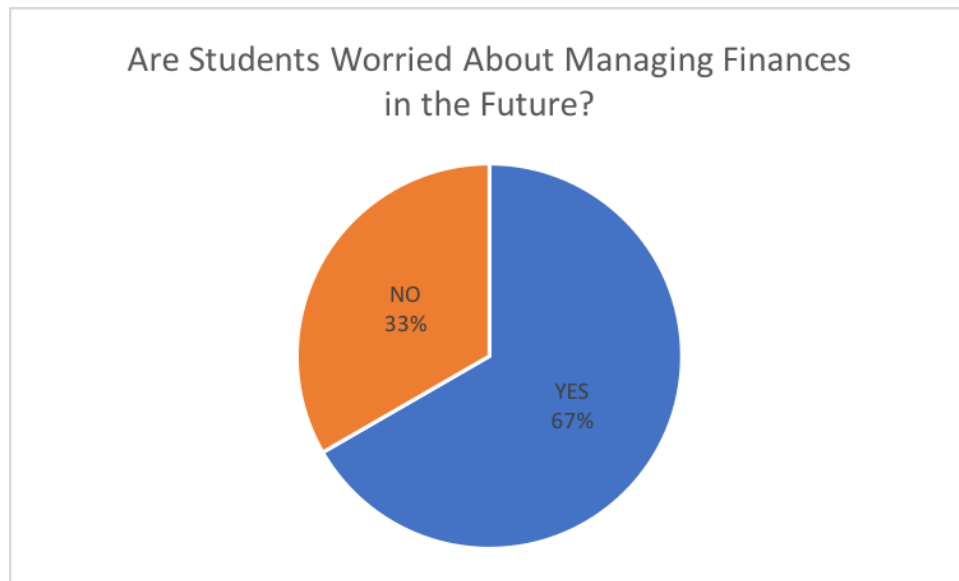


Figure 2: A chart demonstrating the surveyed Arts students' worries about managing personal finances in the future.

A majority of students have expressed a concern in managing personal finances in the future. It is an issue that clearly needs to be addressed.

**Possible Solutions**

It is favourable to the students that a service should be made available to aid students on financial needs. As many students acquire their financial knowledge through online sources or from family and friends, it is important to consider this information when improving the financial sources for the students. It is also important to consider

providing different options for students so that they are able to choose one that they are most comfortable with.

The following options should be considered to improve this financial literacy crisis:

1. Introducing a new course
2. Improve the financial education workshops

Option 1: Introducing a new course

UBC already offers a large selection of courses to prepare students on how to handle person finances, such as “Income Taxation” and “Taxes and Decision Making”. However, these courses are restricted to students from the Faculty of Commerce and Business Administration. Just as there are oceanography courses made available to students who are not in the Faculty of Science, and English technical writing courses offered to students who are not majoring in English, an introduction of a financial course adjusted towards Arts students should be made available.

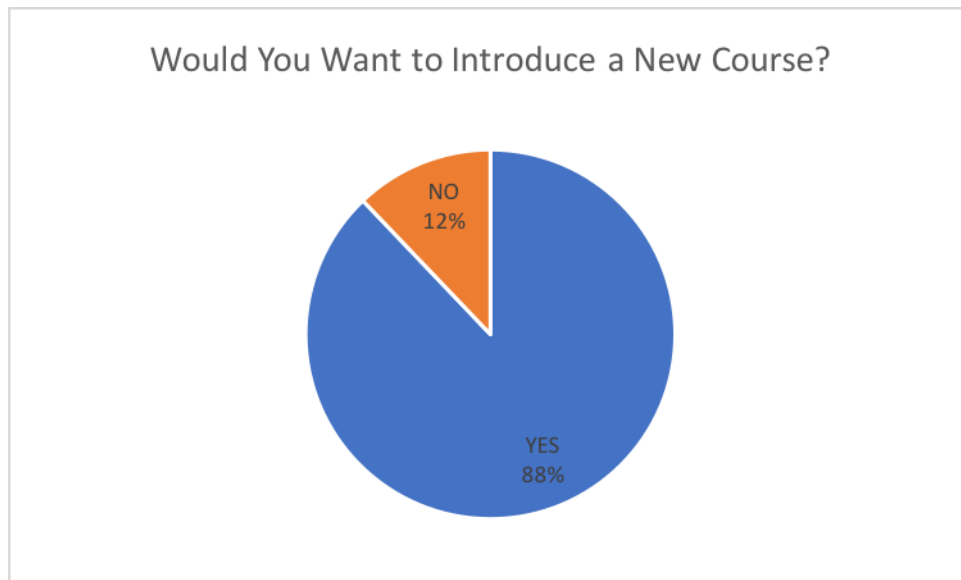


Figure 3: A chart demonstrating the surveyed students' opinion on offering non-Commerce restricted courses to educate students from other faculties on general "adult" needs, such as taxes, mortgage, loans, credit score, retirement, and savings.

As shown in Figure 3, a staggering 88% of the surveyed students agreed that the university should offer a course to educate them on finances including taxes, mortgages, loans, credit scores, retirement, and savings. In the comments section of the survey, an anonymous student has also expressed that while they would not be interested in such a course, it should be made available to students who are concerned about planning their finances, and that it should be set as an elective. Furthermore, through several short, verbally conducted interviews with random students on campus that were not in the Faculty of Arts, many have also expressed that such a course would be useful. Fifth year Faculty of Kinesiology student Karen Cheng agrees that, "[...] I may or may not take the course. But it's just good to have it there in case I need it." (personal interview, November, 2017).

This option may not be the best for all students, but as it is highly agreed upon that the option of introducing a new course should at least be made available, it is an option that should be considered. Further difficulties involving this solution is that it takes a lot of time, preparation, and dedication for a course to be approved.

#### Option 2: Improving the financial education workshops

The extent of UBC's financial resources include Enrolment Services Professionals (ESP) and financial workshops lead by Financial Wellness Peers (FWP). These ESP are there to help students exclusively understand their costs and support options, and to help them create a plan to fund their studies.

On the other hand, the FWP lead workshops help students learn more about understanding expenses, creating a practical budget, managing debit and credit cards, learning tips and tricks for smart spending, and being aware of available financial resources as a UBC student. While this is a good initiative in helping students manage their finances to pay for their schooling, the workshops could be improved so that students are able to learn a wider range of financial skills, including learning about mortgage, taxes, loans, Registered Retirement Savings Plan (RRSP), and Tax Free Savings Account (TFSA). This could be done by inviting licensed professionals to speak at workshops, as well as further training the peers.

Furthermore, an astounding 80% of the students are not aware of the university's existing financial workshops. This is possibly due to the poor promotion of these workshops, and should be prioritized if this option is considered. Some solutions to solving this problem include:

- Sending out emails to students in the Faculty of Arts
- Displaying flyers in areas of high student volume

Many institutions in North America have already implemented financial workshops. This opens up the opportunity to students who are most eager and in need to learn about financial planning. Compared to taking a course, students would not have to worry about grades or be under a possible stressful learning environment.

### **III. Conclusion**

#### **Summary of Findings**

Students from the Faculty of Arts have expressed a need in improving financial literacy. There are two options to help raise financial awareness: (1) introducing a new course, and (2) improving the financial workshops that UBC already has.

#### **Interpretation of Findings**

For students who prefer learning in a studious lecture setting, they will find it most beneficial for a course to be introduced. Students who prefer learning in an open, exam free environment may opt to learn their financial skills from improved workshops held at UBC.

## IV. References

Durband, Dorothy B. *Student Financial Literacy: Campus-Based Program Development*. Springer.

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Zucchi, Christina. "Why Financial Literacy is So Important." *Investopedia*, 10 Apr. 2017, [www.investopedia.com/articles/investing/100615/why-financial-literacy-and-education-so-important.asp](http://www.investopedia.com/articles/investing/100615/why-financial-literacy-and-education-so-important.asp).

## Appendix A

### SURVEY

*Financial literacy* is defined as, “the confluence of financial, credit, and debt management and the knowledge that is necessary to make financially responsible decisions – decisions that are integral to our everyday lives”. It is the knowledge of knowing how to balance a budget, managing debt, growing and saving your money, and planning for the future. It includes knowing how to purchase a home, funding for children’s education, and preparing for retirement.

This is an anonymous survey. Your answers will help determine the importance of improving financial literacy amongst students.

Questions:

1. Circle the number that indicates your level of financial literacy.

1	2	3	4	5
Little to None	Moderate	Average	Above Average	High

2. Where do you learn MOST about finance (savings, taxes, mortgage, loans, etc.), if any at all? (Check ONLY ONE)

☐ Family   ☐ Friends   ☐ Online   ☐ Books   ☐ Other (indicate: \_\_\_\_\_ )

3. Are you worried about managing your own finances in the future?

YES      NO

4. Do you believe that being more educated in personal finance would lessen your stress compared to if you were not educated?

YES      NO

5. Would you want UBC to offer non-Commerce restricted courses to educate students from other faculties about general “adult” needs, such as taxes, mortgage, loans, credit score, retirement, and savings?

YES      NO

6. Are you aware of the financial workshops UBC is currently providing?

YES      NO

Comments: