The Role of Financial Literacy in Enhancing Financial Decision - Making Among Students at the University of Algiers 3

دورالثقافة المالية في تعزيزاتخاذ القرارات المالية بين الطلاب في جامعة الجزائر3

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Abstract: This research paper aims to investigate the influence of financial literacy on students' financial decision-making at the Faculty of Economics, Commercial, and Management Sciences, University of Algiers 3.
A survey conducted with 105 students yielded data that was subsequently analyzed using SPSS 26.
The findings reveal the pivotal role of financial literacy in refining financial decisions, particularly in money management, financial planning, risk assessment, and understanding the broader financial landscape.
The study recommends integrating financial education into academic programs, utilizing media and technology, while launching focused educational programs aimed at enhancing students' financial literacy.

Keywords: Financial literacy; Money management; Financial planning; Risk assessment; Financial landscape; University of Algiers 3.

Jel Classification Codes: A20 ; D14 ; D83 ; G11 ; I20.

الملخص باللغة العربية:
تهدف هذه الورقة البحثية إلى دراسة تأثير الثقافة المالية على اتخاذ القرارات المالية لدى الطلاب في كلية العلوم الاقتصادية والتجارية وعلوم التسيير بجامعة الجزائر 3.
ولتحقيق هذا الهدف، تم إجراء استبيان شمل 105 طلاب، حيث تم تحليل البيانات باستخدام برنامج **SPSS 26**.
تسلط النتائج الضوء على الدور المحوري للثقافة المالية في تحسين القرارات المالية، لا سيما في إدارة الأموال، والتخطيط المالي، وتقييم المخاطر، وفهم المشهد المالي بشكل أوسع.
توصي الدراسة بدمج التعليم المالي في البرامج الأكاديمية، والاستفادة من وسائل الإعلام والتكنولوجيا، وتنفيذ مبادرات تعليمية موجهة لتحسين الثقافة المالية لدى الطلاب.

الكلمات المفتاحية: الثقافة المالية؛ إدارة الأموال؛ التخطيط المالي؛ تقييم المخاطر؛ المشهد المالي؛ جامعة الجزائر 3.

تصنيفات Jel : A20 ; D14 ; D83 ; G11 ; I20

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1. INTRODUCTION

Research Background

In today's rapidly evolving financial world, financial literacy has become an essential skill, particularly for young adults who represent the future of economic growth. As financial markets grow increasingly complex, The capacity to make well-informed financial choices is increasingly important. Financial literacy not only improves personal financial health but also plays a key role in supporting overall economic stability by encouraging responsible financial practices.

Research Problem

Despite the widely recognized importance of financial literacy, limited research exists on its direct impact on financial decision-making among university students in Algeria. This research gap is concerning because insufficient financial knowledge can lead to uncalculated financial choices, which would negatively affect both individuals and the economy. Gaining insight into how financial literacy influences students' financial decisions is crucial for designing effective educational strategies.

Research Importance

This study investigates how financial literacy can significantly boost the financial decision-making skills of university students in Algeria. It specifically focuses on students from the Faculty. By doing so, the research contributes to the ongoing discourse on financial education and its role in empowering individuals to make well-informed financial decisions.

Aim and Objectives

The primary objective of this study is to investigate how financial literacy influences university students' ability to make sound financial decisions. Specifically, it aims to:

- Evaluate the role of financial literacy in effective money management and the execution of financial transactions.
- Evaluate its role in financial planning and management.
- Investigate its influence on understanding financial risks and rewards.
- Analyze how financial literacy assists students in navigating the broader financial landscape

Research Questions

The central research question guiding this investigation is:

How does financial literacy influence financial decision-making among students at the Faculty of Economic, Commercial, and Management Sciences, University of Algiers 3?

This question is further broken down into specific sub-questions to provide detailed answers:

1. To what extent does financial literacy impact decisions related to money management and transactions among students at the Faculty, with a statistical significance level of 0.05?
2. How does financial literacy affect decision-making related to financial planning and management at a statistical significance level of 0.05?
3. To what degree does financial literacy influence decisions concerning risks and rewards at a 0.05 statistical significance level?
4. How does financial literacy guide decisions about the financial landscape at a 0.05 statistical significance level?

Research Motivation

This study is driven by the growing recognition of financial literacy as a crucial element for ensuring economic stability and achieving personal financial success. As financial products and services become more complex, it is essential to provide young people with the knowledge and skills needed to manage their finances efficiently. The goal of this study is to bridge this gap by supporting financial education initiatives that enhances students' capacity to make informed financial decisions and improve their overall financial well-being.

Key Findings

The study demonstrates that financial literacy is essential in enabling informed decision-making across multiple financial areas, such as money management and financial planning, evaluating risks and grasping the wider financial context. These results highlight the need to embed financial literacy in academic programs while leveraging mass media and technology to enhance financial education.

Research Structure

This study is organized into four primary sections:

1. **Introduction**: This section includes the research background, problem statement, importance, objectives, research inquiries, the driving rationale, and the primary outcomes.
2. **Literature Review**: A detailed overview of the current literature on financial literacy and its impact on financial decision-making.
3. **Methodology:** This section presents the research design, explaining the sampling strategies and data collection methods employed in the study.
4. **Results and Discussion**: This section investigates and elucidates the research findings.

5. **Conclusion and Recommendations**: A concise overview of the study's primary insights, paired with suggestions for enhancing financial literacy.

2. LITERATURE REVIEW

2.1. The Role and Challenges of Financial Literacy in Modern Economies:

Financial literacy has gained significant attention in both academic and policy circles due to its increasing importance in navigating today's complex economic landscape. Despite its acknowledged significance, a universally accepted definition of financial literacy does not exist. Various scholars and institutions offer different interpretations, ranging from a narrow focus on financial knowledge and skills to broader definitions that include the attitudes and behaviors crucial for making sound financial decisions (Stolper & Walter, 2017; IOSCO, 2014; Lusardi, 2015). This lack of a clear, consistent definition complicates the process of measuring financial literacy and evaluating its influence on financial behavior. While some definitions concentrate on practical financial skills, such as budgeting and saving, others include psychological factors such as confidence and motivation (Contreras & Bendix, 2021). These divergent views highlight the challenges in designing effective financial education programs and formulating policy interventions.

The benefits of financial literacy are extensively documented in the literature. Research shows that it is crucial in supporting economic stability and enhancing public confidence in financial systems, and ensuring the resilience of financial institutions (Toronto Centre, 2018). Financially literate individuals are better equipped to engage with financial markets, access financial services, and protect themselves against fraud. These advantages underscore the critical role of financial literacy—not just for individuals but also for the broader economy. However, the success of financial literacy initiatives is not assured. Providing financial education does not always result in better financial decision-making or a decreased vulnerability to financial fraud (IOSCO, 2014). Insights from behavioral economics suggest that cognitive biases, lack of motivation, and other psychological barriers often hinder individuals from applying their financial knowledge effectively. This suggests that financial literacy, by itself, may not be enough to drive desired financial behaviors without additional regulatory and policy measures.

To tackle these challenges, frameworks like the G20/OECD INFE (2016) model have pinpointed the essential competencies for financial literacy. These encompass understanding money and transactions, effective financial

planning and management, risk assessment, and an awareness of the broader financial landscape. These elements are categorized into knowledge, skills, attitudes, and behaviors, providing a comprehensive approach to financial education. However, despite the structured nature of such frameworks, there are still gaps in understanding how these competencies interact and influence financial behavior in various populations and contexts.

2.2. Financial Literacy and Its Impact on Decision-Making:

Financial literacy plays a crucial role in influencing individual financial behaviors and decision-making processes. Studies suggest that individuals with a strong grasp of financial principles are more likely to make informed investment choices, effectively plan for retirement, and manage credit responsibly (Lusardi & Mitchell, 2014; Lusardi & Tufano, 2015). Moreover, educational interventions aimed at improving financial literacy have been demonstrated to positively affect financial behaviors, including saving and budgeting (Bernheim, Garrett, & Maki, 2001).

However, despite the extensive body of research on financial literacy, several gaps persist in the literature. Many studies fail to account for socio-economic factors—such as income, education, and cultural background—that can greatly impact an individual's level of financial literacy. For example, variations in financial literacy across different demographic groups may affect the success and efficacy of financial education programs (Lusardi & Mitchell, 2014). Furthermore, the empirical evidence on the outcomes of financial literacy programs is inconsistent. While some research demonstrates substantial improvements in financial behaviors, other studies report minimal or negligible changes (Hilgert & Hogarth, 2003). These inconsistencies highlight the necessity for further exploration into the impact of various educational methods and content on different populations.

Another area that remains underexplored is the role of financial literacy in understanding the broader financial environment, including economic trends, regulatory frameworks, and global financial systems. Much of the current research primarily focuses on individual financial decisions, such as saving and investing, while less attention is paid to how financial literacy influences decision-making in macroeconomic contexts. Adopting a more integrated approach to financial education—one that incorporates both personal financial management and broader economic factors—could help address these research gaps (Mandell & Schmid Klein, 2007).

Although the importance of financial literacy is widely recognized, challenges persist in defining, measuring, and improving it. The absence of a universally accepted definition complicates efforts to accurately assess

financial literacy, and the shortcomings of current educational programs highlight the need for complementary regulatory strategies. Future research should aim to standardize definitions, explore the interaction between different financial competencies, and develop more effective financial education strategies tailored to diverse populations. By addressing these challenges, policymakers and educators can better prepare individuals to navigate the complexities of contemporary financial systems.

3. METHODOLOGY

3.1. Research Design:

This research employed a survey-based methodology for data collection. The survey was designed based on previous studies that examined various dimensions of financial literacy and its impact on decision-making. The gathered responses were then analyzed to test the hypotheses of the study.

3.2. Hypotheses:

Hypothesis 1:

- **Null Hypothesis (H_0):** Financial literacy does not contribute to the rationalization of decisions related to money and transactions among the students at a 0.05 statistical significance level.
- **Alternative Hypothesis (H_1):** Financial literacy contributes to the rationalization of decisions related to money and transactions among the students at a 0.05 statistical significance level.

Hypothesis 2:

- **Null Hypothesis (H_0):** Financial literacy does not contribute to the rationalization of decisions related to financial planning and management at a 0.05 statistical significance level.
- **Alternative Hypothesis (H_1)**: Financial literacy contributes to the rationalization of decisions related to financial planning and management at a 0.05 statistical significance level.

Hypothesis 3:

- **Null Hypothesis (H_0):** Financial literacy does not contribute to the rationalization of decisions related to risk and reward assessment at a 0.05 statistical significance level.
- **Alternative Hypothesis (H_1):** Financial literacy contributes to the rationalization of decisions related to risk and reward assessment at a 0.05 statistical significance level.

Hypothesis 4:

- **Null Hypothesis (H_0)**: Financial literacy does not contribute to the rationalization of decisions related to the broader financial landscape at a 0.05 statistical significance level.

- **Alternative Hypothesis (H_1):** Financial literacy contributes to the rationalization of decisions related to the broader financial landscape at a 0.05 statistical significance level.

3.3. Study Population and Sample:

The research was conducted with students from the Faculty.

A sample of **105 students** was selected to participate in the study.

3.4. Study Instrument Design:

For this study, a structured survey was employed to assess how financial literacy shapes financial decision-making. The survey was divided into two parts.

1. **Section One:** This section collected demographic and academic details such as gender, age, academic level, and employment status.
2. **Section Two:** This part focused on evaluating the influence of financial literacy on decision-making across four key areas:
    - **Axis One:** Money management and transactions (8 statements).
    - **Axis Two:** Financial planning and management (8 statements).
    - **Axis Three:** Risk and reward assessment (8 statements).
    - **Axis Four:** The broader financial landscape (10 statements).

3.5. Preliminary Testing of the Instrument:

To verify the survey instrument's validity and reliability, a series of preliminary tests—including expert reviews and statistical evaluations—were performed.

3.5.1. Survey Validity

A group of experts thoroughly examined the survey to evaluate the clarity, relevance, and precision of its questions. Their valuable insights played a key role in fine-tuning the survey, ensuring it fully aligned with the research objectives.

3.5.2. Instrument Reliability

Cronbach's Alpha—a standard measure for internal consistency—was used to assess the questionnaire's reliability. With a value above 0.60 considered acceptable, the results confirmed that the instrument is dependable.

Additionally, the instrument showed strong stability, as the following table illustrates:

Table 1. Cronbach Alpha to measure the stability of the questionnaire

Questionnaire axes	Number of phrases	Cronbach's alpha coefficient
Money and Transactions	08	0.924
Planning and managing finances	08	0.915
Risks and Rewards	08	0.895
Financial Landscape	10	0.918
Total	**34**	**0.973**

Source: Compiled based on the findings of the SPSS 26 software.

The table above indicates that the complete questionnaire achieved an impressively high alpha coefficient, recorded at 0.973.This indicates that the instrument developed for this study is reliable and consistent across all its sections, making it suitable for use with the study sample.

3.5.3. Normal Distribution Test

The table below displays the outcomes of the Smirnov-Kolmogorov (S-K) test, which was carried out to evaluate the normality of the data distribution:

Table 2. The normal distribution test results

Survey axes	Test value	Sig
The first axis	0.054	0.200
The second axis	0.066	0.200
The third axis	0.060	0.200
The fourth axis	0.051	0.201
The questionnaire as a whole	0.053	0.203

Source: Compiled based on the findings of the SPSS 26 software.

Since each study area's probability value (Sig) exceeds the 0.05 threshold—as illustrated in the table below—the data distribution is regarded as normal. Consequently, parametric tests will be employed to evaluate the study's hypotheses.

3.5.4. Validity of Structural Consistency of the Study Tool

Ensuring structural consistency is a critical measure for evaluating a study instrument—it gauges how well the tool meets its intended objectives. Essentially, this form of validity indicates the degree to which each section aligns with the overall questionnaire scores, as shown in the table below.

Table 3. The validity of the structural consistency of the study tool

Questionnaire axes	Correlation coefficient	The Sig	The result
Money and Transactions	0.937**	0.000	statistically significant
Planning and managing finances	0.940**	0.000	statistically significant
Risks and Rewards	0.946**	0.000	statistically significant
Financial Landscape	0.952**	0.000	statistically significant

Source: Based on the findings from SPSS 26, this was prepared.

Table 3 illustrates that the correlation coefficients between each axis and the overall questionnaire score are statistically significant. This finding confirms that each axis is both valid and accurately aligned with its intended measurement.

3.6. Characteristics of the Study Sample

The table below succinctly presents a summary of the personal data for the study sample participants:

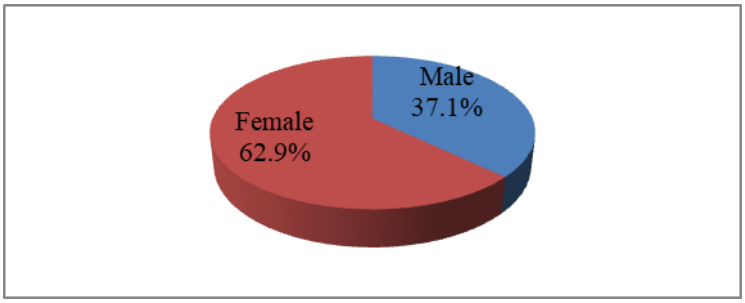
Table 4. Description of the study sample.

Variables	Category	Frequencies	Percentage
Gender	***Male***	39	37.1%
	Female	66	62.9%
Age	***less than 20 years***	12	11.4%
	Between 20 and 30 years old	59	56.2%
	More than 30 years	34	32.4%
University level	***Bachelor***	42	40.0%
	Master	47	44.8%
	PhD	16	15.2%
Employment status	***Employed***	41	39.0%
	Not employed	64	61.0%
The method adopted in answering	***knowledge acquired at the university***	82	78.1%
	Following the financial news	23	21.9%

Source: Compiled based on the findings of the SPSS 26 software.

Table 4 reveals that women make up 62.9% of the study sample, clearly indicating a predominantly female group. In contrast, men account for only 37.1% of the participants.

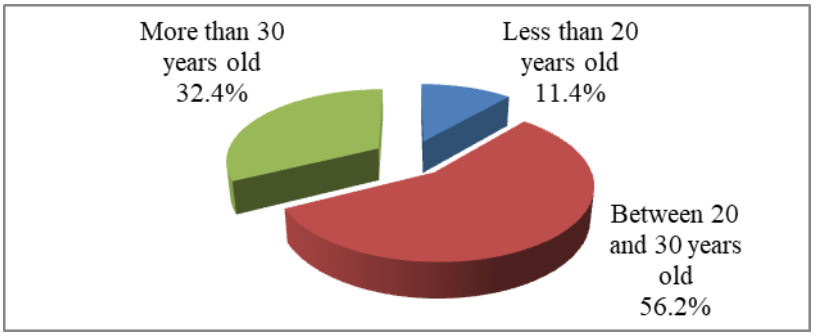
Fig. 1. Distribution of respondents according to gender



Source: Prepared based on Table 4.

It is also observed that approximately 56.2% of the study sample is between 20 and 30 years old, while 32.4% are over 30 years old. Around 11.4% of the respondents are approximately 20 years old.

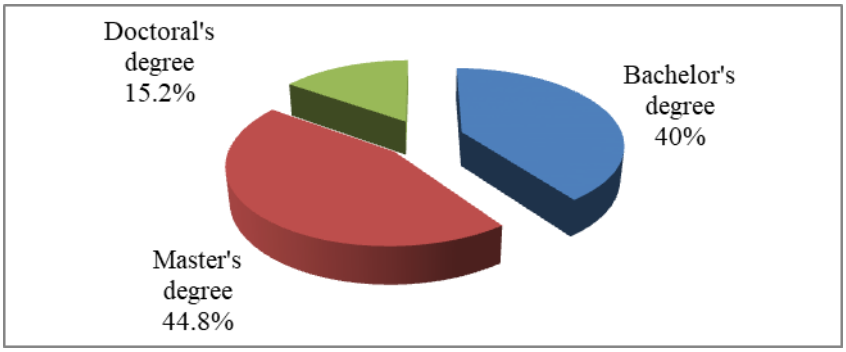
Fig. 2. Distribution of respondents according to age.



Source: Prepared based on Table 4.

Regarding the academic degree, the majority of the respondents hold a master's degree, accounting for 44.8%. This is followed by 40% of the students who hold a bachelor's degree. The smallest percentage, 15.2%, represents doctoral students.

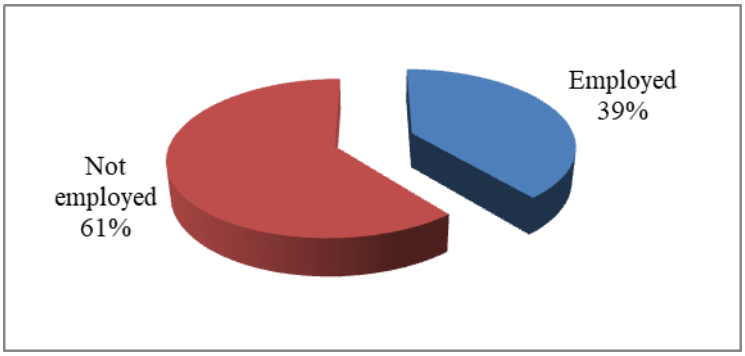
Fig. 3. Distribution of respondents by university level.



Source: Prepared based on Table 4.

In terms of employment status, it is observed that the largest percentage of respondents, 61%, are non-employed, compared to 39% of employed students.

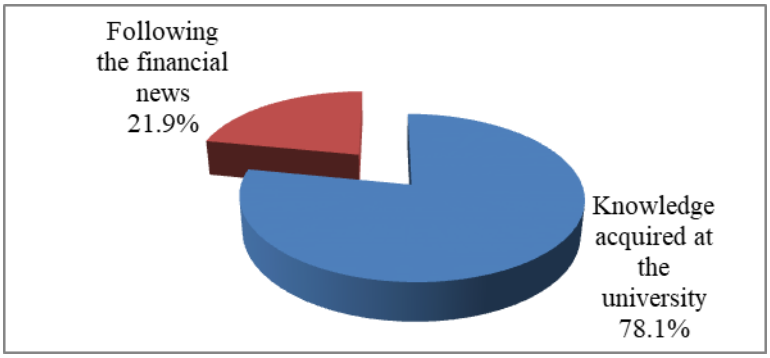
Fig. 4. Distribution of respondents according to employment status.



Source: Prepared based on Table 4.

Regarding the method of answering adopted by the study sample, it is noted that 78.1% of the respondents answered the questionnaire based on their academic knowledge. This is a high percentage compared to the respondents who answered based on their prior knowledge derived from financial news.

Fig. 5. Distribution of respondents according to the method adopted in the answer.



Source: Prepared based on Table 4.

4. RESULTS AND DISCUSSION

4.1. Analyzing the results of the study:

To assess the study's findings and capture the trend of respondents' answers, the survey employed a five-point Likert scale. Each statement was linked to a set of options: "strongly agree," "agree," "neutral – neither agree nor disagree," "disagree," and "strongly disagree." The criteria, derived from the questions' format and approach, are detailed in (Table 5):

Table 5. Five-point Likert scale.

Degree	Strongly agree	Agree	Neutral	Disagree	Strongly disagree
Level	5	4	3	2	1
Arithmetic average	4.20-5	4.19-3.40	3.39-2.60	1.80-2.59	1-1.79

Source: prepared by the researcher.

4.1.1. Analysis of the results of the money and transactions axis

This axis examines how financial literacy shapes the decision-making process regarding money and transactions among Faculty students. The findings are summarized in the table below:

Table 6. Descriptive statistics for the money and transactions axis.

The number	Phrases	Arithmetic average	Standard deviation	Answer direction
01	Understands that money exists in various forms, including digital currencies.	4.24	1.105	Strongly agree
02	Recognizes that the value of money can fluctuate over time and	4.17	0.985	Agree

	seeks strategies to mitigate the impact of inflation on saved funds.			
03	Is aware of different sources of income and actively seeks ways to increase it to meet current living expenses.	3.87	1.084	Agree
04	Has the ability to calculate and evaluate relevant unit prices for purchases, and understands that the prices of the same products or services can vary based on the seller, timing, or location.	3.88	1.141	Agree
05	Compares the prices of comparable products from various providers whenever possible.	3.90	1.123	Agree
06	Understands that alternatives, including second-hand options, often exist and can be more affordable.	4.12	1.080	Agree
07	Strives to buy products and services at reasonable prices and feels confident negotiating for a fair deal.	3.77	1.146	Agree
08	Comprehends the consequences of entering into a contract with a financial service provider and ensures a thorough understanding of the legal and financial terms and implications involved.	3.72	1.070	Agree
The arithmetic average of the money and transactions axis		3.9595	0.88363	Agree

Source: Compiled based on the findings of the SPSS 26 software.

Table 6 shows that the standard deviations fall between 0.88 and 1.14—figures that are generally regarded as low. This suggests that there is no significant dispersion in the respondents' answers. Additionally, the overall standard deviation for this axis was 0.88, a favorable value, indicating strong consistency in the responses of the study sample.

Furthermore, the table clearly shows that every study participant concurs with the statements evaluating how financial literacy enhances the rationalization of decisions concerning money and transactions. The weighted average for this axis was 3.9595, which falls within the "agree" range on the five-point Likert scale (3.40-4.19). As a result, it can be concluded that financial literacy significantly contributes to the

rationalization of decisions related to money and transactions occurring among the students.

4.1.2. Analysis of the results of the Planning and managing finances axis

This axis examines how financial literacy shapes students' reasoning in financial planning and management. The findings are neatly summarized in (Table 7).

Table 7. Descriptive statistics for the Planning and managing finances axis.

The number	Phrases	Arithmetic average	Standard deviation	Answer direction
01	Understands the concept of a budget, the methods for creating it, and how to calculate available funds for saving and spending.	3.75	1.036	Agree
02	Understands the importance of establishing savings goals and having a plan to reach them, along with the benefits of saving consistently and starting early.	3.76	1.105	Agree
03	Recognizes the difference between saving and investing and understands that certain investments are more liquid than others. Is aware that the value of investments can vary over time.	4.12	1.026	Agree
04	Recognizes the importance of considering long-term financial goals, even when short-term needs are pressing.	3.66	1.134	Agree
05	Understands the importance of planning for financial security beyond retirement age and acknowledges the need to start saving for retirement early.	3.72	1.139	Agree
06	Understands how credit obligations impact future disposable income and recognizes the importance of evaluating repayment capacity before taking on loans.	3.38	1.113	Agree
07	Recognizes the possible strain of debt and understands the relationship between current debt levels and future financial stability.	3.49	1.048	Agree
08	Knows where to seek assistance in	3.63	1.076	Agree

	managing debt and takes proactive steps to minimize or avoid debt problems.			
The arithmetic average for the finance Planning and management axis		3.6893	0.85960	Agree

Source: Compiled based on the findings of the SPSS 26 software.

Table 7 reveals that the standard deviations fall between 0.85 and 1.13, which are considered low values. These results indicate minimal variation in the responses of the participants. Additionally, the overall standard deviation for this axis is 0.85, demonstrating a remarkable degree of uniformity among the study sample's responses.

Based on the table, every study participant agreed with the statements designed to assess how financial literacy influences decision-making in financial planning and management. The weighted average for this axis was 3.6893, which falls within the Likert scale category of (3.40-4.19), indicating an "agree" rating. Therefore, it can be concluded that financial literacy significantly contributes to improving decision-making related to financial planning and management among the students.

4.1.3. Analysis of the results of the risks and rewards axis

This axis assesses how financial literacy influences the rationalization of decisions regarding risks and rewards among the students. The following table (Table 8) details the results.

Table 8. Descriptive statistics for risks and rewards axis.

The number	Phrases	Arithmetic average	Standard deviation	Answer direction
01	Aware of the financial risks involved, including both those associated with specific products and those that can be mitigated through insurance.	3.93	1.085	agree
02	Considers the impact of significant external factors—such as environmental, health, security, and economic issues—on personal financial stability.	3.30	1.117	agree
03	Confident in independently assessing risks without being overly influenced by marketing or media coverage.	3.94	1.090	agree
04	Knows how to establish a financial safety net and either	3.21	1.174	Strongly agree

	already has one or has a plan to create one.			
05	Understands the role of insurance in risk management and is motivated to invest in insurance to protect against financial consequences of negative events.	3.06	1.108	Agree
06	Recognizes that higher potential returns on investments are usually linked to an increased risk of financial loss.	3.50	1.202	Agree
07	Recognizes the financial risks and benefits involved in a decision that needs to be made.	4.15	1.142	Agree
08	Exhibits caution in pursuing high rewards without first evaluating the corresponding risks involved.	3.65	1.168	Agree
The arithmetic average of the risks and rewards axis		3.6179	0.85077	Agree

Source: Compiled based on the findings of the SPSS 26 software.

Table 8 illustrates that the standard deviations span from 0.85 to 1.20, reflecting a low variability in the sample's responses. These values suggest that there is little dispersion in the answers provided. Additionally, A standard deviation of 0.85 on this axis reveals a notably high consistency among the study sample's responses.

The table reveals that every participant in the study concurred with the statements assessing financial literacy's role in rationalizing decisions regarding risks and rewards. The weighted average for this axis was 3.6179, which falls within the Likert scale range of 3.40-4.19, indicating an "agree" level. Thus, it is clear that financial literacy plays a pivotal role in refining decision-making related to risks and rewards among the student sample.

4.1.4. Analysis of the results of the financial Landscape axis

This axis evaluates how financial literacy contributes to rational decision-making in the broader financial landscape among students.

The outcomes are summarized in the table below (Table 9):

Table 9. Descriptive statistics for the financial landscape axis.

The number	Phrases	Arithmetic average	Standard deviation	Answer direction
01	Has an understanding of the roles of key financial regulators and authorities.	3.41	1.080	Agree
02	Knows the responsibilities of financial service providers toward consumers and ensures that a provider is regulated, supervised, and insured before purchasing a product.	3.48	1.057	Agree
03	Acknowledges that financial consumers possess both rights and responsibilities and takes these into account when making decisions.	3.68	1.131	Agree
04	Recognizes that different sources offer information about financial products and services, and that some of these sources may be biased.	3.89	1.059	Strongly agree
05	Proactively looks for information about the key features of a financial product when making decisions.	3.71	1.063	Agree
06	Recognizes the various types of financial products and services available, including those offered through digital platforms.	3.60	1.071	Agree
07	Knowledgeable about financial scams and fraud risks, and takes practical measures to secure personal data, financial information, passwords, and PIN numbers.	3.75	1.191	Agree
08	Understands the purpose of taxes, including their collection, use, and payment.	3.78	1.209	Agree
09	Understands how economic factors, like recession or high inflation, can affect personal financial status and wealth.	3.91	1.194	Agree
10	Keeps up to date with news and events that could impact personal financial security or well-being.	3.40	1.206	Agree
The arithmetic average for the financial Landscape axis		3.6597	0.84776	**Agree**

Source: Compiled on the basis of findings from the SPSS 26 software.

Table 9 illustrates the standard deviations for responses within this axis, with values spanning from 0.84 to 1.20.These values reflect a low level of dispersion, indicating that the responses from the sample members are consistent. Furthermore, the overall standard deviation for this axis is 0.84, reinforcing the reliability of the collected data. The weighted average score for this axis was 3.6597, placing it within the "agree" range (3.40–4.19) on the five-point Likert scale. The findings suggest that participants generally appreciate the crucial role of financial literacy in making informed decisions within the financial domain. Consequently, it appears that financial literacy positively shapes the decision-making process among the student sample.

4.2. Hypothesis Testing Approach:

To evaluate the study's hypotheses, a **One-Sample T-Test** was conducted for each hypothesis separately at a **significance level of 0.05**. The decision rule for hypothesis testing was as follows:

- The null hypothesis (H_0) is confirmed when the computed T-test value exceeds the critical tabulated threshold (i.e., Sig > 0.05).
- Conversely, if the calculated T-test value falls below this benchmark (i.e., Sig < 0.05), the alternative hypothesis (H_1) is accepted, indicating significant differences.

4.2.1. Testing the First Hypothesis

- **Null Hypothesis (H_0):** Financial literacy does not contribute to the rationalization of decisions related to **money and transactions** among the students at a 0.05 significance level.
- **Alternative Hypothesis (H_1):** At a 0.05 significance level, financial literacy plays a notable role in rationalizing decisions concerning money and transactions among students.

To test this hypothesis, a One-Sample T-Test was carried out to determine if the observed average responses significantly deviate from the hypothetical mean of 3—the neutral midpoint on the Likert scale—using a 0.05 significance level.

The following table shows the results of this test:

Table 10. Results of testing the first hypothesis using the T-test

Default degree = 3				
Statement	**Arithmetic average**	**Standard deviation**	**T value**	**Sig**
The first axis	3.9595	0.88363	11.127	0.000

Source: Compiled on the basis of findings from the SPSS 26 software.

Table 10 outlines the One-Sample T-Test results for the first hypothesis. Interestingly, the test's significance value (Sig) is 0.000—well below the 0.05 benchmark—while the overall mean response registers at 3.9595, exceeding the hypothetical average of 3.

Consequently, the null hypothesis (H_0) is rejected and the alternative hypothesis (H_1) accepted, confirming that financial literacy plays a significant role in rationalizing decisions related to money and transactions at a 0.05 significance level.

4.2.2. Testing the Second Hypothesis

- **Null Hypothesis (H_0):** Financial literacy does not contribute to the rationalization of decisions related to **financial planning and management** among the students at a 0.05 significance level.
- **Alternative Hypothesis (H_1):** At a 0.05 significance level, financial literacy is shown to enhance the rationality of decisions regarding financial planning and management among students.

To evaluate this hypothesis, a one-sample t-test was carried out—this method compares a sample's mean against a known benchmark. A summary of the findings is provided in Table 11.

Table 11. Results of testing the second hypothesis using the T-test

Default degree = 3				
Statement	**Arithmetic average**	**Standard deviation**	**T value**	**Sig**
The second axis	3.6893	0.85960	8.217	0.000

Source: Compiled on the basis of findings from the SPSS 26 software.

Table 11 outlines the One-Sample T-Test results for the second hypothesis. Notably, the significance value is 0.000—well below the 0.05 threshold—indicating a statistically significant outcome. Moreover, the overall mean response registers at 3.6893, surpassing the hypothetical average of 3. Consequently, the null hypothesis (H_0) is rejected in favor of the alternative (H_1), confirming that financial literacy significantly influences the rationalization of decisions related to financial planning and management among the students at a 0.05 significance level.

4.2.3. Testing the Third Hypothesis

- **Null Hypothesis (H_0):** Financial literacy does not contribute to the rationalization of decisions related to risks and rewards among the students at a 0.05 significance level.

- **Alternative Hypothesis (H_1):** Financial literacy plays a pivotal role in rationalizing decisions regarding risks and rewards among the students, with outcomes achieving a 0.05 significance level.

To test this hypothesis, a One-Sample T-Test was conducted. The summary of the results is presented in Table 12.

Table 12. Results of testing the third hypothesis using the T-test

Default Degree = 3				
Statement	**Arithmetic average**	**Standard deviation**	**T value**	**Sig**
The third axis	3.6179	0.85077	7.442	0.000

Source: Compiled on the basis of findings from the SPSS 26 software.

In Table 12, the T-test shows a significance value (Sig) of 0.000—well under the 0.05 threshold. Moreover, the overall mean of responses is 3.1679, surpassing the hypothetical average of 3. Consequently, the null hypothesis (H_0) is rejected in favor of the alternative (H_1), confirming that financial literacy plays a significant role in guiding students' decisions regarding risks and rewards at the 0.05 significance level.

4.2.4. Testing the fourth hypothesis

- **Null Hypothesis (H_0):** At the 0.05 significance level, financial literacy does not appear to play a role in rationalizing decisions related to the financial landscape among students.
- **Alternative Hypothesis (H_1):** Financial literacy contributes to the rationalization of decisions related to the financial landscape among the students at the 0.05 level of statistical significance.

To test this hypothesis, a One-Sample T-Test was conducted. The summary of the results is presented in Table 13.

Table 13. Results of testing the fourth hypothesis using the T-test

Default Degree = 3				
Statement	**Arithmetic average**	**Standard deviation**	**T value**	**Sig**
The fourth axis	3.6597	0.84776	7.974	0.000

Source: Compiled on the basis of findings from the SPSS 26 software.

In Table 13, the T-test's significance value (Sig) registers at 0.000—well below the 0.05 threshold. Moreover, the overall mean of responses stands at 3.6597, surpassing the hypothetical mean of 3. Consequently, these findings lead to rejecting the null hypothesis in favor of the alternative hypothesis (H_1), which posits that financial literacy significantly influences the

rationalization of financial decisions among students at a 0.05 level of statistical significance.

5. CONCLUSION

Summary of Key Findings

This study examined how financial literacy influences students' capacity to make well-informed financial decisions at the Faculty of Economic Sciences, University of Algiers 3. The results underscore the essential role that financial literacy plays in fostering responsible financial behavior. As financial markets become more complex, and as economic conditions and policies continue to evolve, financial literacy becomes increasingly essential. In addition to supporting individuals in managing their personal finances, it also contributes to broader financial stability by fostering confidence, promoting active financial participation, and bolstering confidence in financial institutions.

The study indicated that students excelled most in money management and transactions. Financial planning and management came in next, followed by their grasp of the broader financial landscape—and, finally, their ability to consider risks and rewards. This indicates that while students are proficient in basic financial concepts, there is potential for growth, especially in areas concerning the evaluation of risks and rewards in more intricate financial situations.

Implications

The results of this study have significant implications for both educational institutions and public policy. Integrating financial literacy into university curricula could significantly improve students' ability to make sound financial decisions and better navigate economic challenges. By equipping students with essential financial knowledge and skills, universities can foster lifelong habits of responsible money management.

On a broader scale, the study highlights the importance of developing comprehensive national strategies aimed at promoting financial literacy. These strategies should combine educational initiatives with widespread outreach efforts to enhance financial awareness across society. Such programs could contribute to important policy goals, including financial inclusion, responsible money management, and ethical participation in financial markets.

Research Limitations

Like any study, this research has certain limitations. Its focus on students from a single university limits the generalizability of the findings to other populations or educational settings. Moreover, the study's cross-sectional

design only captures a brief snapshot of financial literacy at a specific moment in time, without considering how it may evolve over time. Another possible limitation is the dependence on self-reported data, which may be influenced by response bias, as participants might exaggerate their financial knowledge or skills

Suggestions for Future Research

Future studies could build on these findings by expanding the sample to include students from different universities, regions, or socioeconomic backgrounds to improve the generalizability of the results. Longitudinal research would provide a more in-depth understanding of how financial literacy develops over time and its lasting impact on financial decision-making. Furthermore, qualitative research methods such as interviews or focus groups could offer a more detailed understanding of how students apply financial knowledge in real-world situations. Comparative studies across different demographic groups could highlight variations in financial literacy levels and assist in tailoring financial education programs to address specific needs.

By addressing these areas, future research could further our understanding of financial literacy and its critical role in shaping financial behaviors.

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