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COMPARATIVE ANALYSIS OF FINANCIAL LITERACY OF BUSINESS AND NON-BUSINESS COLLEGE STUDENTS IN KHYBER-PAKHTUNKHWA, PAKISTAN

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Abstract
Financial literacy, a critical life skill, is essential for personal financial security and broader economic stability, yet many students struggle with financial management, leading to challenges such as excessive debt and poor savings habits. This study conducted to compare the financial literacy between business and non-business college students in Khyber-Pakhtunkhwa, Pakistan. Using a stratified random sampling method, 300 self-administered questionnaires were distributed equally among business and non-business students in Peshawar. Reliability analysis confirmed the internal consistency of the constructs, with Cronbach's Alpha values ranging from 0.707 to 0.812, all exceeding the 0.7 threshold. The findings reveal significant disparities in financial literacy between the two groups. Business students outperformed non-business students in Financial Knowledge (mean difference = 14.872, p = 0.000), Financial Skills (mean difference = 3.626, p = 0.002), Financial Attitude (mean difference = 5.697, p = 0.004), and Financial Behavior (mean difference = 1.311, p = 0.001). However, no significant difference was observed in Financial Planning (p = 0.121), indicating a shared gap in long-term financial strategies. These results highlight the role of academic specialization in shaping financial competencies and underscore the need for integrating financial education into non-business curricula to address disparities. The study's implications call for targeted interventions to enhance financial literacy among all students, equipping them for informed decision-making and improved financial well-being.

INTRODUCTION

In today's rapidly evolving financial market, financial literacy has become increasingly essential. Individuals with strong financial literacy and sound financial behavior are better equipped to make informed financial decisions. Financial literacy is a critical life skill that influences individuals' ability to make informed decisions regarding savings, investments, debt management, and overall financial well-being.

In the modern economy, financial literacy is not only essential for personal financial security but also contributes to the broader economic stability of societies (Kumar, 2023). However, many young people, particularly college and university students, struggle to manage their finances effectively. A significant number face financial difficulties and often exceed their budgets (Prasetya et al., 2021; Zhu

& Xiao, 2022). Consequently, individuals often seek alternative means to meet their financial obligations, such as taking out loans or relying on credit cards. Both developed and developing nations are increasingly concerned about low savings rates and rising debt levels among their populations. In response, many governments have emphasized the importance of financial literacy, recognizing that a significant portion of the youth is unprepared to tackle potential financial challenges (Cordero et al., 2022). Financial literacy is essential for individuals across all social classes, particularly for young people who face more significant challenges than previous generations in navigating an uncertain future (Khawar& Sarwar, 2021).

Existing research highlights that college students often lack the necessary skills to effectively manage their financial matters (Sauood & Ali, 2024). Financial awareness among higher education students is closely linked to higher earning potential and improved saving habits (Shahab et al., 2024; Rai et al., 2019). Positive financial behavior and attitudes are crucial factors for a nation's overall welfare. Since financial education plays a significant role in shaping these behaviors. Colleges serve as a critical platform for cultivating sound financial mindsets and practices. Without adequate financial awareness, students are more likely to encounter financial challenges after graduation (Zhang & Fan, 2022).

In the context of Pakistan, where economic challenges and financial inclusion remain pressing issues, understanding financial literacy is particularly significant. Khyber-Pakhtunkhwa, a region with diverse socio-economic and educational dynamics, offers a unique opportunity to study financial literacy among young adults who are at the cusp of entering the workforce (Aftab, Khalid, & Ali, 2025). College students represent a critical demographic, as their financial attitudes and knowledge are likely to shape their future economic behaviors.

This study focuses on a comparative analysis of financial literacy among business and non-business college students in Khyber-Pakhtunkhwa. Business students are expected to have greater exposure to financial concepts due to their curriculum, while non-business students may lack such structured education. Investigating the differences in financial literacy between these groups will provide valuable insights into the role of academic specialization in shaping financial knowledge and competencies.

LITERATURE REVIEW

In today's rapidly evolving financial market, financial literacy has become increasingly essential. Individuals with strong financial literacy and sound financial behavior are better equipped to make informed financial decisions. Financial literacy is a critical life skill that influences individuals' ability to make informed decisions regarding savings, investments, debt management, and overall financial well-being. In the modern economy, financial literacy is not only essential for personal financial security but also contributes to the broader economic stability of societies (Kumar, 2023). However, many young people, particularly college and university students, struggle to manage their finances effectively. A significant number face financial difficulties and often exceed their budgets (Prasetya et al., 2021; Zhu & Xiao, 2022). Consequently, individuals often seek alternative means to meet their financial obligations, such as taking out loans or relying on credit cards. Both developed and developing nations are increasingly concerned about low savings rates and rising debt levels among their populations. In response, many governments have emphasized the importance of financial literacy, recognizing that a significant portion of the youth is unprepared to tackle potential financial challenges (Cordero et al., 2022). Financial literacy is essential for individuals across all social classes, particularly for young people who face more significant challenges than previous generations in navigating an uncertain future (Khawar& Sarwar, 2021).

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DATA AND METHODOLOGY

The population of this study consisted of all the BS students in the selected Colleges in the district Peshawar, Khyber Pakhtunkhwa. Stratified random sampling method was used to select the study sample in which each discipline (business and non-business colleges) was treated as a stratum. Stratified sampling method does not only ensure an element of representativeness, but also the measurability of sampling errors as well. The author distributed 300 self-administered questionnaires evenly between business and non-business students across ten selected colleges. To assess the financial literacy of students, five dimensions were adapted, such as Financial Knowledge (FK), Financial Planning (FP), Financial Skills (FS), Financial Attitude (FA), Financial and behavior (FB). The five-point Likert scale of 5 (strongly agree), 4 (agree), 3 (neutral), 2 (disagree), and 1 (strongly disagree) were rooted in all financial literacy elements.

FINDING AND DISCUSSION

Reliability Analysis

Table-01 presents the reliability analysis results measured using Cronbach's Alpha (α) for different financial-related variables, which assesses internal consistency. All variables show acceptable to good reliability, with Cronbach's Alpha values ranging from 0.707 (Financial Behavior) to 0.812 (Financial Skills), all above the 0.7 threshold. With 11 items, Financial Knowledge has a Cronbach's alpha of 0.743, indicating moderate internal consistency. Financial Skills, consisting of 6 items, shows a good level of consistency with an alpha of 0.812. Financial Attitude, with 7 items, has an alpha of 0.745, also moderate. Financial Behavior, with 6 items, has an alpha of 0.707, suggesting moderate consistency. Financial Planning, also with 6 items, has an alpha of 0.798, indicating good consistency. Overall, the scales demonstrate consistent and reliable measurement of the constructs, making them suitable for further analysis in the study.

Table-01: Reliability Analysis

S.No	variables	Total no. of items	Cronbach's (α)
1	Financial Knowledge	11	0.7430
2	Financial Skills	06	0.8120
3	Financial Attitude	07	0.7451
4	Financial Behavior	06	0.7076
5	Financial Planning	06	0.7981

Source: Authors' own calculation

Differences in the financial literacy of Business and Non-business students

Ttable-02, highlights significant differences in financial aspects between Non-Business and Business groups. The Business group shows a substantial advantage in Financial Knowledge with a mean difference of 14.872 and a highly significant t-value of 19.45 (p = 0.000). They also outperform

in Financial Skill (mean difference of 3.626, t-value = 2.58, p = 0.002), Financial Attitude (mean difference of 5.697, t-value = 4.18, p = 0.004), and Financial Knowledge Behavior (mean difference of 1.311, t-value = 2.16, p = 0.001). However, there is no significant difference in Financial Planning (mean difference of 1.533, t-value = 1.13, p = 0.121). Overall, the Business group performs better across most financial aspects than the Non-Business group, except for financial planning.

Studies have shown that individuals from economic and business backgrounds generally have higher financial literacy compared to those from non-economic and business backgrounds. For instance, one study found that students in economic and business programs scored higher in financial literacy compared to those in non-economic programs (Duarte et al., 2022). Similarly, non-business students often exhibit lower levels of financial literacy, particularly in money management. Financial attitude significantly influences financial behavior, as demonstrated by research indicating that a positive financial attitude leads to better financial management practices. This aligns with findings that Business groups tend to have more favorable financial attitudes than Non-Business groups (Ali et al., 2021). While financial literacy may not directly impact financial behavior in all cases. Studies suggest that financial knowledge and experiences can improve financial behaviors such as cash flow management and saving (Shahab et al., 2025: Sauood and Ali, 2024). The Business group's slightly better financial behavior could be attributed to these factors. Financial planning is crucial for businesses to achieve financial goals and manage resources effectively. Although there is no significant difference in financial planning between the two groups in the provided data, businesses generally benefit from a structured financial planning process.

Table-02: T-test of independent for the difference in the financial literacy of Business and Non-business students

Variables	Groups	Mean	Std. Deviation	Mean Difference	t-value	Sig.
Financial.Knowlege	Non-Business	26.79	6.74	14.872	19.45	0.000
	Business	41.66	2.88			
Financial Skill	Non-Business	34.67	7.64	3.626	2.58	0.002
	Business	38.30	7.21			
Financial Attitude	Non-business	33.02	6.57	5.697	4.18	0.004
	Business	38.72	7.20			
Financial Behavior	Non-business	37.76	7.87	1.311	2.16	0.001
	Business	39.07	6.84			
Financial Planning	Non-business	36.61	8.33	1.533	1.13	0.121
	Business	38.15	6.92			

Source: authors' own calculation

CONCLUSION AND RECOMMENDATION

Conclusion

The study concludes that there are significant differences in financial literacy between business and non-business college students in Khyber-Pakhtunkhwa, Pakistan. Business students consistently outperform non-business students in key financial dimensions, including financial knowledge,

financial skills, financial attitude, and financial behavior, as evidenced by higher mean scores and statistically significant t-values ($p < 0.05$). This disparity is likely due to the structured financial education embedded in business curricula, which equips students with practical knowledge and skills. However, no significant difference was observed in financial planning between the two groups, suggesting that both lack sufficient focus on long-term financial strategies. The reliability analysis confirms that the measurement scales for financial literacy constructs are consistent and reliable, with Cronbach's Alpha values exceeding the 0.7 threshold. These findings underscore the need for integrating financial literacy education into non-business programs to bridge the gap and empower all students to make informed financial decisions. Enhancing financial literacy among college students, regardless of their academic discipline, is crucial for fostering better financial behaviors and contributing to broader economic stability in Pakistan.

Recommendations

- Educational Institutions should incorporate financial literacy courses into non-business programs to bridge the gap in financial knowledge, skills, and behavior between business and non-business students
- Design financial literacy programs that cater to the specific needs of non-business students, considering their academic backgrounds and career aspirations. These programs should focus on practical, real-world applications of financial concepts to ensure relevance and engagement.
- Educational institutions should partner with banks, financial organizations, and industry experts to provide students with access to resources, workshops, and seminars on financial literacy. These collaborations can offer practical insights and hands-on learning opportunities.
- Educational Institutions should offer access to financial planning tools, budgeting apps, and online courses to help students apply financial concepts in their daily lives. These resources can empower students to take control of their finances.
- Policymakers should prioritize funding and support for educational institutions to implement comprehensive financial literacy programs that address the needs of diverse student populations.

Authors Contribution

Sayed Shah Sauood: Principal authors, wrote the first draft of manuscript.

Momina Sardar Gul: Co-author, prepared questionnaire and collected the data.

Dr. Sajad Ali: Supervisor, analyzed the data and supervised the overall manuscript.

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