

THE IMPORTANCE OF BUDGET MANAGEMENT AMONG UNIVERSITY STUDENTS

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***Abstract:** This paper explores the essential role of budget management in the lives of university students, emphasizing how financial planning contributes to academic achievement, emotional stability, and long-term financial well-being. Drawing upon studies in financial literacy, behavior, and education, the discussion demonstrates that developing budgeting skills fosters autonomy, discipline, and responsible citizenship. The paper concludes that integrating financial literacy education into university curricula is critical to equipping students with the skills necessary to navigate increasingly complex financial environments.*

***Keywords:** student budget, budgeting, student autonomy, financial stress, financial behavior, financial self-efficacy*

INTRODUCTION

Budget management represents a critical transition point toward independence for university students. Beyond tallying income and expenses, budgeting functions as a structured cognitive and behavioral tool that supports planning, self-regulation, and resilience in the face of financial uncertainty [7].

In an environment marked by rising tuition, housing costs, and fluctuating funding sources, budgeting acts both as a preventive mechanism against debt and as a foundation for financial security and academic focus. A robust budgeting culture within higher education can foster student autonomy, reduce financial stress, and promote responsible financial decision-making with implications for post-graduate life.

This study aims to:

- synthesize contemporary scholarship on the relationship between budgeting, financial literacy, and student outcomes;
- articulate a practical budgeting process tailored to university life;
- discuss institutional roles and policy implications for integrating financial education into curricula and campus supports.

The analysis integrates discussions of financial literacy, financial autonomy, and self-efficacy with empirical findings on how budgeting behavior influences academic performance, emotional well-being, and long-term financial health [14,15].

University life represents a turning point in an individual's journey toward independence and self-management. For many students, higher education is the first environment in which they must handle personal finances without parental oversight.

The ability to plan and control spending through an organized budget becomes a crucial determinant of both academic success and psychological well-being [1].

MATERIALS AND METHODS

A student budget is not merely a list of income and expenses; it is a structured financial framework that enables individuals to plan, monitor, and evaluate economic decisions systematically.

In an era of rising tuition fees and living costs, budgeting functions as both a preventive mechanism against debt and a foundation for financial security. Financial literacy research shows that individuals who budget effectively tend to make more rational financial decisions and experience less stress in managing their finances [3].

Financial literacy is defined as the knowledge, skills, and behaviors necessary for making informed financial decisions [12,13]. Within higher education, it is closely tied to financial autonomy, which allows students to function independently and responsibly in managing income, expenses, and savings.

Studies have demonstrated that individuals with high financial literacy exhibit stronger saving behavior and more effective long-term planning [5]. Among students, financial literacy is a key factor influencing budgeting practices, spending patterns, and debt management [6]. Moreover, budgeting is not solely a technical or economic process - it also involves psychological components such as self-efficacy, motivation, and self-control [4].

In order to draw some pertinent conclusions, we prepared a questionnaire that we distributed online to colleagues at our university.

RESEARCH RESULTS

Budgeting involves a continuous cycle of planning, execution, and evaluation. According to Hilgert, Hogarth, and Beverly [3], effective financial management begins with identifying resources, organizing expenditures, and monitoring results. For students, this can be summarized in five key steps:

1. Income identification - recognizing all sources of income, including scholarships, family support, part-time jobs, or student loans, is fundamental to realistic financial planning [9].
2. Expense categorization - expenses should be classified as fixed (tuition, rent, utilities) or variable (food, transportation, leisure). This categorization allows better control and prioritization of essential needs [10].
3. Goal setting - establishing short- and long-term financial goals provides direction and motivation [11].
4. Expenditure tracking - recording and reviewing all expenses helps identify unnecessary spending [12].
5. Evaluation and adjustment - regular budget reviews help adapt to new academic or personal circumstances [11].

Students frequently encounter financial instability due to irregular income sources and fluctuating expenses [8]. Many rely on part-time employment, which often lacks stability and adequate pay. Social factors also play a significant role; peer influence and lifestyle expectations can encourage overspending. Social media further intensifies this pressure by promoting consumption-oriented behavior [2].

Debt accumulation is another widespread issue. Students who depend on loans or credit cards may not fully understand long-term repayment implications.

Inadequate financial literacy leads to high-interest debt and financial anxiety. Unexpected expenses - health emergencies, technology breakdowns, or family needs - can disrupt even well-structured budgets.

Financial pressure is one of the major stressors affecting university students worldwide. Research shows that financial difficulties are directly associated with anxiety, depression, and reduced academic performance. Conversely, budgeting fosters a sense of financial self-efficacy - confidence in one's ability to manage financial outcomes effectively. According to the theory of self-efficacy, perceived competence enhances motivation and resilience, reducing stress levels [13].

The questionnaire that we distributed online to our university colleagues who helped us to make some statements about how ULST students manage their budget.

The questions found in the questionnaire are the following:

Student Budget Questionnaire

A. Personal Information

1. Level of study: Bachelor's degree
2. Level of study: Master's degree

B. Sources of Income

1. Do you receive financial support from your family?
 - Yes
 - No
2. Do you have a part-time job?
 - Yes
 - No
3. Do you receive scholarships or financial aid?
 - Yes
 - No
4. Other sources of income
 - Yes
 - No

C. Monthly Income

Monthly income: approximately, how much money do you receive each month?

1. Up to 500 lei
2. Between 500 – 1000 lei
3. Between 1000 – 2000 lei
4. More than 2000 lei

D. Expenses

Estimate your monthly expenses for the following categories:

1. Accommodation (rent, utilities)
2. Food and groceries
3. Transport
4. Academic supplies (books, stationery)
5. Entertainment and leisure
6. Clothing
7. Miscellaneous

E. Saving and Spending Habits

1. Do you save money regularly?
 - Yes
 - No
2. If yes, what percentage of your income do you save?
 - 5–10%
 - 10–25%
 - More than 25%
3. What is your main motivation for saving?
 - Emergency situations
 - Future plans

F. Financial Challenges

What are your biggest financial challenges as a student?

- Managing expenses
- Insufficient income

- Unforeseen costs
- Debt repayment
- Lack of financial literacy

G. Budgeting Practices

1. Do you create and follow a monthly budget?
 - Yes
 - No
2. What tools or methods do you use to manage your budget?
 - Keep a detailed record of all incomes and expenses
 - Try to prepare your own meals
 - Look for special offers and discounts
 - Maintain a financial reserve

After centralizing the results, we were able to make some observations, which we show below.

A. Personal Information

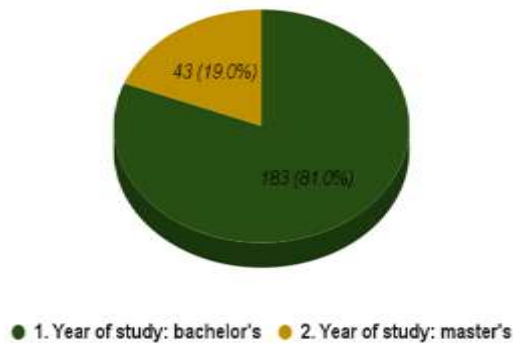


Figure 1. Respondents' level of education

B. Sources of Income

1. Do you receive financial support from your family?

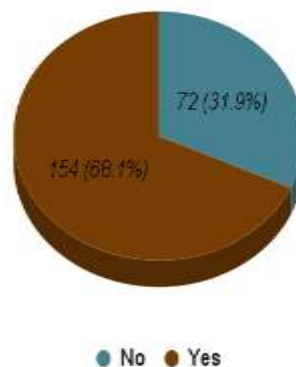


Figure 2. Financial support from family

2. Do you have a part-time job?

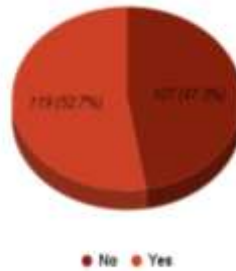


Figure 3 Part-time jobs among students

3. Do you receive scholarships or financial aid?

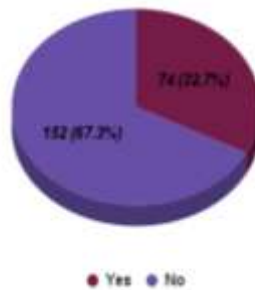


Figure 4. Scholarships or financial aid

4. Other sources of income

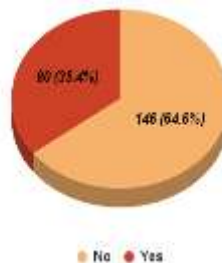


Figure 5. Students who have other sources of income

C. Monthly Income

Monthly income: approximately, how much money do you receive each month?

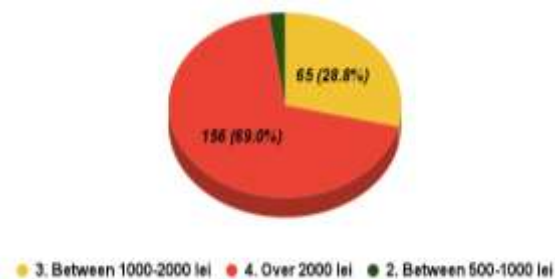


Figure 6. Monthly income

D. Expenses

Estimate your monthly expenses for the following categories:

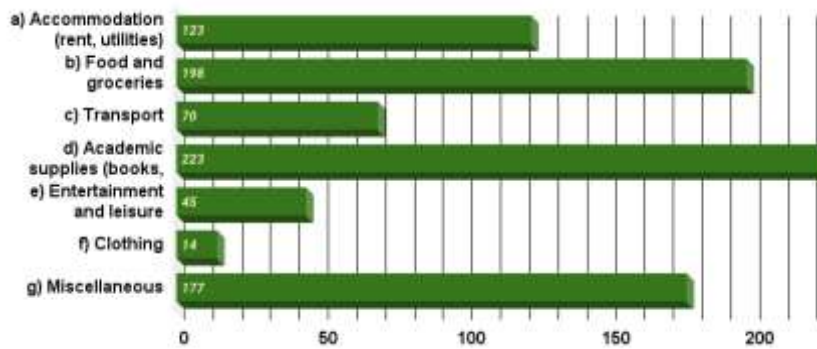


Figure 7. Monthly expense categories

E. Saving and Spending Habits

1. Do you save money regularly?

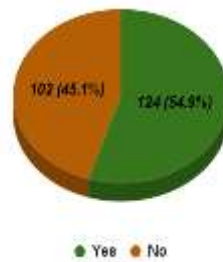


Figure 8. Savings habits

2. If yes, what percentage of your income do you save?

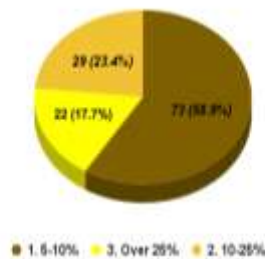


Figure 9. Percentage of income saved

3. What is your main motivation for saving?

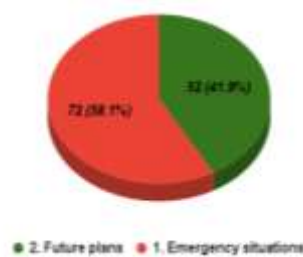


Figure 10. Main motivation for saving

F. Financial Challenges

What are your biggest financial challenges as a student?

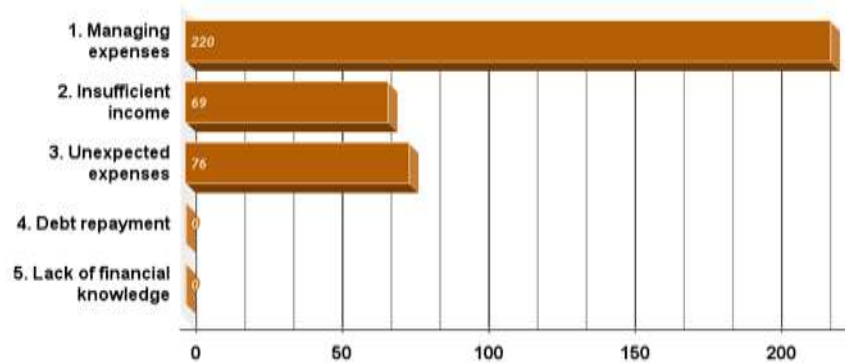


Figure 11. Main motivation for saving

G. Budgeting Practices

1. Do you create and follow a monthly budget?

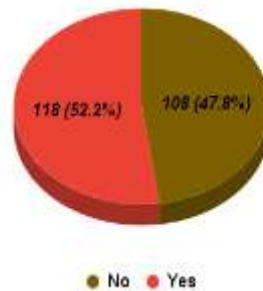


Figure 12. The existence and use of a monthly budget

2. What tools or methods do you use to manage your budget?

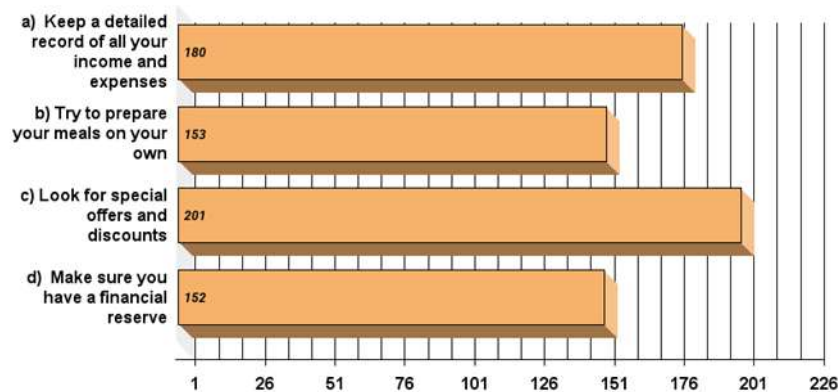


Figure 13. Methods used to optimize the monthly budget

Based on the responses gathered from the Student Budget Questionnaire, the following comprehensive conclusions can be drawn regarding the budgeting practices and financial behaviors of university students:

1. Diverse sources of income:

- Many students report relying on a variety of income sources, including family support, part-time employment, scholarships, and financial aid. This diversity indicates that students come from different financial backgrounds, which can

significantly influence their budgeting strategies and financial management approaches.

- Understanding the sources of income is crucial for developing tailored financial education programs that address the unique needs and challenges faced by students from varying socioeconomic backgrounds.

2. *Monthly income variability:*

- The questionnaire highlighted a wide range of monthly incomes, with many students earning less than 1.000 lei. This variability emphasizes the financial constraints that a significant portion of the student population faces, which can lead to difficulties in managing their budgets effectively.
- Students with lower incomes may struggle more with fixed expenses such as rent and tuition, further complicating their ability to allocate funds for essential needs and savings.

3. *Expense categories:*

- Students reported considerable monthly expenses across various categories, including accommodation, food, transportation, academic supplies, and leisure activities. This categorization of expenses is essential for effective financial planning, as it allows students to prioritize their spending and identify areas where they can cut costs.
- The high percentage of expenses allocated to necessities like accommodation and food indicates that students may have limited discretionary income, making it crucial for them to engage in proactive budgeting practices to avoid financial strain.

4. *Saving habits:*

- While some respondents indicated that they save regularly, a significant portion does not engage in any savings activity. Among those who do save, motivations primarily include preparing for emergencies and future plans, demonstrating a recognition of the importance of financial security.
- The lack of consistent saving habits among students highlights the need for educational initiatives that emphasize the importance of building an emergency fund and developing long-term financial goals.

5. *Financial challenges:*

- The questionnaire revealed that the most common financial challenges faced by students include managing expenses, insufficient income, and unexpected costs. These challenges are often exacerbated by the unpredictable nature of student life, such as fluctuating work hours and unforeseen emergencies.
- Financial stress can have detrimental effects on students' mental health and academic performance. Institutions must recognize these challenges and provide resources to help students effectively manage financial pressures.

6. *Budgeting practices:*

- A notable percentage of respondents reported that they do not create or follow a monthly budget, which may contribute to their financial difficulties. For those who do engage in budgeting, popular methods include maintaining detailed records of income and expenses, preparing meals at home, and seeking discounts.
- This lack of structured budgeting practices suggests a critical need for educational programs that teach students how to create and adhere to a budget. Providing practical tools and resources can empower students to take control of their finances.

Following this analysis, the following recommendations can be made:

a. Educational programs:

- Higher education institutions should implement targeted financial literacy workshops that focus on practical budgeting techniques, savings strategies, and overall financial management skills. These workshops can be tailored to address the unique financial situations of different student demographics.
- Incorporating financial education into the curriculum as a mandatory course or seminar could ensure that all students receive essential knowledge and skills for managing their finances effectively.

b. Budgeting tools:

- Institutions can provide access to user-friendly budgeting tools and mobile applications that help students track their income and expenses. These tools can simplify the budgeting process and encourage students to adopt and maintain effective financial management habits.
- Workshops on how to use these tools effectively can further enhance students' budgeting skills and confidence in managing their finances.

c. Peer support and resources:

- Establishing peer-led financial support groups can create a community where students share their experiences, tips, and strategies for budgeting and managing finances. This peer-to-peer support can foster a culture of financial literacy and accountability among students.
- Universities can also collaborate with local businesses to offer discounts or rewards programs for students, encouraging them to practice budgeting while saving money.

d. Enhanced financial counseling services:

- Providing dedicated financial counseling services can help students navigate their financial challenges more effectively. Counselors can offer personalized budgeting advice, debt management strategies, and resources for financial aid.
- Regularly scheduled financial health check-ups can help students assess their financial situations and make necessary adjustments to their budgets.

The findings from the Student Budget Questionnaire underscore the critical importance of financial education and effective budgeting practices among university students. Addressing the identified challenges and promoting financial literacy can significantly enhance students' financial well-being and academic success.

By empowering students with the necessary tools, knowledge, and support, higher education institutions can help them develop essential budgeting skills that will serve them well throughout their lives.

CONCLUSIONS

Higher education institutions play a crucial role in promoting financial literacy and supporting responsible budgeting among students. Integrating financial education into curricula provides students with essential tools for navigating economic challenges [16].

Financial counseling services, workshops, and online learning platforms have proven effective in improving students' financial decision-making.

Budget management is a cornerstone of financial literacy and an essential skill for university students striving for academic and personal success. It provides a structure for decision-making, cultivates responsibility, and reduces financial stress [17].

Students who learn to budget effectively are more likely to maintain balance between income and expenses, avoid debt, and achieve both academic and psychological well-being.

By integrating financial education into their curricula and offering comprehensive support services, universities can empower students to take control of their financial futures [18]. This commitment to promoting financial literacy not only enhances academic performance but also fosters overall well-being, equipping students to become responsible, informed citizens in an increasingly complex financial world.

Ultimately, the investment in financial education is an investment in the future, ensuring that graduates are not only academically successful but also financially capable and resilient.

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