

Money Matters Abroad: A Need to Prepare Students for Spending Money Abroad

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Key Words

Study Abroad, Financial Management, Tracking Expenses, College Students

Abstract

Study abroad programs have recently seen unprecedented growth, and participation in U.S. study abroad programs has increased by nearly 150% in the past decade (Institute of International Education, 2008). Many universities are creating study abroad initiatives to further increase participation. Included in the marketing for the programs are emotional slogans including, "You can't afford to miss out" and "Once in a Lifetime Opportunity," which has fostered growth and appeal for the programs over the past decade. A recent statistic indicated that 241,791 students from the United States studied abroad for academic credit during a single academic year (Institute of International Education, 2008).

Although study abroad trips provide an excellent educational experience for students, little attention is paid to the financial ramifications of the experience abroad. Many students finance study abroad by taking out additional student loans, credit cards, or using different forms of credit and debt. Generally, study abroad programs teach students about culture and language before living in another country. However, most do not provide financial education to students if anything they only give information on financial aid for study abroad or a brief handout on financial management tips. It is being asked if this is truly enough to assist students when making the decision to study abroad and also while providing for their time abroad from a financial perspective.

One of the study abroad programs at a large southeastern university piloted a financial management program targeted for students participating in a London study abroad program entitled, Money Matters Abroad. The twenty-five participating students attended a thirty-minute financial education seminar that taught basic financial principles such as budgeting, but also incorporated topics including using credit abroad. The students were asked to keep track of how much money they spent every week, using envelopes to record their expenses and compiling their receipts. Weekly averages were calculated by category and summer totals. The motivation of the program was to help current participants track how much money they were spending, while also helping future participants plan for their expenses in future years.

Students recorded their expenses in six areas: food, entertainment, gift, travel, communication, and miscellaneous expenses. On average, students spent 26.27% of their budget on food, 29.35% on travel, 20.96% on gifts, 14.87% on entertainment, 4.6% on miscellaneous, and 3.95% on communication. On average, students spent \$2,830.16 (£1,419.04) over their six weeks participating in the study abroad program. Total expenditures ranged from the total of \$1,540.47 (£772.39) for the low and \$4,214.67 (£2,113.23) for the six weeks of the program.

Due to the substantial amount of money that students are spending in order to study abroad, study abroad programs should provide financial education for their students before departing, or they should implement programs that would encourage students to track their expenses abroad.

References

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