A STUDY OF FINANCIAL LITERACY AMONG COLLEGE STUDENTS IN LUCKNOW

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ABSTRACT

The purpose of this study is to investigate the financial literacy among the college students in Lucknow. The data for this study is collected through primary source with the help of well structured questionnaire using systematic random sampling technique. The data has been collected from 200 respondents. Analysis of Variance statistical technique is used is used to analyse data. The empirical result from the study shows that there is a significant difference between the financial literacy among college students in Lucknow. The study here concludes that the financial literacy is essential for taking sound financial decisions and for which imparting of financial education among college students is of utmost importance.

Keywords: financial attitude, financial behaviour, financial knowledge, financial literacy

I- INTRODUCTION

The Organization for Economic Co-operation and Development (OECD) has defined financial education as "the process by which financial consumers improve their understanding of financial products, concepts and risks, and through information, instruction and/or objective advice, develop the skills and confidence to become more aware of financial risks and opportunities, to make informed choices, to know where to go for help, and to take other effective actions to improve their financial well-being". The financial education is imperative in providing familiarity and understanding of different products available in financial market. In the present scenario it is very important for college students to not only gain the subject knowledge but also all those things which are important for living a prosperous life. And for this purpose it very important that they should posses' financial knowledge regarding managing their finance issues as well as posses' right financial attitude and behaviour which ultimately lead them to achieve

financial well being. In the present scenario with the change in the way in which one lives and improved standard of living the college student enjoy much greater freedom regarding their consumption decisions. But however the majority of college students have to face several problems due to lack of financial literacy.

II- LITERATURE REVIEW

Dr. Lokanath Mishra (2012) "Finance Education is imperative for enhancing Financial Capability of Indian citizens" in his research paper makes a survey on Financial Planning Education based on 20 questions targeted to kids, school children, college/university students, women, teachers, parents, defence personnel, retirees and employees and also made recommendations what Indian government should do to promote financial education in comparison with US endeavours and concluded that the Indian government and regulatory bodies must appreciate the vital need and importance of finance education for the Indian society and encourage the importance of finance education in strengthening the financial capabilities of Indian citizens.

Dr. R. Mathivanan and K. Mohanaranjani (2013) "Existing Gap Between The Financial Literacy and Saving/Investment Behaviour Among Indian Women: An Empirical Study With Special References To Coimbatore City" in this research paper author has made an attempt to evaluate the financial decision making ability among women and make an analysis of prevailing financial literacy and saving/investment practices. And also measures the gap between financial literacy and saving investment practices among women. The study here concluded that women have expressed high degree of knowledge towards financial literacy in traditional saving/investment approaches but they have actively shifted towards their saving/investment approach from traditional bank saving to modern and technically risky capital market operations. Women must make a self assessment before starting an investment plan by regularly going through and tracking financial and capital market it will help them in enhancing financial literacy.

J. Thiravia Mary Gloria (2014) "Assessment of Financial Literacy for Financial Inclusion among Low Income Households" analyses the money management, saving practices and banking practices of low income households and examines the financial literacy and identifies the determinants of financial literacy among selected low income households. The study concludes that basic financial literacy and the welfare received from the Government were main significant factors of advance financial literacy in rural households. The study reveals that both urban and rural low income households need to be knowledgeable to improve standard of living and saving habit. The two spheres of policy interest i.e; main stream finance for upper income

population and personal finance for low income population are the two vital constituents for improving financial capabilities.

Puneet Bhushan (2014) conducted a study entitled **"An Empirical Study of Financial and Tax Literacy of Salaried Individuals"** examines the level of financial literacy, relation between financial literacy and socio-demographic factors and make an effort to examine the awareness of financial products among the salaried individuals. The study concludes that the level of financial knowledge is low among salaried class. They lack in understanding financial numeracy, savings, investments, borrowings, insurance, and risk and return on the other hand the study also reflects that they are active savers. The financial literacy score of salaried individual is not very high majority of them are investing in traditional and safe products due to low level of awareness.

Anupama Sharma and **Dr. Bhavesh Joshi (2015) "Financial Literacy of Women and its Effect on Their Investment Choice Decision"** here in this research paper the questions which are taken into consideration are whether financial knowledge has an impact on the investment behaviour of women and whether lack of financial knowledge acts as an obstacle in transforming their behaviour towards investment. The study also assess that whether awareness regarding financial literacy can change their investment behaviour. The study concluded that financial confidence of women is based upon the knowledge and education. It has also been observed from the study that women's financial independence makes them confident and powerful. The study also points out that only handful of women are well aware of financial market and are capable of taking investment decisions. And only these women are on the right path towards financial planning because of their financial knowledge.

Tirupati Basutkar (2016) "Financial Literacy in Urban India: A Case Study of Bohra Community in Mumbai" studies financial literacy of Bohra Community – a leading mercantile community in Mumbai Metropolitan Region. In the study respondents are divided into: female, single, less educated, sole earning member in the family and not possessing sufficient amount of income. The author in this research paper examines the null hypothesis as the Financial literacy levels of Bohra Community in Mumbai Metropolitan Region is significantly high and on testing it finds rejected as the financial literacy of the community as not high as has been assumed in the study.

III- UNIQUENESS OF THE STUDY

The present study on financial literacy of college students includes various distinct unique features. The study has been done covering the colleges in Lucknow city. So the outcome of the study reflects the entire city. The study nearly covers all aspects of an individual which it takes into consideration while taking financial decision as well as the study also evaluates the financial

knowledge of the respondent. The study has been done across covering the gender, almost all major fields of study and academic standing. The study has been done by classifying the financial literacy into three parts: on the basis of financial knowledge, financial attitude and financial behaviour. The study has classified the financial literacy into three parts so that the respondents overall personality on the basis of their ability to take financial decisions can be analyzed. The preference of respondents in opting cash over debit/credit cards and mobile payment apps has also been studied. The essential characteristics which constitutes financial literacy has been analysed under the study. The study has been done to assist the students to achieve greater financial freedom and be prepared for a better future.

IV-   RESEARCH DESIGN

A.   Objective of the Study

1.   To study the socio-economic status of college going students in Lucknow Region.
2.   To evaluate the financial literacy of college going students in Lucknow Region on the basis of knowledge, attitude and behaviour.
3.   To give recommendations for improving financial literacy.

B.   Hypothesis of the Study

H0 1: There is no significant difference between the financial knowledge among college students in Lucknow.

H0 2: There is no significant difference between the financial attitude among college students in Lucknow.

H0 3: There is no significant difference between the financial behaviour among college students in Lucknow.

C.   Research Methodology

The data have been collected through primary sources. The primary data have been collected through a well structured questionnaire using systematic random sampling technique. A total sample of 200 students of private and government colleges in Lucknow Region, Uttar Pradesh, India were selected for the study. The study used likert scale for analyzing financial literacy dividing the financial literacy into three parts: financial knowledge, attitude and behaviour. The statistical tools used for testing hypothesis were: percentage, mean, Analysis of Variance ANOVA.

D.   Profile of the Respondents

TABLE 1: Socio-Economic Profile of the Respondents

Profile of the Students	Frequency	Percentage
Gender		
Male	120	60.00
Female	80	40.00
Total	200	100.00
Age		
18-21	168	84.00
22-25	32	16.00
Total	200	100.00
Academic Standing		
Graduation First Year	90	45.00
Graduation Second Year	54	27.00
Graduation Third Year	20	10.00
Masters First Year	26	13.00
Masters Second Year	10	05.00
Total	200	100.00
Major Field of Study		
Commerce	50	25.00
Science	50	25.00
Social Sciences	50	25.00
Technical Courses	50	25.00
Total	200	100.00
Family Income Annual		
Less than 199999	76	38.00
200000-399999	48	24.00
400000-699999	54	27.00
700000 or More	22	11.00
Total	200	100.00

Source: Primary Data

From the above Socio-Economic Table 1 it can be inferred that out of 200 respondents 60 percent were males and 40 percent were females. 84 percent respondents were in the age group of 18-21 years and 16 percent respondents were in the age group of 22-25 years. Out of 200 respondents 45 percent were in first year of graduation, 27 percent in second year, 10 percent in third year and in post graduate or master's program it consist of 18 percent respondents. The field of study shows that around 25 percent of the respondents are from commerce and

management discipline and 75 percent from non-commerce discipline. Around 38 percent respondents' annual family income is less than 199999, 24 percent respondents income is between 200000-399999, 27 percent respondents income is between 400000-699999 and respondents whose annual family income is 700000or more are around 11 percent.

V- ANALYSIS AND INTERPRETATION

TABLE 2: Preference of Cash over Cards and Mobile Payments Apps

Transaction using cash	Transactions using other mode
150 (75 percent)	50 (25 percent)

Source: Primary Data

From the current study it has been observed that only 25 percent of the respondents are very familiar with transacting using debit/credit cards or different mobile apps like Paytm, PhonePee etc. whereas 75 percent of the samples subject to transact using cash while making a purchase.

TABLE 3: Financial Knowledge among College Students

ANOVA

Financial Knowledge Statements		Sum of Squares	D.f.	Mean Square	F	Sig.
Knowledge of Compound Interest Calculation	Between Groups	8.080	3	2.693	1.496	.217
	Within Groups	352.800	196	1.800		
	Total	360.880	199			
Knowledge of Risk Diversification	Between Groups	25.180	3	8.393	9.746	.000
	Within Groups	168.800	196	.861		
	Total	193.980	199			
Knowledge of Value of Money	Between Groups	40.540	3	13.513	10.231	.000
	Within Groups	258.880	196	1.321		
	Total	299.420	199			
Knowledge of Stocks	Between Groups	1.760	3	.587	.595	.619
	Within	193.120	196	.985		

	Groups					
	Total	194.880	199			
Knowledge of Return over time	Between Groups	1.020	3	.340	.484	.694
	Within Groups	137.760	196	.703		
	Total	138.780	199			
Knowledge of Financial Worth	Between Groups	13.040	3	4.347	3.251	.023
	Within Groups	262.080	196	1.337		
	Total	275.120	199			
Knowledge of Purchasing Power	Between Groups	17.120	3	5.707	4.408	.005
	Within Groups	253.760	196	1.295		
	Total	270.880	199			
Knowledge of Inflation	Between Groups	23.920	3	7.973	7.047	.000
	Within Groups	221.760	196	1.131		
	Total	245.680	199			
Knowledge of Inheritance	Between Groups	13.840	3	4.613	4.133	.007
	Within Groups	219.840	196	1.122		
	Total	233.680	199			

Source: Primary Data

For testing hypothesis 1 ANOVA was applied in Table 3. The F value (3,196) for knowledge of compound interest, stocks and return over time are 1.496, .595 and .484 posses the P value more than 0.05 at 05% significance level. Hence the null hypothesis is accepted for three statements out of nine statements. So there is no difference between the financial knowledge among College students in Lucknow. Whereas the remaining six statements on knowledge of risk diversification (9.746), value of money (10.231), financial worth (3.251), purchasing power (4.408), inflation (7.047) and inheritance (4.133) possess the P value less than 0.05 at 05% significance level. Hence the null hypothesis is rejected for these six statements. There is a significant difference between financial knowledge among college students in Lucknow.

TABLE 4: Financial Attitude among College Students

ANOVA

Financial Attitude Statements		Sum of Squares	D.f.	Mean Square	F	Sig.
I tend to live today and let tomorrow take care of itself	Between Groups	5.660	3	1.887	.809	.490
	Within Groups	457.120	196	2.332		
	Total	462.780	199			
I find it more satisfying to spend money than to save it for the long term	Between Groups	9.360	3	3.120	2.140	.096
	Within Groups	285.760	196	1.458		
	Total	295.120	199			
I like to buy goods things which make me feel good	Between Groups	5.280	3	1.760	1.774	.153
	Within Groups	194.400	196	.992		
	Total	199.680	199			
It is important to set financial goals for future	Between Groups	19.100	3	6.367	8.150	.000
	Within Groups	153.120	196	.781		
	Total	172.220	199			
I am willing to spend money on those things which are important to me	Between Groups	7.420	3	2.473	3.067	.029
	Within Groups	158.080	196	.807		
	Total	165.500	199			
Money is there to be spent	Between Groups	16.220	3	5.407	5.363	.001
	Within Groups	197.600	196	1.008		
	Total	213.820	199			

Source: Primary Data

For testing hypothesis 2 ANOVA was applied in Table 4. The F value (3,196) for financial attitude statements: I tend to live today and let tomorrow take care of itself, I find it more satisfying to spend money than to save it for the long term and I like to buy goods things which make me feel good are .809, 2.140 and 1.774 posses the P value more than 0.05 at 05% significance level. Hence the null hypothesis is accepted for these three statements out of six statements. So there is no difference between the financial attitude among College students in Lucknow. Whereas the remaining three statements on financial attitude: It is important to set financial goals for future (8.150), I am willing to spend money on those things which are important to me (3.067) and money is there to be spent (5.363) possess the P value less than 0.05 at 05% significance level. Hence the null hypothesis is rejected for these three statements. There is a significant difference between financial attitude among College students in Lucknow.

TABLE 5: Financial Behaviour among College Students

ANOVA

Financial Behaviour Statements		Sum of Squares	D.f.	Mean Square	F	Sig.
I regularly prepare a budget with my expenses and revenues	Between Groups	11.260	3	3.753	3.327	.021
	Within Groups	221.120	196	1.128		
	Total	232.380	199			
I took close watch on financial affairs	Between Groups	38.780	3	12.927	11.392	.000
	Within Groups	222.400	196	1.135		
	Total	261.180	199			
I know keeping financial records for future reference is very important	Between Groups	10.460	3	3.487	6.181	.000
	Within Groups	110.560	196	.564		
	Total	121.020	199			
Before buying anything I check whether I am able to pay for it	Between Groups	3.680	3	1.227	1.473	.223
	Within Groups	163.200	196	.833		
	Total	166.880	199			
I always prefer	Between	18.940	3	6.313	5.890	.001

to pay bills on time	Groups					
	Within Groups	210.080	196	1.072		
	Total	229.020	199			
I only buy things which I can afford	Between Groups	29.680	3	9.893	11.766	.000
	Within Groups	164.800	196	.841		
	Total	194.480	199			
I buy financial products after gathering some information	Between Groups	11.280	3	3.760	5.264	.002
	Within Groups	140.000	196	.714		
	Total	151.280	199			
I am prepared to take risk on my own money when making investment	Between Groups	24.540	3	8.180	8.955	.000
	Within Groups	179.040	196	.913		
	Total	203.580	199			
I use a spending plan or budget	Between Groups	12.860	3	4.287	5.020	.002
	Within Groups	167.360	196	.854		
	Total	180.220	199			

Source: Primary Data

For testing hypothesis 3 ANOVA was applied in Table 5. The F value (3,196) for financial behaviour statements: Before buying anything I check whether I am able to pay for it is 1.473 posses the P value more than 0.05 at 05% significance level. Hence the null hypothesis is accepted for one statement out of nine statements. So there is no difference between the financial behaviour among College students in Lucknow. Whereas the remaining eight statements on financial behavior: I regularly prepare a budget with my expenses and revenues (3.327), I took close watch on financial affairs (11.392), I know keeping financial records for future reference is very important (6.181), I always prefer to pay bills on time (5.890), I only buy things which I can afford (11.766), I buy financial products after gathering some information (5.264), I am prepared to take risk on my own money when making investment (8.955) and I use a spending plan or budget (5.020) possess the P value less than 0.05 at 05% significance level. Hence the null hypothesis is rejected for these eight statements. There is a significant difference between financial behaviour among College students in Lucknow.

VI- CONCLUSION

The finding of the study here concludes that the role of finance education is of utmost importance in transforming the right attitude and behaviour of an individual towards keeping proper financial records and managing personal finance. And for this purpose financial literacy plays a major key role. The finding of the study here clearly reveals that the college students' lacks in the knowledge of risk diversification, value of money, purchasing power, financial worth, inflation and inheritance. The result from the study also reveals that the college student does not show strong attitude and behaviour towards managing their personal finance and financial decisions. The study conducted here makes recommendations that the finance education should be imparted to all undergraduate courses from the very beginning so that a positive financial attitude can be developed and the college students can manage their personal finance decisions effectively. Different financial awareness programs by government, non-government agencies and banks should be imparted so that a change in the financial attitude and behaviour among college students before and after such programs can be observed.

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