

A Study on Financial Literacy among Different Economic Classes in Hyderabad

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Abstract: This study examines financial literacy among various economic classes in Hyderabad to highlight disparities in financial knowledge and behaviors. Through a structured survey of diverse socio-economic backgrounds, it evaluates literacy levels, identifies influencing factors, and observes financial behaviors. The findings reveal significant differences in financial literacy linked to education, income, access to resources, and social background. The study underscores the need for targeted interventions to address specific challenges and promote equitable financial outcomes. These insights are valuable for policymakers, financial institutions, and community organizations aiming to enhance financial inclusion and empowerment globally.

Key Words: Financial Literacy, Socio-economic Background, Financial Behaviors, Economic Classes, Disparities

INTRODUCTION

Financial literacy is crucial for individual financial well-being and overall economic stability. This study investigates the levels of financial literacy among different economic classes in Hyderabad, a city known for its diverse population. By conducting a structured survey across various socio-economic backgrounds, the research aims to uncover disparities in financial knowledge and behaviors. Key factors such as education, income, and access to financial resources are examined to understand their impact on financial literacy. The findings seek to inform policymakers and financial institutions about the need for targeted interventions to promote equitable financial outcomes and enhance financial inclusion in Hyderabad.

NEED OF THE STUDY

The need for this study arises from the significant role that financial literacy plays in empowering individuals

to make informed financial decisions, which is essential for economic stability and personal well-being. Hyderabad, with its diverse economic classes, presents a unique opportunity to explore how financial knowledge and behaviors vary across different socio-economic groups. By identifying the key determinants of financial literacy and the existing disparities, this research aims to provide valuable insights for policymakers, financial educators, and institutions. These insights are crucial for developing targeted strategies to address financial inequalities, promote financial inclusion, and ensure equitable access to financial resources for all segments of the population.

OBJECTIVES OF THE STUDY

1. To study the financial literacy among different economic classes for the period January -March, 2024.
2. To study the influencing factors on financial literacy.
3. To study the financial behavior and the savings preferences of respondents.

RESEARCH METHODOLOGY

Source of data: The research utilizes both primary and secondary data sources. Primary data is collected by distributing questionnaires to selected participants, directly capturing their perceptions and experiences regarding financial literacy. Secondary data is sourced from relevant journals, books, and online sources, supplementing the primary data and providing additional context and theoretical frameworks for analysis.

1. Statistical tools used: Mean, Standard deviation, One-way ANOVA
2. Data visualization tools: Pie Chart, Bar Chart

SAMPLING METHODOLOGY

A simple random sampling technique is used to select 200 participants from the population of interest in Hyderabad. This method ensures that each individual has an equal chance of being chosen, enhancing the sample's representativeness. By randomly selecting participants, the study aims to reduce bias and achieve a diverse and impartial sample for analysis.

LIMITATIONS OF THE STUDY

The cross-sectional design of this study limits the ability to make causal inferences. Additionally, self-reported data may introduce potential response bias and social desirability bias. The results have limited generalizability beyond the specific context of Hyderabad, and sampling limitations might affect the representativeness of the sample. Moreover, relying solely on quantitative methods may overlook qualitative nuances, and there is variability in the accessibility and quality of secondary data sources.

REVIEW OF LITERATURE

1. Sridevi (2023) conducted a study on financial literacy among different economic classes in Coimbatore, analyzing data from 102 respondents. Only one-third displayed high financial literacy, while 60% lacked a positive financial attitude. The study emphasizes the need for targeted policy interventions, especially for low-income, young, and income-unstable individuals. This aligns with the Global Financial Literacy Excellence Centre's finding that only 24% of Indian adults are financially literate.
2. Kumar et al. (2023) explored the impact of digital financial literacy, financial self-sufficiency, capability, and impulsivity on financial decision-making and well-being among 512 respondents in Delhi/NCR. Using structural equation modeling, they found that digital financial literacy significantly influences financial decisions and well-being. Financial capability and autonomy

also play critical roles, while impulsivity does not. The study underscores the need for skill development to enhance financial decision-making and resilience to challenges.

3. Yadav and Seth (2022) investigated financial literacy's effect on investment decisions across age groups in Delhi. Their survey revealed a preference for traditional investments over the stock market, limited awareness of online trading, and a reliance on bank deposits, insurance, and real estate. Despite a willingness to take risks, distrust in financial consultants was noted. The study calls for promotional efforts to bridge the gap between investor knowledge and available financial products.
4. Weixiang et al. (2022) examined how financial literacy and behavioral biases affect stock market investment decisions. Analyzing data from 450 investors, they found that heuristic biases significantly impact decision-making, more so than cognitive illusions, framing effects, or herd mentality. The study highlights the importance of financial literacy in mitigating irrational investment behaviors.
5. Ingale and Paluri (2022) conducted a bibliometric analysis of 1,138 documents on financial behavior and literacy from 1985-2020. Using the Biblioshiny application, they identified key themes, journals, and authors in the field. Their analysis shows a shift from demographic determinants to behavioral and psychological constructs in financial research. The study provides insights for future research and policy-making in financial education and literacy, despite some limitations regarding database selection.

Objective 1: To study the financial literacy among different economic classes for the period January-March, 2024.

A questionnaire is used to gather primary data for the study of financial literacy across various economic groups.

1. Educational Qualification

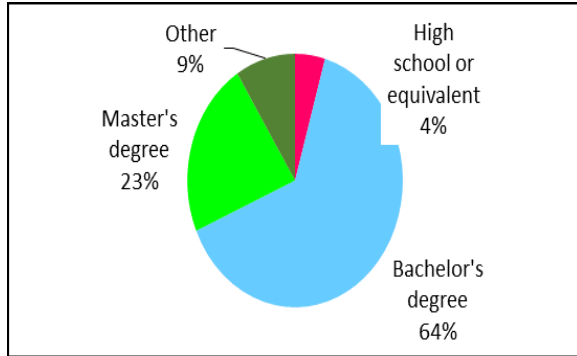
Table: 1 Classification of respondents based on their Education

Education	Male	Female	Total Respondents	Overall %
High school or equivalent	6 (67%)	3 (33%)	9	4.5%
Bachelor's degree	82 (64%)	46 (36%)	128	64%

Master's degree	30 (67%)	15 (33%)	45	22.5%
Others	10 (56%)	8 (44%)	18	9%
Total	128 (64%)	72 (36%)	200	100%

Source: Calculated from primary data

Figure 1: Classification of respondents based on their Education



Source: Computed from primary data

Interpretation

This financial literacy survey's response rate is shown in an SPSS pie chart. Most respondents (blue color) have graduated (64%), followed by post-graduation (23%), shown in green in the pie chart.

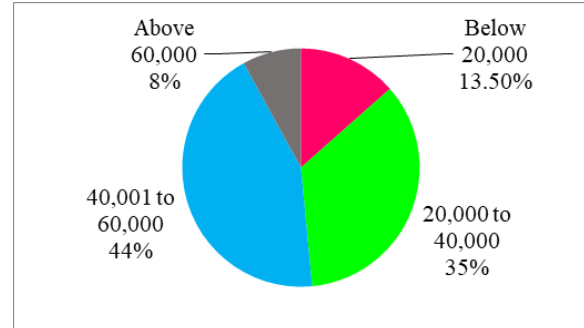
2. Monthly Income (in INR)

Table: 2 Classification of respondents based on their Income

Income	Male	Female	Total Respondents
Below 20,000	15(56%)	12(44%)	27(13.5%)
20,000 to 40,000	45(64%)	25(36%)	70(35%)
40,001 to 60,000	58(67%)	29(33%)	87(43.5%)
Above 60,000	10(63%)	6(38%)	16(8%)
Total	128(64%)	72(36%)	200(100%)

Source: Calculated from primary data

Figure 2: Classification of respondents based on their Income



Source: Computed from primary data

Interpretation

The sample is shown in a pie chart per income category. 44% of blue responders are from 40,001 to 60,000 groupings. The green-colored '20,000 to 40,000' income category follows with 35%.

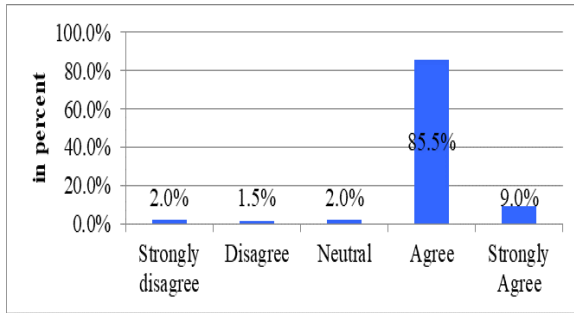
3. I believe that being financially literate is important for achieving long-term financial stability.

Table 3: Respondents' opinion on the importance of financial literacy for achieving long-term financial stability

	Male	Female	Total Respondents
Strongly disagree	3 (75%)	1 (25%)	4(2.0%)
Disagree	2 (67%)	1 (33%)	3(1.5%)
Neutral	2 (50%)	2 (50%)	4(2.0%)
Agree	109 (64%)	62 (36%)	171(85.5%)
Strongly Agree	12 (67%)	6 (33%)	18(9.0%)
Total	128 (64%)	72 (36%)	200(100%)

Source: Calculated from primary data

Figure 3: Respondents' opinion on the importance of financial literacy for achieving long-term financial stability



Source: Computed from primary data

Interpretation

Based on study, the study population agrees that financial literacy helps achieve long-term financial

stability. Most respondents (85.5%) think that financial education is essential for long-term financial security, with 9.0% strongly agreeing. However, 1.5% disagree and 2.0% strongly disagree with financial literacy. Additionally, 2.0% remain neutral. Above bar chart shows respondents' universal acceptance of financial literacy's long-term financial stability role.

Social class and Financial Literacy

H0: Social class (monthly income) does not have significant relationship with financial literacy

Ha: Social class (monthly income) has significant relationship with financial literacy

Table 4: Descriptive Statistics for Social class (monthly income) and financial literacy

	N	Mean	Std. Deviation	Std. Error	95% Confidence Interval for Mean	
					Lower Bound	Upper Bound
Below 20,000	27	3.5556	.69798	.13433	3.2794	3.8317
20,000 to 40,000	70	3.2857	.61721	.07377	3.1385	3.4329
40,001 to 60,000	87	3.6782	.70701	.07580	3.5275	3.8288
Above 60,000	16	3.8125	.54391	.13598	3.5227	4.1023
Total	200	3.5350	.68639	.04854	3.4393	3.6307

Source: Calculated from primary data

Table 4: One-way ANOVA for Social class (monthly income) and financial literacy

	Sum of Squares	Df	Mean Square	F	Sig.
Between Groups	7.377	3	2.459	5.579	.001
Within Groups	86.378	196	.441		
Total	93.755	199			

Source: Calculated from primary data

Interpretation

One-way ANOVA demonstrates a significant relationship between social class and financial literacy ($F(3, 196) = 5.579, p = .001$). The statistics suggest financial literacy varies greatly by socioeconomic class. Next, the descriptive data show that participants with a monthly income above 60,000 INR have the highest mean financial literacy score ($M = 3.8125$), followed by 40,001 to 60,000 INR ($M = 3.6782$),

below 20,000 INR ($M = 3.5556$), and 20,000 to 40,000 INR. Financial literacy is rising in high-income groups. Data imply rejecting H0 and accepting Ha.

Objective 2: To study the influencing factors on financial literacy.

Primary data regarding the influencing factors on financial literacy is collected through a questionnaire.

5. My level of financial literacy is influenced by my educational background.

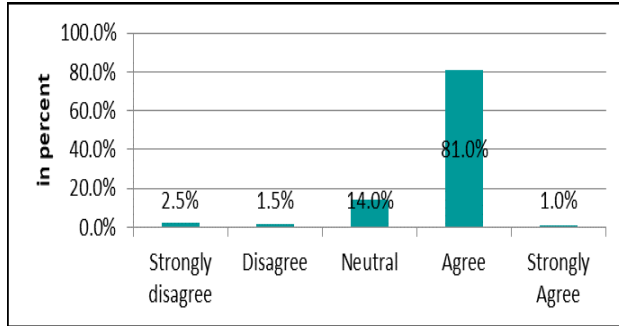
Table 5: Respondents' opinion on the influence of educational background on financial literacy

	Male	Female	Total Respondents
Strongly disagree	3 (60%)	2 (40%)	5(2.5%)
Disagree	2 (67%)	1 (33%)	3(1.5%)
Neutral	18 (64%)	10 (36%)	28(14.0%)
Agree	103 (64%)	59 (36%)	162(81.0%)

Strongly Agree	2 (100%)	0 (0%)	2(1.0%)
Total	128 (64%)	72 (36%)	200(100%)

Source: Calculated from primary data

Figure 5: Respondents' opinion on the influence of educational background on financial literacy



Source: Computed from primary data

Interpretation

Respondents' opinions on how education affects financial literacy show consensus. This poll found that 81.0% of respondents feel that financial literacy is influenced by their education, with 1.0% highly agreeing. However, 1.5% disagrees and 2.5% strongly disagree that educational background affects financial literacy. Next, 14.0% are neutral. The bar chart above shows that a large majority of respondents acknowledge the impact of schooling on their financial literacy and emphasize the importance of educational backgrounds in influencing persons' financial competencies.

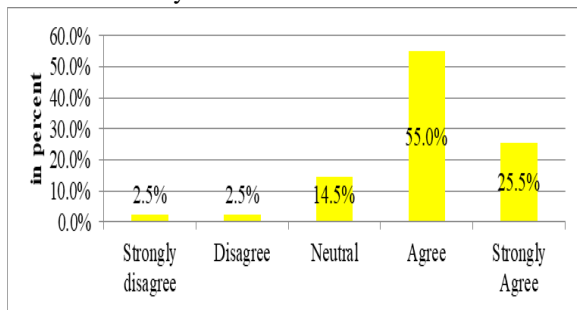
6. Economic background or social status plays a role in determining an individual's financial literacy.

Table 6: Respondents' opinion on the role of economic background or social status in determining financial literacy.

	Male	Female	Total Respondents	Overall %
Strongly disagree	3 (60%)	2 (40%)	5	2.5%
Disagree	3 (60%)	2 (40%)	5	2.5%
Neutral	18 (62%)	11 (38%)	29	14.5%
Agree	70 (64%)	40 (36%)	110	55.0%
Strongly Agree	34 (67%)	17 (33%)	51	25.5%
Total	128 (64%)	72 (36%)	200	100%

Source: Calculated from primary data

Figure 6: Respondents' opinion on the role of economic background or social status in determining financial literacy



Source: Computed from primary data

Interpretation

Respondents' views on how wealth or social standing shape financial literacy vary across the sample. A majority of respondents (55.0%) think that economic background or social standing affects financial literacy, with 25.5% strongly agreeing. 2.5% disagree and strongly disagree that economic background or social standing affects financial literacy, whereas 14.5% are neutral. Most respondents discern the impact of economic background or social standing on financial literacy levels, highlighting the importance of socioeconomic factors in determining financial competencies.

Educational Qualification and Financial Literacy

H0: There is no association between educational qualification and financial literacy.

Ha: There is an association between educational qualification and financial literacy.

Table 7: Descriptive Statistics for Educational Qualification and Financial Literacy

	N	Mean	Std. Deviation	Std. Error	95% Confidence Interval for Mean
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					Lower Bound	Upper Bound
High school or equivalent	9	4.0000	.00000	.00000	4.0000	4.0000
Bachelor's degree	128	3.5469	.67415	.05959	3.4290	3.6648
Master's degree	45	3.2889	.69486	.10358	3.0801	3.4976
Other	18	3.8333	.70711	.16667	3.4817	4.1850
Total	200	3.5350	.68639	.04854	3.4393	3.6307

Source: Calculated from primary data

Table 7: One-Way ANOVA for Educational Qualification and Financial Literacy

	Sum of Squares	Df	Mean Square	F	Sig.
Between Groups	6.292	3	2.097	4.700	.003
Within Groups	87.463	196	.446		
Total	93.755	199			

Source: Calculated from primary data

Interpretation

The one-way ANOVA test shows a significant association between education and financial literacy ($F(3, 196) = 4.700, p = .003$) confirming H_a . ANOVA results indicate substantial differences in financial literacy mean values across educational qualifications. Descriptive statistics show that high school or equivalent graduates have the highest mean financial literacy ($M = 4.0000$), followed by other qualifications ($M = 3.8333$), bachelor's degree holders ($M = 3.5469$), and master's degree holders ($M = 3.2889$). Such data support rejecting the null hypothesis (H_0) and

supporting the alternative hypothesis (H_a), which states that participant financial literacy is significantly correlated with educational degree.

Objective 3: To study the financial behavior and savings preferences of respondents.

Primary data regarding the financial behavior and savings preferences of respondents is collected through a questionnaire.

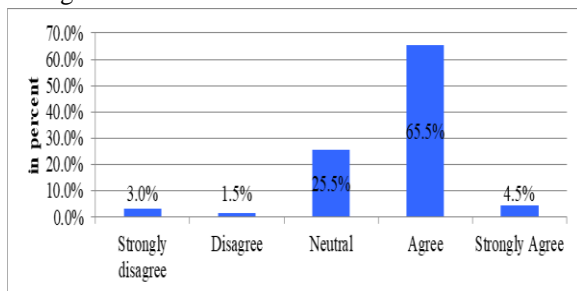
8. I am comfortable taking calculated risks with my investments to potentially earn higher returns.

Table 4.22: Respondents' opinion on comfort level with taking calculated risks with investments

	Male	Female	Total Respondents	Overall %
Strongly disagree	4 (67%)	2 (33%)	6	3.0%
Disagree	2 (67%)	1 (33%)	3	1.5%
Neutral	33 (65%)	18 (35%)	51	25.5%
Agree	84 (64%)	47 (36%)	131	65.5%
Strongly Agree	5 (56%)	4 (44%)	9	4.5%
Total	128 (64%)	72 (36%)	200	100%

Source: Calculated from primary data

Figure 8: Respondents' opinion on comfort level with taking calculated risks with investments



Source: Computed from primary data

Interpretation

Respondents' comfort levels concerning taking intended risks with investments to potentially earn superior returns conveys wide-ranging distribution within the sample. Majority of respondents having 65.5%, agree that they are comfortable taking intended risks with their investments, with an extra 4.5% strongly agreeing with this statement. A small proportion, 1.5%, both disagrees and strongly disagrees with the comfort level connected with taking risks and 25.5% remain neutral in their standpoint. Above bar chart depicts that significant portion of

respondents articulate a willingness to take intended risks for higher returns, there is also a prominent

segment that remains neutral or cautious in their approach to speculation risk-taking.

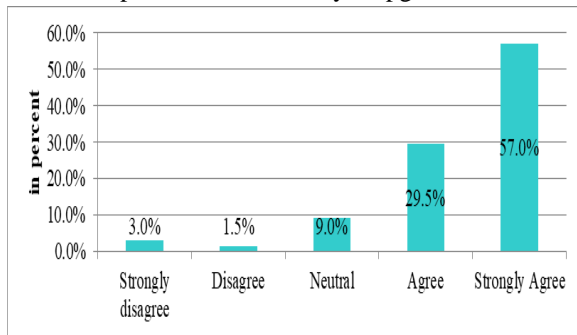
9. Financial security and stability are more important to me than material possessions or lifestyle upgrades.

Table 9: Respondents' opinion on the importance of financial security and stability compared to material possessions or lifestyle upgrades

	Male	Female	Total Respondents	Overall %
Strongly disagree	4 (67%)	2 (33%)	6	3.0%
Disagree	2 (67%)	1 (33%)	3	1.5%
Neutral	12 (67%)	6 (33%)	18	9.0%
Agree	38 (64%)	21 (36%)	59	29.5%
Strongly Agree	72 (63%)	42 (37%)	114	57.0%
Total	128 (64%)	72 (36%)	200	100%

Source: Calculated from primary data

Figure 9: Respondents' opinion on the importance of financial security and stability compared to material possessions or lifestyle upgrades



Source: Computed from primary data

Interpretation

The respondents' priorities about financial security and stability in relative to material possessions or lifestyle upgrades shows clear consensus inside the sample. The preponderance of respondents, comprising 57.0%, strongly agree that financial safety and constancy are more important to them than material possessions or

lifestyle upgrades, demonstrating a strong preference for long-term financial well-being over short-term satisfaction and 29.5% agree with this statement. A small proportion, 1.5%, both disagrees and strongly disagrees with the prioritization of financial security while 9.0% remain neutral in their attitude. Above bar chart illustrate graphically about the vast majority of respondents prioritize financial security and stability showcasing sensible approach to financial decision-making.

Social class and Investment

Classification of respondents based on their Income and Respondents' opinion on comfort level with taking calculated risks with investments. Income and investment

H0: There is no association between social class (monthly income) and investment.

Ha: There is an association between social class (monthly income) and investment.

Table 10: Descriptive Statistics for social class (monthly income) and investment

	N	Mean	Std. Deviation	Std. Error	95% Confidence Interval for Mean	
					Lower Bound	Upper Bound
Below 20,000	27	3.2222	.64051	.12327	2.9688	3.4756
20,000 to 40,000	70	3.8143	.57213	.06838	3.6779	3.9507
40,001 to 60,000	87	3.6897	.81141	.08699	3.5167	3.8626
Above 60,000	16	3.6875	.70415	.17604	3.3123	4.0627
Total	200	3.6700	.72368	.05117	3.5691	3.7709

Source: Calculated from primary data

Table 10: One-way ANOVA for social class (monthly income) and investment

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	6.909	3	2.303	4.639	.004
Within Groups	97.311	196	.496		
Total	104.220	199			

Source: Calculated from primary data

Interpretation

One-way ANOVA shows a significant association between social class and investment scores ($F(3, 196) = 4.639, p = .004$). Rest of results reveal huge variations in investment scores between social classes. The descriptive statistics show that participants with a monthly income between 20,000 and 40,000 INR have the highest mean investment score ($M = 3.8143$), followed by those above 60,000 INR ($M = 3.6875$), 40,001 to 60,000 INR ($M = 3.6897$), and below 20,000 INR. This supports rejecting the null hypothesis (H_0) and accepting the alternative hypothesis (H_a) that social class affects participants' investment scores.

RESULTS AND DISCUSSION

Higher income and lower education correspond with higher financial literacy and investment scores, according to analysis. Males outnumber females, and most participants are 36–45. The majority of participants have bachelor's degrees and work, earning 20,000–60,000 INR per month. Family upbringing affects financial literacy, which is essential for long-term stability.

Targeted financial literacy initiatives, especially for higher-educated and higher-income persons, investment instruction, financial literacy in high school curricula, and family financial discussions are recommended. Financial literacy projects should also include communication with businesses and community organizations and frequent evaluations.

CONCLUSION

The study examined financial literacy across demographic groups and its relationship to socioeconomic characteristics. Complete investigation revealed several critical conclusions. This study found substantial correlations between social class, education, and financial literacy. Increased wages and high school or similar education are associated with increased financial literacy. Income levels affect investment behavior, with higher earners investing more. This study found that family upbringing and education affect financial literacy, emphasizing the need for targeted interventions to close knowledge gaps and empower varied demographics. Based on these findings, various financial literacy innovations have been proposed. This study suggests specialized training programs, investment workshops, workplace

wellness programs, family-oriented financial discussions, and community outreach. This study emphasizes the importance of financial literacy as a key factor in long-term financial stability and the need to improve financial education and access for all, regardless of socioeconomic status or education. Thus, tailored initiatives and collaborative partnerships are crucial to financial literacy and empowerment.

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