

A Study of Awareness and Knowledge about Wealth Management among Individuals

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Abstract: Wealth management is a crucial aspect of financial stability and growth, yet awareness and knowledge about it vary significantly among individuals. This study aims to assess the level of awareness and knowledge of wealth management among individuals across different demographics. The research examines factors influencing financial literacy, investment behaviour, and financial planning strategies. The study utilizes survey data and statistical analysis to identify trends and gaps in wealth management knowledge. Findings suggest that financial education plays a critical role in shaping investment decisions, and a lack of awareness can lead to financial insecurity. The paper concludes with recommendations for improving wealth management awareness and financial literacy programs.

Keywords: Wealth management, financial literacy, investment behavior, financial planning, financial awareness, personal finance.

retirement planning, risk management), and the potential benefits it offers.

* Knowledge: This delves deeper into the specific information individuals possess about wealth management. It examines their understanding of different investment vehicles, financial products, market dynamics, and strategies for building and preserving wealth.

Wealth management is a comprehensive approach to managing one's financial resources to achieve financial goals. It involves investment, tax planning, retirement planning, estate planning, and risk management. However, many individuals lack awareness and knowledge about wealth management, leading to poor financial decisions. This study aims to investigate the level of awareness and knowledge about wealth management among individuals.

INTRODUCTION OF THE STUDY

Wealth management encompasses a comprehensive approach to planning, managing, and protecting an individual's financial assets. It involves a holistic understanding of financial goals, risk tolerance, investment strategies, and tax planning. Effective wealth management ensures financial security, supports long-term goals, and fosters financial independence. This study seeks to understand the level of awareness and knowledge about wealth management among individuals, highlighting its significance in today's complex financial landscape. It aims to understand how well people comprehend and utilize wealth management principles and tools to achieve their financial goals. Here's a breakdown of what this study entails:

Key Aspects of the Study:

* Awareness: This assesses the extent to which individuals are familiar with the concept of wealth management.

It explores whether they understand its importance, its various components (e.g., investment planning,

OBJECTIVES

- To assess the level of financial literacy among individuals.
- To identify sources of information and preferred channels for learning about wealth management.
- To understand attitudes towards investing, risk-taking, and financial planning
- To evaluate the impact of demographics (age, gender, income, education) on wealth management awareness and knowledge.
- To provide recommendations for improving financial literacy and wealth management practices among individuals.
- To measure the general awareness of wealth management among individuals.
- To identify current trends and preferences related to wealth management services.

HYPOTHESIS

Hypothesis testing using the chi-square test:

- Research Question

Is there a significant association between the type of investment (stocks, bonds, or mutual funds) and the level of financial risk tolerance (low, moderate, or high) among investors?

• Collected Data

Investment Type	Low Risk Tolerance	Moderate Risk Tolerance	High Risk Tolerance	Total
Stocks	20	40	60	120
Bonds	40	30	10	80
Mutual Funds	30	50	40	120
Total	90	120	110	320

• Null Hypothesis (H0)

There is no significant association between the type of investment and the level of financial risk tolerance.

• Alternative Hypothesis (H1)

There is a significant association between the type of investment and the level of financial risk tolerance.

Chi-Square Test Calculation

1. Expected Frequencies: Calculate the expected frequencies for each cell using the formula:

Expected Frequency = (Row Total x Column Total) / Grand Total

2. Chi-Square Statistic: Calculate the chi-square statistic using the formula:

$$\chi^2 = \sum [(Observed\ Frequency - Expected\ Frequency)^2 / Expected\ Frequency]$$

Expected Frequencies

Investment Type	Low risk tolerance	Moderate risk tolerance	High risk tolerance
Stocks	$(120 \times 90) / 320 = 33.75$	$(120 \times 120) / 320 = 45$	$(120 \times 110) / 320 = 41.25$
Bonds	$(80 \times 90) / 320 = 22.5$	$(80 \times 120) / 320 = 30$	$(80 \times 110) / 320 = 27.5$
Mutual Funds	$(120 \times 90) / 320 = 33.75$	$(120 \times 120) / 320 = 45$	$(120 \times 110) / 320 = 41.25$

The Chi-square statistic formula is:

$$\chi^2 = \sum \frac{(O-E)^2}{E}$$

O= observed frequency

E= Expected frequency

Investment type	Low risk (O,E)	Moderate Risk (O,E)	High Risk (O,E)
Stock	$(20-33.75)^2/33.75$	$(40-45)^2/45$	$(60-41.25)^2/41.25$
Bond	$(40-22.5)^2/22.5$	$(30-30)^2/30$	$(10-27.5)^2/27.5$
Mutual Fund	$(30-33.75)^2/33.75$	$(50-45)^2/45$	$(40-41.25)^2/41.25$

$$\chi^2 = 5.6 + 0.56 + 8.32 + 12.5 + 0 + 10.9 + 0.42 + 0.56 + 0.04 = 40.44$$

Degrees of Freedom (df):

The degrees of freedom for the chi-square test is calculated as:

$$df = (Number\ of\ Rows - 1) \times (Number\ of\ Columns - 1)$$

$$df = (3 - 1) \times (3 - 1) = 4$$

Critical Value

Using a chi-square distribution table, find the critical value for χ^2 with df = 4 and $\alpha = 0.05$:

Critical Value = 9.488

Since $40.44 > 9.488$, we reject the null hypothesis.

Decision

Since the calculated χ^2 value (40.44) is greater than the critical value (9.488), we reject the null hypothesis (H0) and conclude that there is a significant association between the type of investment and the level of financial risk tolerance.

Interpretation

The results suggest that investors with different levels of financial risk tolerance tend to prefer different types of investments. Specifically, investors with high risk tolerance tend to prefer stocks, while those with low risk tolerance tend to prefer bonds.

LITERATURE REVIEW

Brennan and Xia (2020) in a study on dynamic asset allocation under inflation and Watcher (2020) the key objectives for the success in wealth management are increasing focus on client-centricity through specified client segments, understanding of client needs, proactive effort and individualized value propositions and exceeding client expectations.

Barber and Odean (2018) while examining the overconfidence in common stock investment have explained the theoretical concepts and predicted that overconfidence in an investor makes him trade more excessively.

Walia and Dr. Kiran (2019) in their research on analysis of investor's risk perception have focused on the perspective of an individual investor by understanding the expectation of the investor and his risk appetite. Customers consistently expect to get innovative solutions with higher quality in the provided services.

Sharma, 2022 The study researched the various instruments and measures utilized by the Indian households to manage their money and whether the individuals held the necessary capabilities to manage their wealth effectively.

Velmurugan et al (2015) has conducted research on investors' perceptions of various investment avenues. The primary objective behind the government, private, self-employed, and retired people investing in this study is to use the extra money in beneficial schemes so that it can be rolled back while also providing significant returns. When a regular man considers investing, he will never choose a riskier strategy.

Banumathy, the study was on the stock market awareness among the respondents of Puducherry region and it found that there is significant difference in awareness among male and female respondents. There is also a significant difference among different occupations and educational backgrounds.

Vanrooij2012 The study finds the relationship between financial literacy and wealth accumulation and net worth. The study found that as the financial literacy grew the probability of individual to invest in stock market grew and hence there was higher chance of increase in the net worth of the individual.

Sharma, 2022 The study researched the various instruments and measures utilized by the Indian

households to manage their money and whether the individuals held the necessary capabilities to manage their wealth effectively.

Caselli et al (2005) explains the segment of banking services that focus on families and family-owned businesses, within the private banking business, by examining synergies among the various financial integrated activities and by offering ideas on how to develop new business opportunities.

Bahbah (2009) in research on timeless strategies for building financial security in wealth management, elucidated that various measures to increase the awareness must be taken to guide the people regarding the importance of wealth management services to manage their wealth. After gaining wealth, it is more important to safeguard it by managing in an effective and diverse manner.

Schroder (2013) The results of a representative poll of wealth advisers on private wealth management methods are analysed, and the advisers' perspectives are compared to academic studies in household finance. This research shows that many wealth managers do not use financial economists' fresh findings while counselling their clients. Many practitioners concentrate solely on managing their clients' market risk exposure. Most practitioners overlook planned future expenditure and investment time horizon when determining an investor's asset allocation.

Wyman et al (2014) According to him, digital poses a threat to existing wealth management players. Self-directed investment is more comfortable for today's younger, technologically adept individuals than it is for today's elder generation.

RESEARCH METHODOLOGY

Type of Research:

Descriptive method has been used in this research for the collection of data.

Source of Data:

To overcome the limitation of incompatibility, obsolescence, and bias, I went for the primary data, considering the time and geographic constraints, I found sampling method of data collection suitable for the project.

Data Collection Method:

Data has been collected through questionnaire. The question was design in such a way to cover as many aspects as possible.

Tools and techniques used:

- Bar Diagram
- Pie Chart
- Tables

Sampling Method:

The sampling is drawn on probability sampling basis i.e., random sampling. Samples have been collected through questionnaire.

Sample Size:

204 Responses are collected through questionnaire.

DATA ANALYSIS AND INTERPRETATION

1. Analysis of Age

18-24	26.1%
25-34	36.2%
35-44	27.1%
45-54	Less
55-64	-
65+	-

Interpretation:

From the above chart shows that, the majority of respondents (62.3%) fall within the 18-34 age range, indicating a strong presence of younger individuals. The 25-44 age range accounts for 63.3% of respondents, suggesting that prime working-age individuals are actively engaged. Respondents aged 45-54 and above are underrepresented, indicating a potential gap in engagement or participation.

2. Analysis of Gender:

Female	55.3%
Male	44.7%

Interpretation:

From the above chart shows that, Females account for 55.3% of respondents, indicating a slight bias towards female participation. Males account for 44.7% of respondents, showing a significant presence. Financial institutions should consider targeting their marketing efforts towards females, who appear to be more engaged. Financial literacy programs could be tailored to address the unique financial concerns and needs of both females and males.

3. Occupation:

Student	23.7%
Employed	45.5%

Self-employed	29.3%
Retired	2%
Other	-

Interpretation:

The above graph shows that Employed individuals account for 45.5% of respondents, indicating a strong presence of working professionals. Self-employed individuals account for 29.3% of respondents, highlighting the growing economy and entrepreneurship. Students (23.7%) and retirees (small proportion) are also represented, indicating a diverse range of occupations.

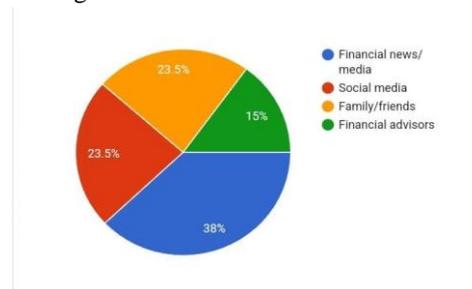
4. Annual Income:

\$20000 - \$40000	31.1%
\$40000 - \$60000	32.6%
\$60000 - \$80000	18.7%
\$80000 - \$100000	9.8%
\$100000+	7.8%

Interpretation:

The above graph shows that the majority of respondents (63.7%) fall within the middle-income range (□20,000 - □60,000), indicating a strong presence of individuals with moderate earning potential. A significant proportion (18.7%) of respondents earn between □60,000 - □80,000, highlighting the presence of upper-middle-income individuals. A smaller proportion (17.6%) of respondents earn above □80,000, indicating a smaller but significant presence of high-income earners.

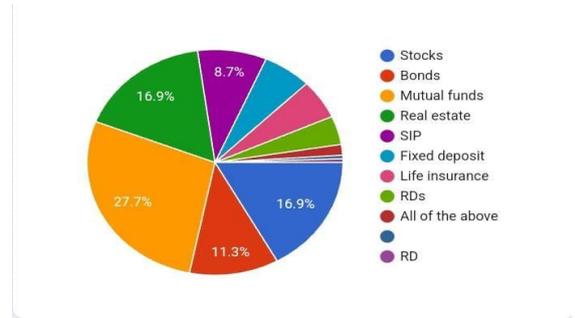
5. Where have you primarily heard about wealth management?



The above graph shows that Financial News/Media (38%): The majority of respondents have heard about wealth management through financial news and media outlets. Social media (23.5%): Social media platforms are the second most common source of information, indicating the growing influence of online platforms in shaping financial awareness. Family/Friends (23.5%): Personal networks, such as family and friends, are also highlighting the role of word-of-mouth recommendations in wealth

management. Financial Advisors (15%): Although financial advisors are experts in wealth management, they are the least cited source of information.

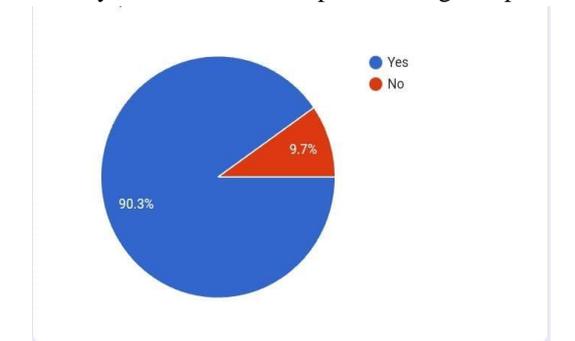
6. Which of the following investment options are you familiar with?



Interpretation:

The above graph shows that Mutual Funds (27.7%): The majority of respondents are familiar with mutual funds, indicating a growing awareness of this investment option. Stocks (16.9%): Stocks are the second most familiar investment option, suggesting that respondents have some knowledge of equity markets. Real Estate (16.9%): Real estate is also a well-known investment option, likely due to its tangible nature and potential for long-term appreciation. Bonds (11.3%): Bonds are less familiar to respondents, but still, a significant proportion has some knowledge of this fixed-income investment option. SIP (8.7%): Systematic Investment Plans (SIPs) are familiar to a smaller proportion of respondents, indicating a need for greater awareness about this investment strategy.

7. Do you have a financial plan or budget in place?

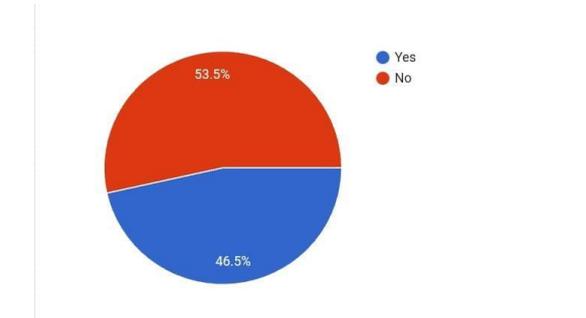


Interpretation:

The above graph shows that A significant majority of respondents (90.3%) have a financial plan or budget in place, indicating a high level of financial responsibility and planning. Yes (90.3%): This group has taken proactive steps to manage their finances. No (9.7%): This group may benefit from creating a financial plan or budget. The high

adoption rate suggests that respondents have a good understanding of the importance of financial planning.

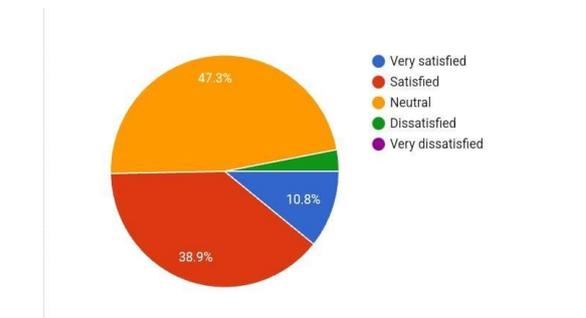
8. Have you ever consulted with a financial advisor or wealth manager?



Interpretation:

The above graph shows that the responses are almost evenly split, with 46.5% of respondents having consulted with a financial advisor or wealth manager, and 53.5% having not. Yes (46.5%): This group has sought professional advice to manage their finances. No (53.5%): This group may not have sought professional advice or may not have access to financial advisory services.

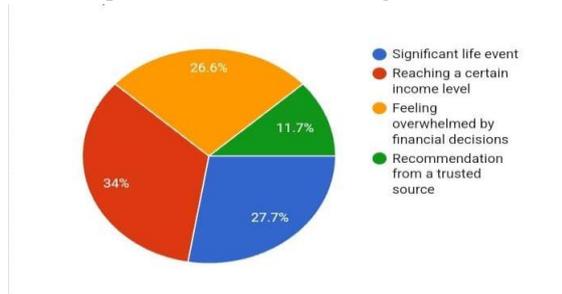
9. If yes, how satisfied were you with the advice received?



Interpretation:

The above graph shows that the responses indicate a moderate level of satisfaction with the advice received from financial advisors. The largest proportion of respondents are neutral 47.3%, indicating that the advice received was adequate but not exceptional. A significant proportion of respondents 38.9% are satisfied with the advice received, indicating that their expectations were met. A smaller proportion of respondents 10.8% are very satisfied, indicating that the advice received exceeded their expectations. Also, A small proportion of respondents are dissatisfied, indicating that the advice received did not meet their expectations.

10. What factors would influence your decision to seek professional wealth management advice?



Interpretation:

The above graph shows that Factors Influencing Decision to Seek Professional Wealth Management Advice. 34% Respondents are more likely to seek professional wealth management advice when they reach a certain income level, indicating that financial stability and growth are key drivers. 27.7% Significant life events, such as inheritance, marriage, or retirement, also trigger the need for professional wealth management advice. 26.6% Respondents who feel overwhelmed by financial decisions are also likely to seek professional advice, highlighting the need for guidance and support. 11.7% A smaller proportion of respondents are influenced by recommendations from trusted sources, such as friends, family, or colleagues.

RESULTS AND FINDINGS

The majority of respondents (62.3%) fall within the 18-34 age range, indicating a strong presence of younger individuals. Females account for 55.3% of respondents, indicating a slight bias towards female participation.

Employed individuals dominate (45.5%), followed by self-employed (29.3%) and students (23.7%). The majority of respondents (63.7%) fall within the middle-income range (₹20,000 - ₹60,000).

Financial Awareness and Planning 65.4% of respondents believe that wealth management is important for everyone, regardless of income level. 90.3% of respondents have a financial plan or budget in place, indicating a high level of financial responsibility.

Mutual funds (27.7%) and stocks (16.9%) are the most familiar investment options, while SIPs (8.7%) and other options are less familiar.

Financial Institutions in Cater to the financial needs of middle-income individuals, provide upscale services for high-income earners, and offer financial education programs.

The financial Advisors improve the quality and relevance of advice, provide personalized services, and enhance communication.

Based on the collected data various individuals on their risk-taking ability, investment preferences & then tried to find out some universal truths which are applicable to almost 90% of the people.

In a same way many respondents don't know about portfolio management services. Some respondent believe that wealth management is systematic management of all the income you generate.

LIMITATIONS OF THE STUDY

The limitations of the study are those characteristics of design or methodology that impacted or influenced the interpretation of the findings from your research.

Sample size may not complete representative the universe. Completely relying on the data provided by individual through questionnaire.

The study has a high representation of younger individuals 62.3% in the 18-34 age range, which may not accurately represent the views of older adults.

The study has a high representation of employed individuals 45.5%, which may not accurately represent the views of self-employed, retired, or unemployed individuals.

Limited financial knowledge: The study found that 53.5% of respondents had not consulted with a financial advisor, which may indicate a lack of financial knowledge or awareness.

Investment option familiarity: The study found that respondents were more familiar with traditional investment options (mutual funds, stocks), but less familiar with other options (SIPs, etc.), which may limit the generalizability of the findings.

The study relies on self-reported data, which may be subject to biases and inaccuracies.

CONCLUSION / SUGGESTIONS

Based on the collected responses, The study provides valuable insights into the financial awareness, planning, and advisory needs of individuals. The findings highlight the importance of financial planning, the need for professional advice, and the significance of demographic factors such as age, occupation, and income.

However, the study also reveals limitations, including biases in representation, financial literacy, and geographic and cultural factors.

For Financial Institutions, Tailor services to middle-income individuals Offer financial products and services catering to the needs of middle-income earners.

Upscale services for high-income earners: Provide sophisticated financial services, such as wealth management and investment advisory, for high-income individuals.

Financial education programs: Develop and offer financial literacy programs to educate individuals about personal finance, budgeting, and saving.

Promote financial literacy: Develop and implement initiatives to promote financial literacy among individuals.

In recent years, the proliferation of wealth management products and innovative financial services have contributed to the steady growth of wealth management as an attractive and lucrative service sector within the financial industry around the world.

Respondent prefer risk free asset to be in their portfolio like mutual fund, FD's, Life insurance, etc, thus we can say that these are some popular sources other than saving account.

Higher the return, higher the risk will be. Mutual funds though given the higher return in long run than any other asset mix but yet not been preferred by many of respondents, now a day SIP is more popularizing in mutual fund.

Conduct comparative studies to examine differences in financial awareness and planning across various demographics and geographic locations.

The qualitative research to gain deeper insights into individuals' financial experiences, challenges, and needs.

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