

# Assessing the Financial Literacy Levels of Undergraduate Students: A Survey Study

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**Abstract:** The survey study aims to assess the financial literacy levels of undergraduate students across various areas. The study focuses on assessing students' understanding of fundamental financial concepts, including the difference between needs and wants, financial management practices, debt awareness and management, investment knowledge, understanding of credit and loans, financial decision-making processes, financial literacy resources, and future financial planning. by examining the responses obtained through the survey, the study seeks to provide insights into the financial literacy levels of undergraduate students. The purpose of the study is to evaluate the present financial literacy levels of undergraduate students enrolled at universities/ Colleges. The data collection is done by both methods primarily by Survey Questionnaire and secondary sources by Books, Internet, etc.

**Keywords:** Financial Literacy, Financial planning, financial decision-making, financial awareness.

## INTRODUCTION

Financial literacy, the ability to understand and effectively use various financial skills, is increasingly recognized as a critical life skill. Early financial education is believed to play a crucial role in shaping an individual's financial behavior and stability in the long term. This study aims to analyse/ Assessing the Financial Literacy Levels of Undergraduate Students, focusing on the Navi Mumbai area.

Financial literacy plays an important role in the socio-economic development of a country besides political and legal factors. All countries are trying to develop their financial system to achieve the goal of economic development through financial inclusion.

## REVIEW OF LITERATURE

Review of literature means the summary of research published in journals, books, and other sources to demonstrate a knowledge gap and identify areas in

need of further investigation, according to Creswell (2005). Researchers who do literature reviews do so to provide a strong foundation for future study, uncover research gaps in their field, and show how their current discoveries relate to prior ones. Which are

- Consider the outcomes of previous research.
- Identify the generalized findings pattern and conclude them.
- Conceptual background and strength to the present study based on who has been contributed by others.
- Lay down research work as a replication of earlier studies in a better way.

Based on Enhancements in Financial Literacy:

Financial literacy is particularly crucial in emerging economies like India, where a significant portion of the population lacks formal financial education and faces challenges in accessing financial services. Early financial education can play a transformative role in enhancing financial literacy and promoting long-term financial stability. This section examines the impact of early financial education on financial literacy.

Agarwalla, Barua, Jacob, and Varma (2015) conducted a comprehensive study on the impact of financial literacy programs in India. They found that participants of these programs showed significant improvements in financial knowledge, skills, and behaviors. The study highlighted the effectiveness of financial education in enhancing financial literacy and promoting better financial decision-making.

Sharma and Kukreja (2013) examined the effects of incorporating financial education into the school curriculum in India. Their study revealed that students who received financial education had a better understanding of financial concepts and were more likely to engage in positive financial behaviors, such as saving and investing.

Garg and Singh (2018) explored the impact of financial literacy programs on skill development

among Indian students. They found that participants of these programs demonstrated improved budgeting and financial planning skills, which are crucial for managing personal finances effectively.

Bhanot, Bapat, and Chandra (2012) investigated the practical application of financial knowledge among students who received financial education. Their study showed that these students were better equipped to make informed financial decisions in real-life scenarios, highlighting the practical benefits of early financial education.

Kumar and Anees (2014) conducted a longitudinal study to assess the long-term retention of financial concepts among students who received financial education. They found that these students retained a higher level of financial knowledge over time, indicating the lasting impact of financial education on financial literacy.

In conclusion, early financial education significantly enhances financial literacy among the Indian population. Studies consistently demonstrate that financial education improves financial knowledge, skills, and confidence, leading to better financial behaviors and long-term financial stability. The implementation of comprehensive financial education programs in schools, supported by effective teaching methods and policy initiatives, is crucial for fostering a financially literate and stable society in India.

#### RESEARCH OBJECTIVES

1. To evaluate undergraduate students' Understanding of fundamental financial concepts,
2. To examine the financial management and debt management practices of undergraduate students,
3. To determine undergraduate students' familiarity with investment knowledge and understanding of credits and loans.
4. To explore the financial decision-making processes of undergraduate students,
5. To identify the primary sources of financial information and understand undergraduate students' long-term financial goals and their plans for achieving them.

#### LIMITATIONS OF THE STUDY

1. Limited Scope of Questions: The survey questionnaire covers specific aspects of financial literacy, such as needs versus wants and financial

management practices, but may not comprehensively assess all dimensions of financial literacy.

2. Sample Representativeness: The study's findings may not be generalizable to all undergraduate students, as the sample may not fully represent the diversity of backgrounds and financial situations among students at the university.
3. External Factors: External factors, such as changes in economic conditions, financial policies, or educational initiatives, may influence participants' financial literacy levels and practices but are not explicitly addressed in the study.
4. Response Bias: The accuracy of the data collected is subject to potential response bias, as participants may provide socially desirable responses or misreport their financial literacy levels, practices, and behaviors.

#### RESEARCH METHODOLOGY

1. The research design is framed after review of literature has been done. For such a research, a researcher starts with a general idea and uses this research as a medium to identify issues, that can be the focus for future research.
  - a. Our survey will focus on thinking of Navi Mumbai's students.
  - b. The current population of Mumbai is 21.6 million people (2024).
  - c. The current population of Navi Mumbai is 15,89,000. (2024).
  - d. The literacy rate in Navi Mumbai is 89.62%.(2024).
2. Data collection: The collection of data is divided into two parts that is primary as well
  - a. Primary data: It has been collected using the structured questionnaire from students in Navi Mumbai through Google form.
  - b. Secondary data : It has been collected from various text books, internet, articles, newspapers, reports, etc.
3. Sample size: 101 students's from Navi Mumbai City.

#### Hypothesis

##### Null Hypothesis (H<sub>0</sub>):

There is no significant relationship between students' financial literacy (including basic financial

knowledge, financial management practices, debt awareness, investment knowledge, and financial decision-making) and their long-term financial planning behaviors.

This would imply that understanding the concepts of "needs vs. wants," reviewing personal finances, awareness of debt, understanding credit, or seeking financial advice does not influence their long-term financial goals such as saving for retirement, buying a house, or paying off debt.

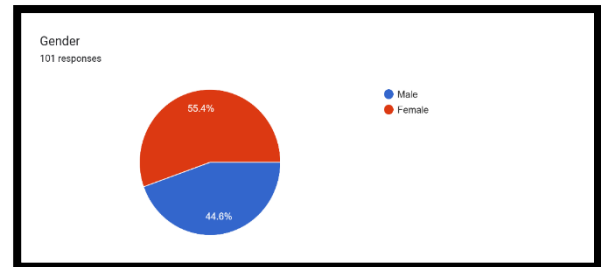
#### Alternative Hypothesis (H1):

There is a significant relationship between students' financial literacy (including basic financial knowledge, financial management practices, debt awareness, investment knowledge, and financial decision-making) and their long-term financial planning behaviors.

This suggests that students who have a better understanding of financial concepts (e.g., needs vs.

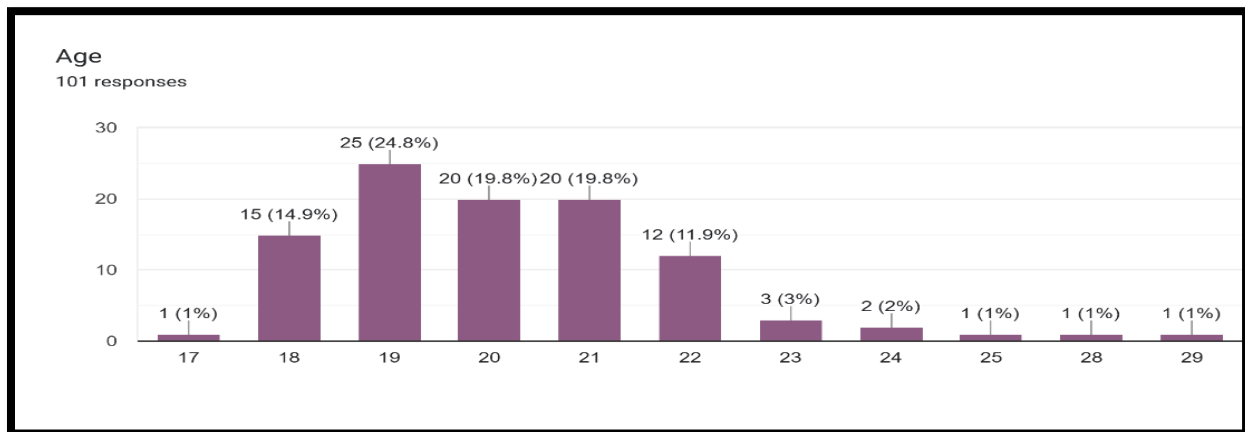
wants, debt management, investment diversification) are more likely to engage in proactive financial behaviors such as reviewing finances regularly, managing debt effectively, making informed investment decisions, and having specific long-term financial goals.

## RESULTS

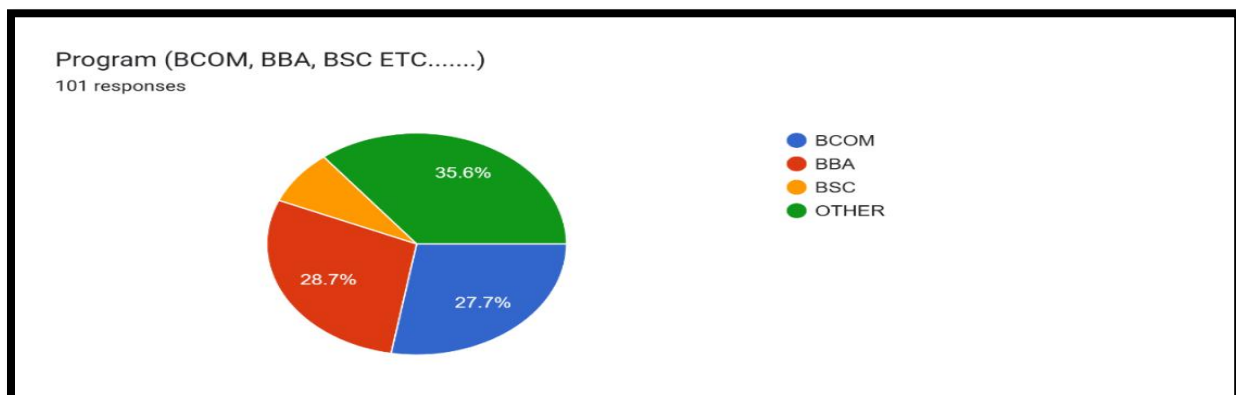


#### Analysis and Interpretation:

Out of 101 Respondents 55.4% are female and 44.6% are male.



Out of 101 Respondents 25% are between 19 age group and 20% are 20 age and 19.8 % are of 21 age, 15% are of 18 age group and so on. So the average age group of the respondents are between 18 to 21 age group.



Out of 101 Respondents 27.7 % are Bcom students, 28.7% are BBA students, 8% Bsc students ate remaining 35.6 % are from other program.

Basic Financial Knowledge: 1. Could you explain the distinction between needs and wants as it pertains to managing personal finances?

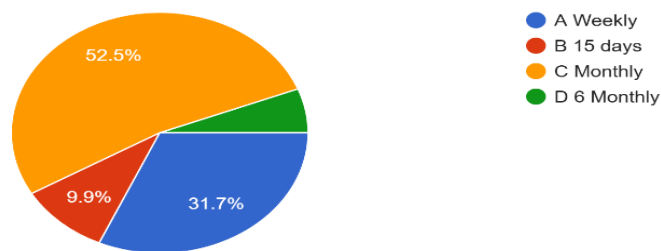
101 responses



Around 81.2 % respondents are of the opinion that Needs are essential for survival, while wants are desires beyond basic necessities, 9.9 % respondents are of the opinion that Needs refer to long-term goals, while wants are short-term desires. And remaining respondents are having mixed opinion about interchangeable needs and wants and some are unsure about Basic financial knowledge.

Financial Management Practices: 2. How often do you review your personal finances (e.g., income, expenses, savings)?

101 responses



Around 52.5% respondents review their personal finances Monthly, 31.7% weekly, 9.9% in 15 days and remaining 6 monthly.

Debt Awareness and Management: 3. Are you currently carrying any form of debt (e.g., student loans, credit card debt)?

101 responses



More than 86.1 % respondents does not carry any debt and remaning 13.9 % respondents are having some loans or credit regarding the debt awareness and management,

Investment Knowledge: 4. Are you familiar with the concept of diversification in investing?  
101 responses



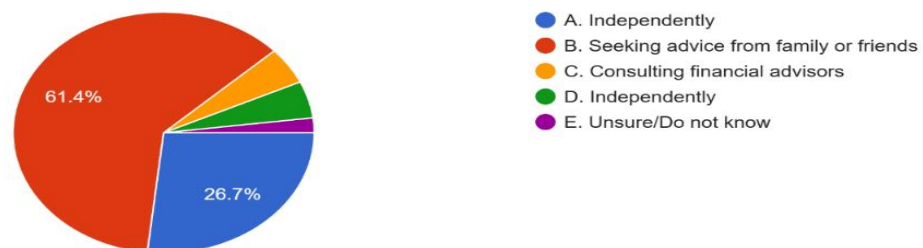
Around 33.7 % respondents are familiar with the concept of diversification in investing, 44.6 % are Somewhat familiar, but need more information. 13.9% are not familiar and 7.9% are unsure about the investment knowledge.

Understanding of Credit and Loans: 5. Do you understand the terms and conditions of your credit card(s) or any other loans you may have?  
101 responses



Around 39.6% respondents understand the terms and conditions of your credit card(s) or any other loans , 36.6% Somewhat understand but I could use more clarity, 12.9% unsure and 10.9% find them confusing.

Financial Decision-Making: 6. How do you typically make financial decisions?  
101 responses



Regarding the Financial decision making 61.4% respondents are seeking advice from family or friends, 26.7% independent in taking financial decisions and remaining respondents are taking help from consulting financial advisors and some are unsure.

Financial Literacy Resources: 7. What sources do you rely on for financial information and advice?  
101 responses



Around 38.6% respondents are rely on for financial information and advice from family and friends, 32.7% rely on combination of all and 19.8% rely on online resources (websites and articles) and remaining responsetns are rely on financial workshops and advisors.

Future Financial Planning: 8. What are your long-term financial goals, and how do you plan to achieve them?  
101 responses



Regarding the future financial planning 41.6% respondents are investing in stocks or mutual funds.16.8% depend on buying a house. 18.8% are savings for retirements, 16.8 % unsure and very few respondents are planning building an emergency fund and paying off debts.

## CONCLUSION

In the findings of our research Hypotheses H1 is accepted , because There is a significant relationship between students' financial literacy (including basic financial knowledge, financial management practices, debt awareness, investment knowledge, and financial decision-making) and their long-term financial planning behaviors.

- This suggests that students who have a better understanding of financial concepts (e.g., needs vs. wants, debt management, investment diversification) are more likely to engage in proactive financial behaviors such as reviewing finances regularly, managing debt effectively,

making informed investment decisions, and having specific long-term financial goals.

In conclusion, this study provides valuable insights into the financial literacy and decision-making practices of undergraduate students. It highlights the extent of their understanding of fundamental financial concepts, as well as their approaches to financial and debt management. Furthermore, the research sheds light on students' familiarity with investment knowledge and their awareness of credits and loans, which are crucial components of financial well-being. Additionally, the findings reveal important patterns in the financial decision-making processes of students, their reliance on various sources of financial information, and their long-term financial goals and

strategies for achieving them. Ultimately, this study underscores the need for targeted financial education programs that address these areas, empowering students to make informed and confident financial decisions both during their academic journey and beyond.

scope for further research

The scope for further research could involve a broader examination of the long-term impact of financial literacy programs across diverse geographical regions and student populations. Future studies could expand to compare the effectiveness of different financial education models and their specific impact on various aspects of financial stability, such as savings habits, investment choices, and debt management.

Finally, future research could assess how technology-driven financial education tools and resources contribute to shaping students' financial decision-making abilities and overall financial well-being in the long term.

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