



Perception towards Financial Literacy - The Case of Kerala

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Abstract

This research paper is intended to assess the perception towards financial literacy and financial education and knows the importance, people are giving towards financial education. The intention of this research is to bring consciousness about the importance of financial education in each and every individual's life and to find how financial education affects an individual's financial behaviour. Statistical tools like the "Chi-Square" and "Correlation" were applied to evaluate the data. The results of the Chi-Square test revealed that the Education qualification of the respondents has a significant impact on managing Savings and Investment by financial education while the age of the respondents has no significant impact on managing personal finance using financial education. The correlation test also revealed that there is an important relationship between financial education with security in life, building wealth, and can improve quality of life.

Key Words: Financial Education, Financial Literacy, Perception.

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Introduction

Today's environment is deeply complicated in terms of financial management. Young adults go through much stress and anxiety in their personnel finance management. They have to manage their student loans, other debts, as they become financially independent when they get jobs, they have to learn to manage these of their own. Early decision-making in financial matters of their life can lead to significant social effects [1]. [2] talks about financial stress, anxiety, and social support. Importance of knowledge and information as well as primary health.

People must make well-informed financial decisions in an increasingly dangerous and globalized market.

New international studies show that in developed markets and quickly changing markets, financial literacy is common. Regardless of the degree of financial market development and the type of pension provision, financial literacy is extremely poor globally. [3].

Many people are unfortunate to be ignorant about basic economics and finance, which can lead to major and even irreparable mistakes[4],[5],[6].

Early assessments suggest that financial education initiatives at the workplace enhance participation in retirement plans [7][7], [8] Financial education is more about the process of learning financial knowledge and skills rather than knowledge and skills themselves. Therefore, financial education must be considered as a concept that promotes financial literacy[9],[10], [11].

Literature Review

[12] This research finds the effectiveness of financial education provided by the workplace. These include cases where employers bring up employees participating in financial education programs and their impact on retirement planning resources and advice. Their results demonstrate that the households are significantly influenced by the withdrawal of education provided.

[13] In this paper, they looked at the results of employer-provided saving education. According to the study, retirement conference is linked to much higher levels of participation. Employees who are not well compensated appear to be affected more severely.

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[14] This study looks on the footprint of the financial education on poor people's resources. The findings imply that it offers significant benefits. The findings imply that financial education can significantly improve savings, however, the advantages may fade or reverse as the number of hours increases.

[15] This research aims to improve financial literacy among the poor and provide a plan of action. They concluded in their study that Financial literacy development is timely in developing nations. It has the potential to assist poor individuals in accumulating assets and creating wealth. Individual, household, corporate, and community financial literacy abilities can be used to manage a wide range of resources. A one-time financial education course can have longer-term, perhaps permanent, benefits.

[16] This explores the potency of the syllabus on the financial understanding and student's behavior. The data show that utilizing the syllabus enhanced high school students' financial literacy. Students' behavior improved, their knowledge increased, and they appeared to respond in ways that made their money go further.

[17] A study of microfinance firms in financial literacy and economic empowerment of rural people in Kerala is presented in this paper. Thiruvananthapuram, Kollam, Pathanamthitta, and Alappuzha are the four districts that make up the state of Kerala's south. The impact of microfinance units in Kerala's rural areas on the advancement of rural people's financial literacy and the resulting economic empowerment is explored. The hypothesis that financial intermediation by microfinance enterprises has a vibrant influence in the stimulating of rural people economically, which is a result of financial literacy supported by such intervention in the form of group credit systems and employment generation, was clearly stated in an attempt to portray the position augmentation evolved among rural people.

[18] The motive of this is to find the financial literacy of Australian teenagers with regard to credit cards, loans, and superannuation. The findings demonstrate that there is a significant impact on respondents' credit card understanding.

[19] In this paper, the findings suggest that financially literate people's readiness is reflected in their participation in a range of aspects of their financial planning. However, further research into the public's viewpoints revealed that, while many

people understand the importance of creating financial plan and outcomes in life, there is still a lack of information that prevents people from successfully managing their finances.

[20] A random sample method was used to create and distributing their survey. According to the findings, financial literacy and financial well-being are strongly connected with age and education. Financial literacy is higher among married people and men.

[21] This study examines the majority of young individuals lack basic financial knowledge. According to the findings, those who have a high financial literacy are more confident in their financial decisions.

[22] This study examines community college students' credit behaviours and financial education needs using survey and focus group approaches. The data show that they are also more likely to misuse and mismanage credit. The study reveals that effective community college financial education programmes are dependent on the material offered, how it is presented, the distribution methods employed, and who gives that information. The data show that community college students want to learn about financial aid and how to be good credit consumers. Financial education is also preferred by students in one-on-one conversations, and from financial assistance officers.

[23] This study examines how financial education affects an individual's financial literacy outcome, and financial behaviors. As per the findings, those with lack of education and revenue had bigger course factor. These uncovering will aid in the implementation of financial education programmes.

[24] Sought to assess financial literacy among Kerala's educated young folks. They discovered about half of the respondents overestimated their financial literacy. The survey indicates that people require education related to finance and recommends steps to promote financial literacy.

[25] This paper is to create a theoretical background for the components that effect financial literacy. The study of components that effect financial literacy has resulted in a new development of financial theory from the point of view of perception. This qualitative study employs the grounded theory approach of financial literacy. They discovered the component that influences financial literacy through a qualitative study. (I)



Personal socioeconomic traits, Financial related (ii) Knowledge, (iii) Behavior, (iv) Attitude, and (v) Training are all factors that determine financial literacy.

[26] The aim of this study is to find out how financially literate students are, as well as their views about saving. In this paper, data was collected from 192 undergraduate students participating in the University Putra Malaysia's business administration degree programme using a self-administered questionnaire. Saving behaviors, parental socialization, and peer influence were found to have positive association with financial literacy. They point out that each student should obtain a greater understanding of finances of persons and practical plans for encouraging a bright outlook towards resources.

[27] This study is about changes in fishermen's work lives around the world have resulted in a higher income stream. The study has found that Education and income are positively associated to saving literacy. They concluded in their study that Financial literacy is becoming more crucial for everyone, not only for investors. For successful financial management and planning, household fishermen need to improve their financial understanding.

[28] This study looks at how financially literate women are in Kottayam. The goal of this study sought to evaluate the different degrees of fiscal welfare. This study also looks at the obstacles to financial literacy and several ways to overcome them.

[29] The motive of this research is to identify and estimate the factors of financial literacy among engineering pupils. According to the study, financial knowledge, financial manners, family impact, all effects the measure of financial literacy. The findings indicate that improving financial literacy among engineering students will necessitate long-term focused efforts.

[30] This study aims to evaluate individual and professional stock market investors' financial literacy and comprehension. This study aim is to figure out how risk perception plays a role in mediating the investor's investing options and their financial literacy. The study has found that increased financial literacy leads to more investment decisions. Risk perception plays a big role in financial literacy and investment decisions.

[31] This study sought to determine how parents' views of the value of financial education for their children are influenced by their financial literacy.

They also concluded that parents should seize this chance to lead their kids in gaining financial literacy and show them how to properly manage their finances effectively. Another paper talks about the relevance of savings, loans, insurance on poverty eradication [32] Microfinance and its effect on wealth creation with increasing standard of living[33], [34].

Background

The capability to read, comprehend, and evaluate finances, as well as make future forecasts and judgments based on those estimates, is referred to as financial literacy. Financially knowledgeable people are less liable to fall into financial traps. When you know how to handle your money and are aware of financial literacy, you will be able to cover emergency cash. It aids them in maintaining sound financial management.

As we all know Financial literacy directly depends on factors like education and revenue, there is a clear evidence of ignorance of money among highly educated and high-income individuals and less educated, lower income customers. From customer's perception, financial decision making, and financial education are complicated and rigorous things.

The main purpose in teaching individuals who lack financial literacy in financial planning and making the right decisions is to enhance their financial discipline and upskill financial handling capability. This can have direct influence in their lifestyle, savings and investment management, good debt management etc.

In simple terms, Financial Education defined as having the knowledge to comprehend how financial resources work, and it teaches about money, how economics works, and how to plan for the future.

The fundamental benefit of Financial education is that you can make sound financial decisions. It will teach you the concepts and strategies you need to effectively manage your money, such as budgeting, saving, and investing. It means better equipment to attain our goals and security in financial.

Financial education is very helpful, especially for the freshers, the ones who just entered the business and facing difficulties in managing finance. So, with proper education, they are able to select the correct investments and savings.

The aim of financial education is to provide knowledge related to finance to individuals. Thereby, their financial literacy level increases. It also helps them to make better financial decisions by increasing their consciousness on financial



obstacles that they face. It can handle a whole area including fund management, asset creation, risk management and long-term planning. If we give proper education related to finance, it will be beneficial for everyone in the future.

Design of the Research

The research design, which includes the data, as well as the sample strategy and data analysis methodologies, are covered in this section.

Data

This study was carried out to estimate the status, potential, and importance of financial education among individuals. This study is based upon primary data that has been collected via the means of a structured questionnaire. The study is focused on Indian respondents, especially those from Kerala. The research will be conducted with that objective in mind. The filling of the questionnaire was carried out by respondents by providing an assessment of the available statements using a Likert scale varying from 1 to 5. Along with responses to the statements, demographic information was also collected from the respondents. All parents, business and self-employment professionals, and workers were considered as the population for this study.

Sampling: Sampling size- 150 & to gather data from the respondents, a random sample technique was used.

Research Method: Descriptive research.

Research Instrument Used for Data Analysis: The collected data will be analyzed through statistical tools like correlation & chi-square tests.

Data Analysis & Results

1. Chi-Square Test of Association

Table 5.1. Education Qualification and Able to manage Savings and Investment by Financial Education

Chi-Square Tests			
	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	32.775*	12	.001
Likelihood Ratio	31.795	12	.001
Linear-by-Linear Association	2.126	1	.145
N of Valid Cases	150		

Interpretation

The chi-square was observed to be 0.001 stating that the occurrence of H0 is less than 5% (level of significance), inferring that Education qualification has significant relationship with Savings and Investment by financial education (though not significant). Here, in this since $H_0 < 0.05$ ($0.001 < 0.05$) we reject the H0 and accept the H1. So, it is concluded that there is an association between Education qualification and Savings and Investment by financial education.

Table 5.2. Age and Able to manage your personal finance using Financial Education

Chi-Square Tests			
	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	18.427*	12	.103
Likelihood Ratio	22.527	12	.032
Linear-by-Linear Association	5.212	1	.022
N of Valid Cases	150		

Interpretation

The chi-square was observed to be 0.103 stating that the occurrence of H0 is greater than 5% (level of significance), inferring that Age has no impact on managing personal finance using financial education (though not significant). Here, in this since $H_0 > 0.05$ ($0.103 > 0.05$) we reject the H1 and accept the H0. So, it is concluded that there is no association between Age and personal finance using financial education.

2. Descriptive Statistics

Table 5.3. Descriptive Statistics

The sample's Socio-economic status and Demographics			
		Frequency	Percentage
Gender	Male	82	54.7
	Female	68	45.3
Age	Below 30	81	54.0
	31-41	33	22.0



	41-52	22	14.7
	Above 52	14	9.3
		Frequenc	Percent
Marital Status	Married	78	52.0
	Unmarried	68	45.3
	Widow/ Separated	4	2.7

Table 5.4. Descriptive Statistics

The sample's Socio- economic status and Demographics			
		Frequency	Percent
Education Qualification	SSLC	6	4.0
	UG	68	45.3
	PG	70	46.7
	PhD	6	4.0
		Frequency	Percent
Occupational status	Unemployed	30	20.0
	Private Job	66	44.0
	Government Job	26	17.3
	Business	18	12.0
	Self-Employment-professional	10	6.7
		Frequency	Percent
Individual Monthly Income	No Income	14	9.3
	Less Than 20,000	37	24.7
	20,000-40,000	36	24.0
	40,000-80,000	51	34.0
	Above 80,000	12	8.0

3. Correlation Test

Table 5.5. Correlation analysis

		Securi	Financi	Financi
		ty in	al	al
		Life	educati	Educati
			on and	on and
			buildin	Quality
			g	of Life
			Wealth	
Security in Life	Pearson Correlation	1		
Financi al educati on and buildin g Wealth	Pearson Correlation	0.915	1	
Financi al educati on and Quality of life	Pearson Correlation	.828**	.813**	1

The significance level of all the factors mentioned below is lower than 0.01, which shows that there is no significant association betwixt age and financial education that brings security in life, helps in 1035 building wealth, and can improve quality of life.

- Pearson product correlation of financial education and building wealth was found to be having high positively and statistically significant ($r = .915, P < .001$). Hence a relationship was established between these two variables. The correlation result of financial education and quality of life was found to be having high positively and statistically significant ($r = .828, P < .001$). The correlation result of financial literacy and security was found to be having high positively and statistically significant ($r = .813, P < .001$).

Findings

Most of the respondents, that is 96%, are found to be in the range of age below 30 and 52 years. When it comes to Gender category, 55% of respondents are males and 45% are female. It is found that, most of the respondents, that is 68% are financially educated. It is found that 91 respondents' perception towards financial education were satisfied. It has been found that, most of the respondents, that is 70% are agree that financial education is relevant. 85% of the total respondents are of the opinion that financial education helps



them to manage Retirement, Insurance, Budget, Tax, Savings occasionally. The results show that 86% of respondents can handle their personal finances with the help of financial education. It is found that 84% respondents are able to meet life expectation by financial education. It has been found that, most of the respondents, that is 87% are able to Savings and Investments by financial education. It has been found that 85% respondents are able to manage to finance using financial education. It is found that, most of the respondents, that is 67% are able to meet monthly expenses by financial planning. 95% respondents of the sample agree that Financial Knowledge assist help in managing their debt levels. 91% respondents of the sample are aware about financial products and services. It is found that 57% of the total sample respondents agree that they are able to meet financial needs during emergent situations. It is found that 94% of the total sample respondents agree that Financial Knowledge assisting in managing their financial downturn. 90 percent of respondents in the sample as a whole concur that financial education can enhance their quality of life. 72% of respondents in the entire sample concur that financial education can raise one's financial expectations for the future. It is found that 72% respondents are of opinion that financial education can help in building Wealth. It is found that 71% respondents are of opinion that financial education Financial education can bring Security in Life.

The Chi-Square test at 5% level of significance shows that:

Education qualification of the respondents has a significant impact on managing Savings and Investment by financial education.

Age of the respondents has no significant impact on managing personal finance using financial education.

The Correlation test shows that:

The significance level of all the factors is lower than 0.05. So, we reject the H0 and accept the H1, which shows that there is a significant association betwixt financial education and security in life, helps in building wealth, and can improve quality of life.

Suggestions

Financial education ought to be viewed as a lifelong, ongoing, and constant action, in order to account for market complexity, varied demands at different periods of life, and increasingly sophisticated information. Financial education should provide from the beginning of school life. So,

that individuals get an idea about financial matters as fast in their lives as feasible. Financial education should be considered as part of public welfare programs run by the government. Arrange classes for those people who are not aware of Financial products and services. We should implement financial education programmes in schools, colleges, and organizations to assist individuals learn the reality and comprehend the advantages and drawbacks of various financial products and services, as well as the risks involved. Parents should be included in financial education programs because they can control their children's behaviours by thriving effective financial manners.

Conclusion

The study concludes that financial education plays a vital role in each and every person's life, which helps them to promote financial literacy. The study finds that a person's financial behavior is influenced by their level of financial education. From the data analyzed, the study found that in Kerala, a large percentage of people were unaware of financial products and the risks associated with these products. Along with that, the study also found that the degree of financial literacy is varies 1036 from person to person in terms of demographic factors like age group, sex, income level, occupational status, etc. For instance, different age groups have different perspectives on financial products and services. By implication, all other categories show different attitudes towards current products and services. Out of 150 respondents, most survey participants have a fair amount of knowledge about contemporary financial products and services. If we gave proper education related to finance, it would be beneficial for them in the future. It helps people to know the requirements and advantage of the financial products and services, as well as assist them invest in the most profitable market investments.

Furthermore, the study brings out that there is an association between financial education and security in life, building wealth, and quality of life. Along with that, it also finds that the Education qualification of the respondents has significant impact on managing Savings and Investment by financial education while age has no significant impact on managing their personal finance using financial education.

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