

“A Study on Financial Literacy among the Professional Students in the Tumakuru City”

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ABSTRACT: *In this digitalized world financial literacy is crucial to cope up with the current scenario. India is second largest populated country in the world; so, providing them the banking services through offline will be much costlier. This paper aims of determining the awareness level of financial literacy among the professional students in Tumakuru city. In coming days even in India, the regular pension schemes are bring to close, so the people should have the decision making abilities to safe guard their future in terms of risk and return. The study used 89 samples from two different institutions from Tumakuru city in order to explore the level of awareness and knowledge level of the respondents. Future is always uncertain it is the challenge of every citizen to make it certain. So, lot of hard work and efforts are expected to save the future. The study used simple parameters like knowledge, attitude and behavior based questions in connection with easy, average and difficult mode. Study concludes that majority of the professional students are lacking in the basics of financial literacy which is not good for the society has the learned superiors has to shape the upcoming generations. The students are focusing on the future requirement but they are finding the comfort in the work. Comfort comes from the knowledge and experience as still they are not exposed to the challenging situations better to acquire the knowledge.*

KEY WORDS: *financial literacy, digitalization, professional students.*

INTRODUCTION

‘Knowledge is power’ we have abundant resources but only thing is we need proper guidance to utilize it. India is such a country where it is highly diversified in terms of religion, language, culture, caste, greed etc.

Adequate level of financial literacy is required for financial wellbeing of the individual and that of the family. It impacts short term requirement like day-to-day money management as well as long term requirement like buying home, children education, and secure retirement. Ineffective money management can also result in behavior that makes consumers more vulnerable to a financial crisis (Braunstein and Welch, 2002).

In India social security system is very poor and the government is withdrawing from pension schemes in organized sector. Insurance sector in India has not covered significant portion of the population. Diverse sections of the society need different kind of treatments when it comes to financial literacy. India is having the largest young population in the world. But, education system of the country has been questioned by many researchers. We suspect that in line with general literacy, financial literacy also would be in bad shape.

In order to assess the efficacy of developmental efforts, constructing a proper measure of financial literacy is necessary. Keeping this in view, we propose to construct a measure of financial literacy for professional students.

Financial independence and financial freedom have grown widespread in today’s world, thanks to a growing culture that values entrepreneurs and wealth producers. It is being promoted by young people who no longer consider employment as their only source of survival and development. Instead, an increasing number of people believe that their money should work for them.

“Financial literacy and management is a significant gap left in our education generally,” says RehanaD’Suza, Vice President & Head of Business Development, National Stock Exchange of India Limited, on the need to broaden understanding.

LITERATURE REVIEW

(Aydin & Akben Selcuk, 2019) had examined the relationship between financial literacy, money attitudes and time preferences among the Turkish students. The sample of the study was 1443 from 14 different campuses. The study witnessed that the students with higher financial knowledge are more exhibiting desirable behavior and financial attitude is positively related to financial behavior.

(Andreou & Philip, 2018) had analysed the level of financial literacy among university students in Estonia, Germany, Italy, Netherlands, Poland, Romania, Russian Federation and Turkey. The main purpose of the study is to determine the level of financial literacy among the university students and to bring out the gap in the financial knowledge in different demographics by conducting an online survey with 409 samples study has been conducted. The overall of mean answers of correct answers is 72% which is comparatively a good number.

(Tuffour et al., 2020) examined the effect of financial literacy of the managers on the performance of small-scale enterprise in Ghana by analysing the 200 managers through structured questionnaire. Structural equation modelling has been used to evaluate the data. The components like awareness, attitude and knowledge will have significant impact on both financial and non-financial performance. Other parameter like age, educational level and experience does not have any significant impact on the financial performance. The study recommends to increase the capacity building programs.

(Compen et al., 2019) examined the elements essential to effective teacher professional development. Sample sizes ranged from 12 to 647 participating teachers, and from 53 to approximately 25000 participating students. Since teacher play an important role in transfer of knowledge attitude and behaviour can concentrate on teacher professional development

(Rai et al., 2019) had analysed the financial knowledge, financial behavior and financial attitude towards financial literacy for working women in New Delhi with a sample size of 394 from various public and private organisations. Study has used the structured questionnaire with 5 point Likert scale by using the SEM approach.

(Prasad et al., 2018) had examined the impact of personal characteristics on digital financial literacy by considering the samples of 268 households from Udaipur, Rajasthan. Structured questionnaire has been used to collect the data. The study highlighted the different schemes launched by the government like are Pradhan Mantri Jan Dhan Yojna, Jeevan Jyoti Bima Yojna, Suraksha Bima, MUDRA Bank Yojna, BHIM. The study suggested to create awareness campaign in the people for take up more digital transaction.

(Saurabh & Nandan, 2018) has examined the relationship between financial knowledge, socialization and financial satisfaction with financial risk attitude and financial behavior as a mediator after demonetization and introduction of GST. The study consider 286 samples from the Allahabad city house hold people financial decisions for at least for two years the data were analysed using exploratory factor analysis and mediation regression analysis.

(Jayaraman & Jambunathan, 2018) had aimed to measure the financial literacy among the high school students in India by considering the sample of 608 students. The study analysed the performance at different phases like basic financial literacy which was 45% of the respondents were clever and at sophisticated level of financial literacy 44% were clever. The results were not satisfactory when compared to the developed countries; it may be due to intervention of parents and stress of the students at the educational level. The students are not comfortable in understanding the concepts of societal and macroeconomic factors as a part of financial literacy.

(Ambarkhane et al., 2015) has analysed the financial literacy among the college going students in India. Since Indian economy is integrating with world economy and in future the financial safety like pension schemes were removing for the organized sector also, so India has to work on educating the citizen in creating the awareness. The major initiatives taken by RBI, IRDA and SEBI were discussed in the paper. The study has concentrated on three parameters namely, knowledge, attitude and behavior with a level of easy, medium and difficult. The study concludes that the students in India

have low financial literacy when compared to the developed nations and if they were not educated in the particular chances of getting trapped is more and participation in the financial market may be also low.

OBJECTIVE OF THE STUDY

Study aims to determine the financial literacy among the professional students of Tumakuru city.

PURPOSE OF THE RESEARCH

Financial literacy is necessary every citizen of the country but still as a part of the research only professional students are considered in order to understand the awareness among the learning students that too belongs to professional courses.

SCOPE AND METHODOLOGY OF THE STUDY

The study concentrates only students of MBA in order to evaluate their financial behavior while decision making with respect to financial aspects from two different institutions namely; Sri Siddhartha Institute of Management Studies and Siddaganga Institute of Technology, both from Tumakuru city. Currently 368 students were perceiving the course in the selected institutions out of which only 89 respondents were responded for the survey. The data collected through the questionnaire in the form of Google form through primary method of data collection. Simple statistical tool like percentage analysis were used in the study. The study is to discover the level of financial literacy awareness among the professional students.

DATA ANALYSIS AND INTERPRETATION

Table - 1 shows the statistics of the respondents

Total number of respondents – 89
Male – 44 (49%) respondents
Female – 45 (51%) respondents
Students studying in SSIMS – 38 (43%) respondents
Students studying in SIT – 51 (57%) respondents
First Year - 56 (63%) respondents
Final Year – 33 (37%) respondents

Interpretation: From the above table we can understand that there are 89 respondents are there in this study out of which 45 are female and 44 are male respondents, and selected two institutions SSIMS and SIT 38 and 51 respondents respectively. And majority of the respondents belongs to first year course i.e, 56 and 33 respondents were in the final year.

Table - 2 shows the basic level of understanding of financial literacy

Personal financial planning – 37 (41%) respondents
Familiarity about liquid asset – 41 (46%) respondents
Simple forecasting of future cash flows – 23 (26%) & 53 (59%) respondents
Planning on financial requirements – 21 (24%) respondents
General awareness on financial securities – 48 (54%), 41 (46%) & 11(12%) respondents

Interpretation: Table 2 reveals the understanding level of financial literacy among the professional students and exhibits the knowledge level among them. Only 41% of the respondents were good at planning their personal finance, 46% of the respondents were familiar about the liquid assets, 43% were have a knowledge about forecasting the future cash flow (mean percentage), 24% of the respondents were good at planning their financial requirements and finally 36% of the respondents were aware about the financial securities available in the market (mean percentage).

CONCLUSION

The results from this study will be beneficial to the educators, policy makers, curriculum designers, and finance professionals an awareness of the level of financial literacy among professional students in Tumakuru and in India at large. This information will be useful for them to engage with each other to develop strategies and design effective policies to improve financial literacy among young people.

Keeping the progress of the country the results of the research is probing the future as the next generation depends on the current one. In the learned team it is hard to find the 50% of the respondents are not acquainted the knowledge of the financial literacy.

Students are feeling it hard to understand the basics of the financial literacy at the masters level and need to educate more from the schooling like how to handle the personal finance, and how efficiently they can allocate the available money and maintaining the habit of writing the dairy of spending by the individuals and so on.

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