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## A Study on Financial Literacy among the College Students with Special Reference to Puttur Taluk

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**Abstract:** *Financial literacy is increasingly important as it has become essential that individuals acquire the skills to be able to survive in the modern society and cope with the increasing diversity and complexity of financial product and services. Financial literacy is the education and understanding of various financial areas including topics related to managing personal finance, money and investing. Financial literacy helps individuals become self-sufficient so that they can achieve financial stability. Financial institutions, the student loan community, financial professionals and educators, and others have identified personal financial management education as a priority. This study examines the need for financial literacy programmes on college campus, and current students' desires for these programs. The education and experience can have significant impact on the financial literacy of both men and women. This paper seeks to examine the level of financial literacy among the students and analyze the saving habits influencing on their investment decisions.*

*Both primary and secondary data has been used in this study. Convenient sampling method is used in collecting the data and this study surveys 30 college students belonging to Puttur area to examine their personal financial literacy. An attempt has also been made through this paper to understand the importance of financial literacy program and its importance in the curriculum.*

**Key Words:** *Financial Literacy, Financial Product, Financial Services, Financial Literacy Program.*

### **Introduction**

Financial Literacy refers to knowledge required for managing personal finance, which encompasses an understanding of how to use credit responsibly, manage money and savings, minimize financial risk and derive long-term benefits. Financial literacy (or financial knowledge) is typically an input to model the need for financial education and explain variation in financial outcomes. Financial literacy is essential to understand educational impact as well as

barriers to effective financial choice (Huston, Sandra J., 2009). Financial illiteracy affects all ages and all socioeconomic levels. Financial literacy is an essential life skill that has important impact on individual, family well-being and on the broader economy. Over the past two decades, both developed and developing countries have become increasingly concerned about the level of financial literacy of their citizens, particularly among young people. Indeed, the acquisition and development of financial literacy skills among young people is increasingly perceived by policy makers as essential for several reasons. First, the current and future financial choices faced by today's youth are likely to be more challenging than those of past generations, given the greater complexity in the financial products, services and systems now available. Second, young people will probably bear more financial risks in adulthood due to increased life expectancy, a decrease in welfare and occupational benefits, and uncertain economic and job prospects. Third, providing young people with proper financial education may also help bridge financial literacy disparities due to differences in their socio-economic status. The issue of financial literacy and financial well-being among college students has received increasing research attention. In fact, financial literacy has been shown to affect a wide range of financial behavior among the youth, especially college or undergraduate students (Agyapong Gyekye, Emmanuel Oseifuah, 2018).

### **Objectives of the Study**

1. To study the financial literacy among college students.
2. To identify factors that determine the level of competency possessed by college students.
3. To assess students access over financial decision.
4. To give recommendations to improve financial literacy based on the findings of the study.

**Statement of Problem:** A number of studies have been conducted in India and abroad regarding financial literacy and its importance in the day today life of every individual, lack of financial literacy is not a problem only in emerging or developing economies. Consumers in developed or advanced economies also fail to demonstrate a strong grasp of financial principles in order to understand and negotiate the financial landscape, manage financial risks effectively and avoid financial pitfalls. A research survey is needed to evaluate the level of understanding about the financial literacy.

## **Review of Literature**

### **Muhammad Albeerdy and Behrooz Gharleghi (2015)**

In their research paper titled “A study on Determinants of the Financial Literacy among College Students in Malaysia” they tried to investigate the factors influencing the financial literacy among university students in Malaysia. Empirical results show that there is a significant relationship between independent variables of education, and money attitude towards the dependent variable of financial literacy, while there found no relationship between financial socialization agents and financial literacy. Conclusions: This study is important so as to understand how these independent variables affect the literacy rate of young adults. Efforts may be put to strengthen those variables in order increase the literacy rates of those university students.

### **Mani Goswami (2017)**

In her research Paper ‘A Study on Financial Literacy among College Students in Delhi’, the main objective of the study is to analyze the level of financial literacy among the college students by evaluating the influence of various demographic factors like gender, age group, discipline of study, level of study, annual household income, parents’ occupation and source of income to the students. The study also suggested that Courses in managing personal finances can be offered to students in campus. These should be made mandatory to all disciplines. These courses should provide practical experience, promoting involvement as well as transfer of knowledge and financial management skills to students.

### **Mahammad Rizwan, Mahammad Sadhik, Kishan Kumar K S (2015)**

In their research study titled “A Study on Financial Literacy among the College Students”, this paper seeks to examine the role of Jnana Jyothi Financial Literacy Trust and their literacy programmes in developing the financial knowledge among the college students. The main objective of the study is to analyse the level of financial literacy among the college students and to determine the need for financial literacy programmes on college campus, and current students’ desire for these programmes. It is found out that all the respondents are having the opinion that there is a high need for financial education in schools and colleges. This is because, the students are unaware about any financial products and services provided by Banks. Thus

there is a need of financial education. It is also found from their study that there is positive change in saving as well as deposit of the saving in the bank of the respondents. It shows the influence of the trust in promoting savings habit among the college students

**Scope of the Study:** The scope of the study is restricted to Puttur Taluk only. In this study the researcher has evaluated the awareness level about the financial literacy among college students with special reference to Puttur area. The findings of the study and conclusion drawn are based on the analysis of the information collected through questionnaire and communication.

**Research Methodology:** The present study is based on primary data and secondary data.

- 1. Primary data:** Primary data was collected from administering structured questionnaire to selected respondents. The respondents were selected on convenient random sampling.
- 2. Secondary Data:** Secondary data was collected from published and unpublished sources. Further, websites were also depended upon for few secondary data.

**Limitations:** Following are the limitations of the study.

1. Only questionnaire method was used to measure the financial literacy of students.
2. The present study period is too short and also inherent limitation of the study.

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**Data Analysis and Interpretation**

**Table 1: Gender of the Respondents**

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<b>Particulars</b>	<b>No of Respondents</b>	<b>Percentage of Respondents</b>
Male	22	73.3
Female	8	26.7
Others	0	0
<b>Total</b>	<b>30</b>	<b>100</b>

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(Source: Primary Data)

The above table shows that male respondents are more i.e. 73.3% when compared to the female respondents i.e. 26.7%.

**Table 2: Monthly Savings of the Respondents.**

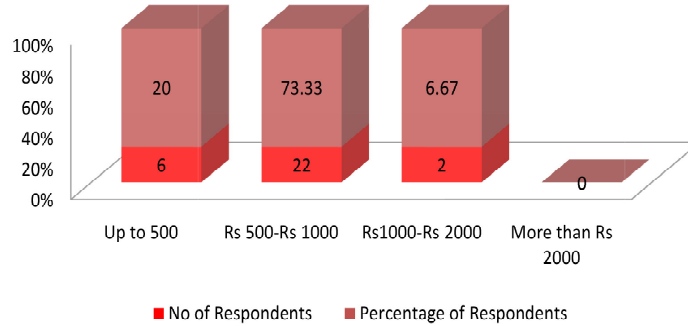
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<b>SL No</b>	<b>Particulars</b>	<b>No of Respondents</b>	<b>Percentage of Respondents</b>
1	Up to 500	6	20
2	Rs 500-Rs 1000	22	73.33
3	Rs 1000-Rs 2000	2	6.67
4	More than Rs 2000	0	0
<b>Total</b>		<b>30</b>	<b>100</b>

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(Source: Primary Data)

**Figure 1: Monthly Savings of the Respondents.**



The above chart and table provides information about the saving habits of respondents, Majority of respondents i.e. 73.33% of the respondents are saving Rs 500 - Rs 1000 per month. And 20% of them are saving up to Rs 500 per month. 6.67% of them are having the monthly savings between 1000 to 2000. No respondents have the monthly saving of more than 2000.

**Table 3: Bank A/c Details of the Respondents.**

SL No	Particulars	No. of respondents	Percentage
1	Yes	30	100
2	No	0	0
<b>Total</b>		<b>30</b>	<b>100</b>

(Source: Primary Data)

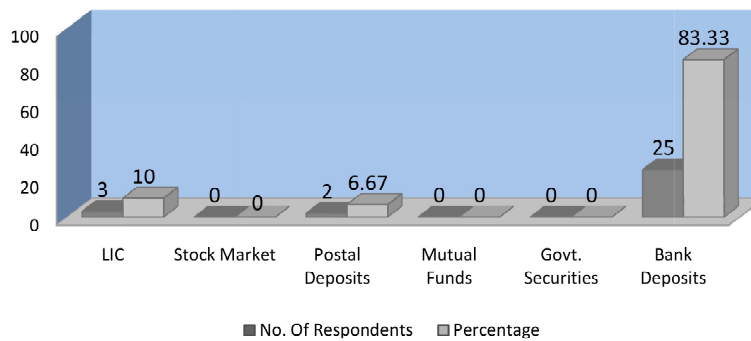
From the above table we can identify that all the respondents have their own Bank A/c's.

**Table 4: Savings and Investment Decisions of the Respondents.**

SL No	Particulars	No. of respondents	Percentage
1	LIC	3	10
2	Stock Market	0	0
3	Postal Deposits	2	6.67
4	Mutual Funds	0	0
5	Govt. Securities	0	0
6	Bank Deposits	25	83.33
<b>Total</b>		<b>30</b>	<b>100</b>

(Source: Primary Data)

**Figure 2: Savings and Investment Decisions of the Respondents.**



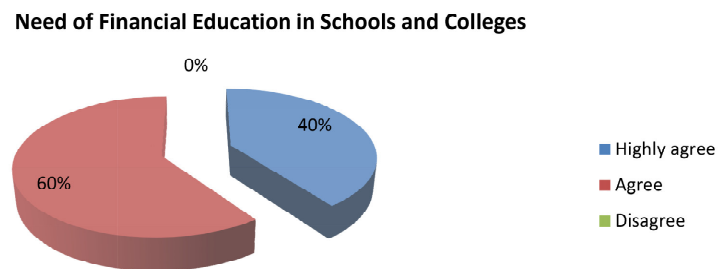
The above table and chart depicts the savings and investment decisions of the respondents. 83.33% of the respondents have their savings in Bank deposits, 10% of the respondents have deposited their savings in LIC. 6.66% of the respondents have deposited their savings in postal deposits and there are no respondents who have invested in mutual funds or in stock market.

**Table 5: Need of Financial Education in Schools and Colleges**

SL No	Particulars	No. of respondents	Percentage
1	Highly agree	12	40
2	Agree	18	60
3	Disagree	0	0
<b>Total</b>		<b>30</b>	<b>100</b>

(Source: Primary Data)

**Figure 3: Need of Financial Education in Schools and Colleges.**



From the above table and pie chart we can understand that, 40% of the respondents strongly agree that there should be Financial Education in Schools and Colleges, 60% of the respondents want financial education to be brought in schools and colleges, there are no respondents who disagree with the need of financial literacy programs in the college campuses.

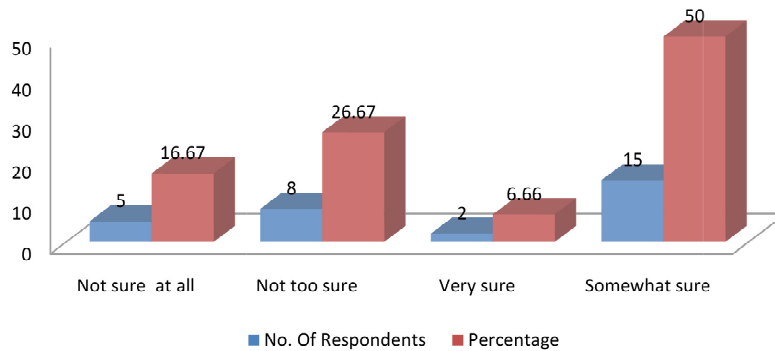


**Table 6: Ability of the Respondents to Manage their Own Finance**

SL No	Particulars	No. of respondents	Percentage
1	Not sure at all	5	16.67
2	Not too sure	8	26.67
3	Very sure	2	6.66
4	Somewhat sure	15	50
<b>Total</b>		<b>30</b>	<b>100</b>

(Source: Primary Data)

**Figure 4: Ability of the Respondents to Manage their Own Finance**



The above table and chart reveals that majority of the respondents are somewhat sure about their ability to manage their own finance. Only 6.66% of them are very sure about their ability to manage own finance.

**Table 7: Interest to Increase Finance Knowledge**

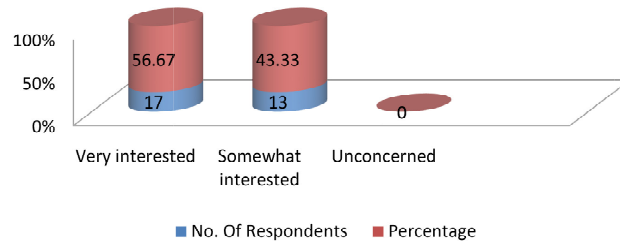
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SL No	Particulars	No. of respondents	Percentage
1	Very interested	17	56.67
2	Somewhat interested	13	43.33
3	Unconcerned	0	0
<b>Total</b>		<b>30</b>	<b>100</b>

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(Source: Primary Data)

**Figure 5: Interest to Increase Finance Knowledge**



The above table and chart shows that 56.67% of the respondents are very much interested to increase their finance knowledge. And remaining 43.33% are somewhat interested. But no respondents are unconcerned.

**Table 8: Preference of Respondent to Take Personal Finance Course as an Elective if Offered**

<b>SL No</b>	<b>Particulars</b>	<b>No. of respondents</b>	<b>Percentage</b>
1	Yes	19	63.33
2	No	11	36.67
<b>Total</b>		<b>30</b>	<b>100</b>

(Source: Primary Data)

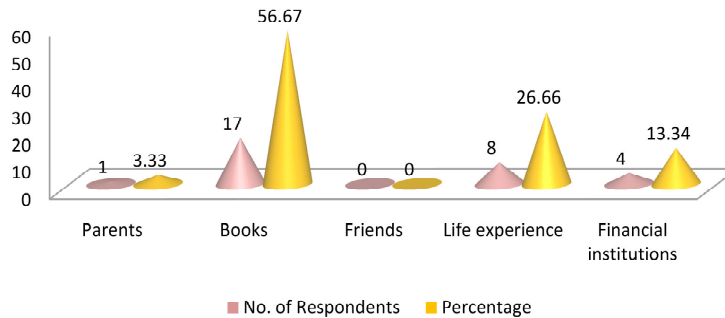
From the above table we can identify that majority of the respondents are preferred to take personal finance course as an elective if offered.

**Table 9: Preference of Respondents to Increase or Learn Finance Knowledge**

<b>SL No</b>	<b>Particulars</b>	<b>No. of respondents</b>	<b>Percentage</b>
1	Parents	1	3.33
2	Books	17	56.67
3	Friends	0	0
4	Life experience	8	26.66
5	Financial institutions	4	13.34
<b>Total</b>		<b>30</b>	<b>100</b>

(Source: Primary Data)

**Figure 6: Preference of Respondents to Increase or Learn Finance Knowledge**



From the above table we can understand that majority of the respondents i.e. 56.67% preferred books to increase or learn financial knowledge. 26.66% of them are through life experience. 13.33% of them are through financial institutions.

### Findings, Suggestions and Conclusion

#### Findings

1. It is observed that there are more male respondents than female respondents.
2. It is clear from the study that Majority of the respondents i.e. 73.33% of them save Rs 500 to Rs 1000 per month.
3. From the study it is clear that majority of the respondents lack ability and confidence to manage their own finance.
4. Majority of the respondents are interested to enhance their financial knowledge.
5. The study reveals that majority of the respondents prefer to take Personal Finance course as an elective if offered.
6. All the respondents have their own bank A/c's
7. The above study reveals that majority of the respondents lack knowledge regarding Financial and Banking information and are in need of proper guidance and advice.
8. Majority of the respondents agreed that the Financial Literacy programmes should be conducted in colleges.

### **Suggestions**

1. Proper guidance and awareness programme should be conducted to encourage the Students' saving habit.
2. Financial literacy programmes should be conducted in schools and colleges to show the importance of finance and its effective management in the day-to-day life.
3. The financial Institutions like Banks/LIC Company/Postal Service should create awareness among their customers about the new technologies and should sponsor Financial Literacy programmes in schools and colleges.

### **Conclusion**

Financial Literacy has become one of the top priorities today as it is directly related to the economic growth of a country. Financial literacy is an integral part of the financial inclusion. It is not just about imparting the financial knowledge and information. It is also about changing the behavior in the financial pattern and activities of individuals. We find that more is needed to guide, educate and support educators in this area with clearer policy objectives, improved professional development and program evaluation required. However the ultimate goal is empowerment of people to take action by themselves in their self-interest. When the people know about the financial products available and when they are able to evaluate the merits and demerits of each product and suitability of the product for their specific needs, they are in a better position to decide what they want and feel empowered in a meaningful way. Thus sound education should be provided in the schools and colleges along with the financial knowledge, and more awareness programs should be conducted among the college students.

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