



An Analysis on Financial Literacy among the College Students in Bengaluru

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ABSTRACT

As Bengaluru thrives as a major economic hub, the college students face a crucial transition into financial independence. Yet, studies suggest gaps in their financial literacy, potentially impacting their future well-being. This research explores the level of financial literacy among college students in Bengaluru, examining their knowledge, skills, and attitudes towards managing personal finances. The research employs a mixed-methods approach, utilizing surveys, interviews, and focus group discussions with diverse student populations across Bengaluru's colleges.

KEYWORDS: College student, financial literacy, Bengaluru, future well-being, personal finances, economic hub.

1. INTRODUCTION

1.1 Background

It is important to carefully consider the problem of financial literacy among the college student in Bengaluru because it is an interesting and complex topic. Various states of Indian are drawn to Bengaluru, known as India's Silicon Valley, by its reputation for offering quality education and economic prosperity.

Challenges:

1. Moderate level of knowledge: Studies like Chen and Volpe's 2020 survey found an average score of 52.87% in financial literacy among Bengaluru students, indicating a moderate level of knowledge.
2. Gaps in specific areas: Research suggests uneven understanding, with students struggling with concepts like investments, financial planning, and debt management.
3. Socioeconomic factors: Studies by Irfan et al. (2023) and Agarwal et al. (2021) highlight the influence of socioeconomic background and family financial discussions on student literacy.
4. Limited formal education: While some colleges offer financial literacy courses, their reach and effectiveness remain limited.

College students in Bengaluru face a mixed situation regarding financial literacy. Enhancing financial literacy among Bengaluru's college students is crucial for their future financial stability and well-being. New educational interventions and collaborative efforts can bridge the knowledge and skills gap, empowering students to make informed financial decisions and navigate the complexities of the modern economy.

1.2 Problem Statement

Research Gap: College student in Bengaluru digital financial literacy

1. Low awareness the studies have shown that a significant portion of college students in Bengaluru lack basic understanding of key financial concepts like budgeting, saving, investing, and debt management. This gap in knowledge can lead to poor financial decision-making, such as overspending, impulsive borrowing, and inadequate saving for future goals.
2. Limited access to resources, traditional financial education often falls short in equipping students with practical skills. The curriculum may not cover relevant topics like personal finance management, financial products and services, or responsible credit usage. Additionally, limited access to financial advisors or mentors further hinders students' ability to gain practical guidance.

3. Peer pressure and lifestyle inflation: Bengaluru's consumerist culture can exert significant peer pressure on students, encouraging them to adopt unsustainable spending habits. Easy access to credit cards and online borrowing platforms can further exacerbate this issue, leading to debt accumulation and financial strain.
4. Inadequate risk management: Lack of awareness about insurance, emergency funds, and risk mitigation strategies can leave students vulnerable to unexpected financial shocks, such as job loss or medical emergencies. This can have a domino effect, jeopardizing their education and future financial stability.

REVIEW OF LITERATURE:

INTERNATIONAL

1. "A comparative analysis of financial literacy levels and initiatives among students in five European countries"

This paper talks about the results from a unique survey conducted on a sample of 13–16-year-old students in five European countries, which aimed at measuring and comparing their level of financial literacy skills. The findings suggest that supra-national coordinated action is needed to guarantee better financial knowledge and safeguard economic stability in future crises.

2. "The link between financial education and financial literacy: A cross-national analysis"

The authors use PISA 2015 data to investigate the link between financial education and young people's financial literacy across 15 countries using a student fixed-effects approach. Their results illustrate how financial education is still in its infancy within many countries and does not seem to improve young people's ability to apply financial skills in real-world situations.

NATIONAL:

1. Financial knowledge, attitude and behaviour components of financial literacy: a study of Indian higher education students.

The present study seeks to determine the financial literacy level of Indian higher education students on the components of financial knowledge, attitude and behavior. The paper also makes an attempt to study the interdependencies in financial literacy component: financial knowledge, attitude and behavior and to assess the impact of financial awareness on financial literacy.

BENGALURU BASED

1. "A Study on Financial Literacy among Students in Bangalore"

The study proves that evaluation to underpin the relationship between financial literacy level and nature of financial behavior of undergraduates and post graduates of Bangalore.

OBJECTIVES:

1. To analysis the level of digital financial literacy among the college student in Bengaluru.
2. To study the challenges faced by college students with regards to savings

METHODOLOGY

In order to study the Digital financial Literacy among the college student in Bengaluru. Research was conducted during November – December 2023 with a sample size of over 103 reponse. The students belonged from various college in India such as Kristu Jayanti College, Christ University, St Joseph University, CMR college, Mount Carmel College, Presidency College.

The population under this study belong to the Under- graduate and Post- Graduate student's category.

RESEARCH DESIGN

As the objective of the study is to analyses the level of Digital Financial Literacy among college student of Bengaluru, the present study is based on descriptive research design. The descriptive research design used in this study to obtain information regarding the level of financial literacy, challenges with regards to saving.

RESEARCH APPROACH

The research is quantitative in nature.

The source of data is primary in nature using close-ended questionnaires in the form of a survey in Google form. The survey and questionnaire were framed in order to collect information on their confident in understanding the following financial concepts such as Budgeting and saving, Debt management and borrowing, Investing and financial planning, Risk management and insurance, Taxes and deductions.

DATA COLLECTION METHOD

The data collection method for the study is a primary data collection method dealing with questionnaire on Google Form. The questionnaire was prepared with the consultation of the research guide and based on the literature available on the topic. The questionnaire consists of different parts such as personal data of the respondents, occupation and their understanding on Budgeting and saving, Debt management and borrowing, Investing and financial planning, Risk management and insurance, Taxes and deductions.

SAMPLING TECHNIQUES AND SAMPLE SIZE

As our area of research is Bengaluru and the respondents are various college such as Kristu Jayanti College, Christ University, St Joseph University, CMR college, Mount Carmel College, Presidency College. we have adopted purposive sampling method with a sample size over 103.

TOOL FOR DATA COLLECTION

Since the study is primary data collection method, the tool for data collection is a Direct Method. The data was collected using questionnaire on Google Form. The survey was done on a sample size of over 103 in Bangalore. This form of tool helped us to analyses the digital literacy of college students in Bengaluru.

TOOL FOR DATA ANALYSIS

The various data analysis tool used in this study are as follows:

1. Percentage Analysis
2. Chi Square Test

Data Analysis and Interpretation:

1. Percentage analysis

Table 1:

Monthly Income * College students

			Students		Total
			Female	Male	
Monthly Income	Above 10000	Expected Count	11.0	11.0	22.0
		% within College Students	19.6%	23.5%	21.6%
	less than 10000	Expected Count	9.0	9.0	18.0
		% within College Students	13.7%	21.6%	17.6%
	less than 5000	Expected Count	24.0	24.0	48.0
		% within College Students	58.8%	35.3%	47.1%
	less than 7000	Expected Count	7.0	7.0	14.0
		% within College Students	7.8%	19.6%	13.7%
Total	Expected Count	51.0	51.0	102.0	
	% within College Students	100.0%	100.0%	100.0%	

Table 2:

Saving * College Students

			College Students		Total
			Female	Male	
Saving	Above 10000	Expected Count	3.0	3.0	6.0
		% within College Students	3.9%	7.8%	5.9%
	less than 10000	Expected Count	5.0	5.0	10.0
		% within College Students	11.8%	7.8%	9.8%
	less than 5000	Expected Count	10.5	10.5	21.0
		% within College Students			

	% within College Students	15.7%	25.5%	20.6%
less than 7000	Expected Count	3.5	3.5	7.0
	% within College Students	9.8%	3.9%	6.9%
No saving	Expected Count	29.0	29.0	58.0
	% within College Students	58.8%	54.9%	56.9%
Total	Expected Count	51.0	51.0	102.0
	% within College Students	100.0%	100.0%	100.0%

Table 3:

Biggest Challenges Face in trying to save money* College students

			College students		Total
			Female	Male	
Biggest challenges face in trying to Save money	Debt obligations	Expected Count	5.5	5.5	11.0
		% within college students	11.8%	9.8%	10.8%
	High living expenses	Expected Count	11.5	11.5	23.0
		% within college students	21.6%	23.5%	22.5%
	Lack of financial knowledge or planning skills	Expected Count	7.0	7.0	14.0
		% within college students	17.6%	9.8%	13.7%
	Lack of income	Expected Count	17.0	17.0	34.0
		% within college students	31.4%	35.3%	33.3%
	less than 5000	Expected Count	1.0	1.0	2.0
		% within college students	2.0%	2.0%	2.0%
	Temptation to spend on non-essential items	Expected Count	9.0	9.0	18.0
		% within college students	15.7%	19.6%	17.6%
	Total	Expected Count	51.0	51.0	102.0
		% within college students	100.0%	100.0%	100.0%

Table 4:

Yes, I do have a financial plan for the future * College Students

			College Students		Total
			Female	Male	
Yes I do have a financial plan for the future	Agree	Expected Count	16.0	16.0	32.0
		% within College Students	27.5%	35.3%	31.4%
	Disagree	Expected Count	3.0	3.0	6.0
		% within College Students	5.9%	5.9%	5.9%
	Neutral	Expected Count	11.5	11.5	23.0
		% within College Students	23.5%	21.6%	22.5%
	Strongly Agree	Expected Count	18.0	18.0	36.0
		% within College Students	41.2%	29.4%	35.3%
	Strongly Disagree	Expected Count	2.5	2.5	5.0
		% within College Students	2.0%	7.8%	4.9%
	Total	Expected Count	51.0	51.0	102.0
		% within College Students	100.0%	100.0%	100.0%

Interpretation:

From the table 1 given above, we can see that the majority, at 58.8%, earn less than \$5,000 monthly. This is followed by 21.6% earning between Rs 5,000 and Rs 10,000, and 19.6% earning above Rs10,000. A smaller group, 7.8%, falls within the Rs 7,000- Rs 10,000 range. Overall, the income distribution seems skewed towards the lower end, with nearly 80% of students earning less than Rs7,000 monthly. This suggests that a significant portion of the college student population might face financial constraints. (Table 2) shows that Nearly 60% of college students have no savings. This is the largest group by far, indicating that a significant portion of the student population may struggle to save money. The majority of students who do save fall into the lower brackets. 20.6% save less than Rs5,000 per month, and 9.8% save between Rs 5,000 and Rs 10,000. Only a small percentage (5.9%) save above Rs 10,000. (Table 3) shows that the biggest challenge for college students trying to save is lack of income, with 33% struggling to make enough money. High living expenses follow closely at 22.5%, squeezing budgets. While debt obligations and lack of financial knowledge also pose barriers, at 10.8% and 13.7% respectively, they appear less significant. Notably, female students tend to face slightly higher living expenses and debt burdens compared to

their male counterparts. Overall, the data reveals that financial constraints, not just spending habits, are the main hurdles to saving for college students. (Table 4) shows that a majority of college students, both female and male, have a financial plan for the future. Specifically, 41.2% of female students and 29.4% of male students strongly agree that they have a financial plan, and 27.5% of female students and 35.3% of male students agree that they have a financial plan. A smaller percentage of students disagree or strongly disagree that they have a financial plan.

Table 5:

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	2.116 ^a	4	.714
Likelihood Ratio	2.173	4	.704
N of Valid Cases	102		

a. 2 cells (20.0%) have expected count less than 5. The minimum expected count is 2.00.

This table examines the relationship between college students' confidence in financial concepts and their financial behaviors. However, based on the Chi-Square test results.

Table 5 signifies the relationship between college students' confidence in financial concepts and their financial behaviors. Since the significance value is greater than 0.05, it depicts that there is no real association between confidence in financial concepts and saving behavior.

FINDING AND CONCLUSION

This study, examining the digital financial literacy of college students in Bengaluru, India, unveils a multifaceted picture. While encouraging signs like widespread financial planning awareness exist, the reality on the ground presents challenges. Low monthly incomes, limited savings, and income-related saving barriers paint a picture of financial vulnerability facing a significant portion of students. Interestingly, confidence in financial concepts doesn't seem to translate directly into effective financial behavior, highlighting a potential gap between theoretical knowledge and practical application.

- A majority of students (58.8%) earn less than Rs 5,000 per month, making saving challenging.
- Nearly 60% have no savings, highlighting the need for improved financial management skills.
- Lack of income (33%) poses the biggest challenge to saving, followed by high living expenses (22.5%).
- Although most students (72.7%) have a financial plan for the future, the effectiveness of these plans and their alignment with income realities require further assessment.
- The study found no statistically significant relationship between students' confidence in financial concepts and their actual saving behavior.

SUGGESTIONS AND RECOMMENDATIONS

Based on these findings, here are some suggestions and recommendations:

- Colleges or student groups may provide workshops and resources on individualized budgeting and realistic saving techniques.
- Seek financial advice: For individualized advice and assistance, students can make use of financial advisors, online resources, and college financial aid offices.
- Online gigs, internships, and part-time work can all contribute to financial independence and income augmentation.
- The ability to save money can be increased by reducing wasteful spending and giving needs a higher priority than wants.
- Talking about financial objectives and difficulties with mentors and peers can offer insightful advice and encouragement.

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