

MEASURING FINANCIAL LITERACY AMONG THE STUDENTS OF PROFESSIONAL COURSES

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ABSTRACT

Individuals must acquire the skills required to live in today's society and to deal with the growing variety and complexity of financial goods and services available because of the dynamic environment, fast-developing, internationally connected, and complicated financial markets. Finance becomes ever more complicated as technology advances and society grows. It is critical for colleges and universities students to graduate with a solid understanding of financial matters. The research aims to identify the level of financial literacy among students in Delhi NCR. Further, the paper also compared financial literacy among students in Delhi NCR based on different demographic. Both the primary as well as secondary data are used in the analysis. The primary data was obtained through an online questionnaire. The target group of the research study was students studying in India's Delhi NCR colleges and universities and belonging to the courses MBA, BBA, M.Com, B.Com. The questionnaire was filled out by 335 respondents of Delhi NCR college students. The study concluded that at higher education institutions, there is no substantial significant difference in financial literacy between males and females.

KEYWORDS

Financial literacy, Exploratory, Non-Parametric, Colleges, and University

INTRODUCTION

Financial literacy is described as having the knowledge and abilities to make sound financial decisions with every one of one's financial assets. Financial literacy encompasses a wide range of topics, including budgeting and credit, insurance, and saving and investing. Financial literacy is about how to manage one's spending, and credit is about how to control one's spending. In this regard, it is necessary to create a proper spending plan and keep the discipline to carry out the plans. It could be something as simple as figuring out how to buy something that is genuinely wanted or necessary rather than just to satisfy a whim. Meanwhile, credit concerns regarding how to effectively structure the credit situation. The goal is to portray credit as a useful tool rather than as a source of surplus income to satisfy varied desires. Credit is intended to meet requirements, and its application should be customized to those needs.

Financial literacy is an essential requirement in today's society, which has a complex product market. Improved financial literacy is critical in a country like India, where the majority of the population is under the age of 30. As financial institutions fight intensely for market share, rapid increase in the production and marketing of financial products, and with the government's encouragement for citizens to take greater responsibility for their retirement incomes, the need for financial literacy has expanded dramatically. Young people, in particular, must understand the fundamentals of investing and long-term planning, such as the link between risk and return the differences between short- and long-term investments, and the consequences of failing to plan appropriately for retirement.

LITERATURE REVIEW

Financial literacy is a measure of one's ability and confidence to handle one's own money through wise, long-term financial planning and suitable, short-term decision-making while taking into account life events and changing economic conditions (David L. R,2010). Many conceptual definitions of financial literacy fall into five categories, according to a review of research studies conducted since 2000: (1) knowledge of financial concepts, (2) ability to communicate about financial concepts, (3) aptitude in managing personal finances, (4) skill in making appropriate financial decisions, and (5) confidence in effectively planning for future financial needs (David L. R,2010). Lusardi and Mitchell (2011) concluded the level of development of a country's financial market, financial literacy is generally low. Women have lower financial literacy than males, and they are well aware of it. The elderly population exhibited a lack of financial awareness. The majority of the workers, whether young or elderly, had not made any plans or even considered investing for their retirement. People who have a thorough grasp of financial concepts and how to apply them numerically have superior retirement planning. However, this association is causative, meaning that financial literacy drives retirement planning rather than the other way around. According to the researchers, these data may also undervalue the impact of financial knowledge on retirement planning. In a nutshell, financial literacy is required for retirement security in every country.

There are several studies, for instance, Rasoaisi and Kalebe (2015); Potrich, et al. (2015); Atkinson and Messy (2012); Bhabha, J. I., et al., (2014) showed that financial literacy is lower in females than in males, due to a lack of confidence in financial decisions. On the contrary, certain studies have shown that women performed well compared to men in financial knowledge such as Bashir et al., 2013. demonstrated that women who have more self-control and a tendency to plan are better at managing their finances; if they are in debt, it is primarily due to a financial imbalance or major life events like job loss or divorce. A 51-item questionnaire was used to examine the understanding of, insurance, record keeping, loans for a personal, credit card, and general financial management among 323 Iowa State University students. According to their findings, males are more knowledgeable as compared to females in many areas, Upper-class males are more knowledgeable than lower-class men, and married students are more knowledgeable than unmarried students. They discovered that college students have a poor understanding of money in general (Danes and Hira,1987).

According to Beal and Delpachitra (2003), Financial literacy increases with work experience and income level. It implies that people learn to apply financial abilities over time by trial and error. It was also discovered that less risk-averse persons are also more likely to be financially exposed. Due to their increased level of interest in financial matters, students studying business studies performed better on financial knowledge tests. Financial literacy, like health or general literacy, can be thought of in two ways: Having personal finance knowledge and putting it to good use. As a result, it is described as "measuring an individual's ability to comprehend and use personal financial information." This description is also consistent with other literacy ideas as well as definitions found in the existing financial literature (Huston, 2010). Financial literacy appears to be greatly influenced by financial education. Financial literacy has been a high-profile topic on the public agenda around the world, with its importance highlighted by the high-profile involvement of consumer finance in global credit crises since 2007 (Williams and Satchell 2011). According to Chhillar and Arora (2020), Age is a significant factor in determining people's fundamental financial literacy. Young adults aged 18 to 25 were found to have the lowest degree of fundamental financial literacy, with those aged 26 to 35 being the most vulnerable.

OBJECTIVES

1. Determine the level of financial literacy among Delhi-NCR students.
2. To compare financial literacy among students in Delhi and the National Capital Region (NCR).

RESEARCH HYPOTHESES

- H01:** The distribution of financial literacy is normal.
- H02:** There is no significant difference in the financial literacy level among male & females students studying in universities and colleges in Delhi NCR
- H03:** There is no significant difference in the financial literacy level among the public and private universities.

SCOPE AND DESIGN

THE STUDY

The purpose of this study is to identify the level of financial literacy and to compare financial literacy among students of Delhi NCR belonging to the courses of MBA, BBA, M.Com., B.Com. in universities and colleges. Financial literacy was measured using a questionnaire developed on a 7-point scale. The Likert Scale ranges from 1 to 7, with 1 indicating a strong disagreement and 7 indicating a strong agreement. The data has been collected from 335 students studying in the public and private universities and colleges in Delhi NCR.

TOOL FOR DATA COLLECTION

In the research primary data was collected through an online questionnaire. The questionnaire consists of close-ended questions based on a seven-point Likert scale and the sample size of the study was 335 students from colleges and universities of Delhi NCR. The secondary data was collected through various research magazines, journals, and newspapers.

TOOL FOR DATA ANALYSIS

The data were analyzed using a one-sample KS test and an independent sample Mann-Whitney U Test. The data was examined with the help of a statistical package of the social science (SPSS).

RELIABILITY OF THE MEASURES

Cronbach's alpha is used to assess the consistency of measurements across the board. Internal consistency is measured by Cronbach's alpha. It allows us to evaluate the consistency of a variety of variables. It consists of estimations of how much variance in certain variables' scores can be attributed to chance or random errors. A value of more than or equal to 0.7 is generally seen as satisfactory and indicative of construct dependability. The Cronbach's alpha of items is (0.712). Hence, the data is reliable.

KOLMOGOROV- SMIRNOV TEST

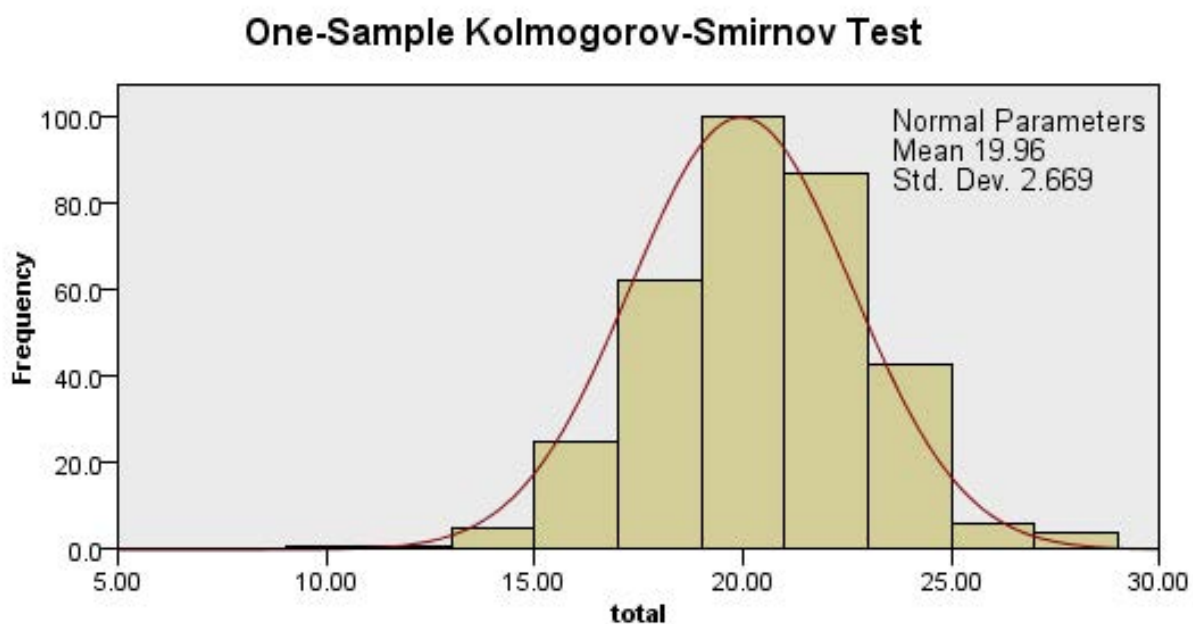
The test is used to determine whether or not the data follows a normal distribution. The test's results demonstrate that financial literacy among undergraduate and postgraduate students (BBA, B.Com., MBA, M.Com.) does not follow a normal.

TABLE-1 HYPOTHESIS TEST SUMMARY			
NULL HYPOTHESIS	TEST	SIG.	DECISION
The distribution of financial literacy is normal with a mean of 19.96 and a standard deviation of 2.669	One-sample Kolmogorov-smirnov test	.0001	Reject the null hypothesis
Asymptotic significance is displayed. The significance level is .05.			
Lilliefors corrected			
One-Sample Kolmogorov-Smirnov Normal Test Summary			
Total N		334	
Most Extreme Difference	Absolute	.105	
	Positive	.085	
	Negative	-.105	
Test Statistic		-.105	
Asymptotic sig. (2-sided test)		0	

distribution, shown in table-2.

Lilliefors corrected

FIGURE-1 ONE-SAMPLE KOLMOGOROV-SMIRNOV NORMAL TEST



RESULT AND DISCUSSION

To examine the second hypothesis, there is no significant difference in the financial literacy level among male & females students studying in the universities and colleges in Delhi NCR, independent samples Mann-Whitney U test was applied. The results, retain the null hypothesis with a p-value of .840 shown in table 2, which means that there is no significant difference in the financial literacy level among male & female students studying in the universities and colleges in Delhi NCR. The mean values of male and female students studying in the universities and colleges in Delhi NCR do not

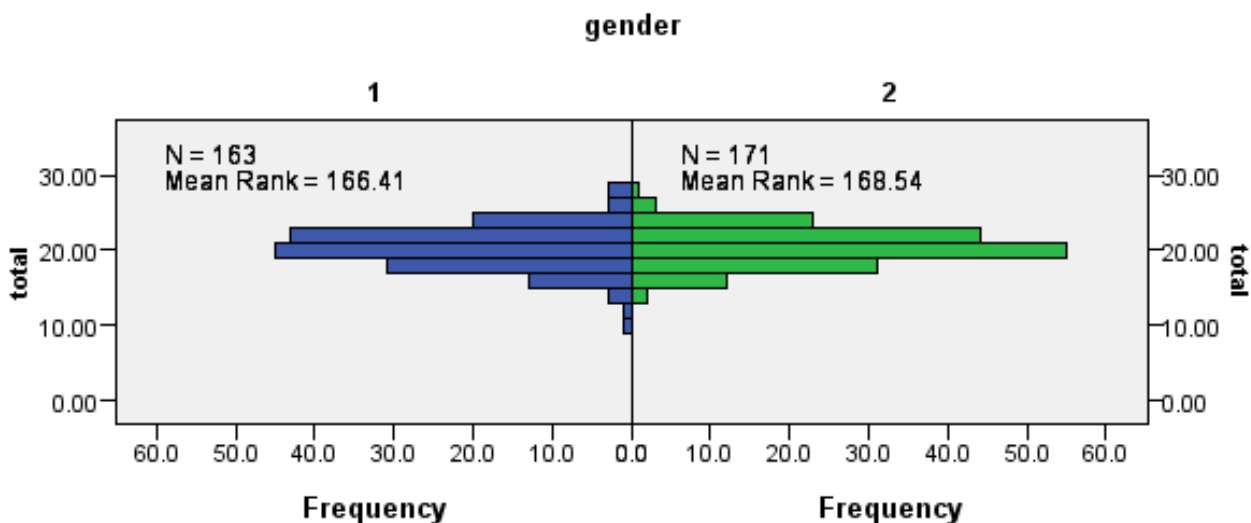
differ significantly and the mean value are 166.41 and 168.54 does not differ significantly as shown in figure no. 2

The level of financial literacy among male and female students does not significantly differ from each other. It means the financial literacy education which is provided in the colleges and universities in Delhi NCR under the courses like MBA, BBA, M.Com., B.Com. to the male students and female students at the same level. There is no significant difference in the level of financial literacy among male students and female students.

TABLE-2 HYPOTHESIS TEST SUMMARY

NULL HYPOTHESIS	TEST	SIG.	DECISION
The distribution of financial literacy is the same across categories of males and females.	Independent Samples Mann-Whitney U Test	.840	Retain the null hypothesis.
Asymptotic significances are displayed. The significance level is .05			
Independent-samples Mann-Whitney U Test Summary			
Total number		334	
Mann-Whitney U		14,113.500	
Wilcoxon W		28,819.500	
Test Statistic		14,113.500	
Standard Error		875.471	
Standardized Test Statistic		.202	
Asymptotic sig. (2sided test)		.840	
Source: author's calculation			

FIGURE NO-2 INDEPENDENT-SAMPLE MANN-WHITNEY U TEST



To examine the third hypothesis, there is no significant difference in the financial literacy level among the public and private universities of Delhi NCR, independent samples Mann-Whitney U test was applied. The results, retain the null hypothesis with a p-value of .475 shown in table 4, which means,

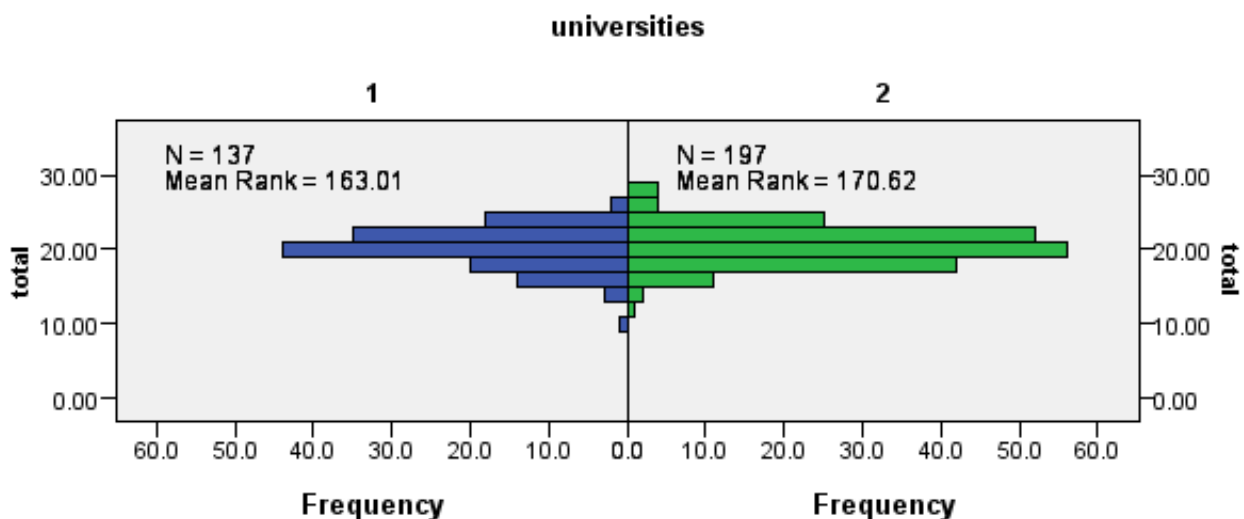
in the Delhi NCR, there is no significant difference in financial literacy levels between public and private universities and colleges. The mean values of public and private universities and colleges in Delhi NCR do not differ significantly and the mean value is 163.01 and 170.62 does not differ significantly as shown in figure no. 3

The level of financial literacy among the public universities and private universities of Delhi NCR is the same there is no difference, it means the education which is provided in the private and public colleges and universities in Delhi NCR under the courses like MBA, BBA, M.Com., B.Com. to the students at the same level. Both public and private universities and colleges use the same education methods and techniques to educate their students. There is no significant difference in the level of financial literacy among the public and private universities and colleges in Delhi NCR.

TABLE-3 HYPOTHESIS TEST SUMMARY

NULL HYPOTHESIS	TEST	SIG.	DECISION
The distribution of financial literacy is the same across categories of private and public universities	Independent Samples Mann-Whitney U Test	.475	Retain the null hypothesis.
Asymptotic significances are displayed. The significance level is .05			
Independent-samples Mann-Whitney U Test Summary			
Total number		334	
Mann-Whitney U		14,109.500	
Wilcoxon W		33,612.500	
Test Statistic		14,109.500	
Standard Error		861.476	
Standardized Test Statistic		.714	
Asymptotic sig. (2sided test)		.475	
Source: author's calculation			

FIGURE NO-3 INDEPENDENT-SAMPLE MANN-WHITNEY U TEST



LIMITATIONS

The study was based on a small sample size of 365 students only and the study was limited to Delhi NCR colleges and universities belonging to the courses MBA, BBA, M.Com., B.Com. only.

CONCLUSION AND SUMMARY

The study concludes that financial literacy is very important in the present scenario. Financial literacy is the ability to comprehend and use a wide range of financial skills, including personal financial management, budgeting, and investing. It's the bedrock of your financial relationship, and it's a never-ending learning process. The data of the study is not normally distributed; hence we used a nonparametric test. The hypothesis of the study is retained that there is no significant relationship between the level of financial literacy among males & females studying in universities and colleges and if talk about the comparison of male and female and public and private colleges and universities, The mean values of male and female students studying in the universities and colleges in Delhi NCR does not differ significantly. Further, the mean values of public and private universities and colleges in Delhi NCR also do not differ significantly.

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