

SURVEY STUDY ON EARLY FINANCIAL EDUCATION: ANALYZING STUDENTS' FINANCIAL LITERACY LEVELS

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Abstract:

This study specifically examines students' understanding of key financial concepts such as distinguishing between needs and wants, financial management practices, debt awareness and management, investment knowledge, credit and loan comprehension, decision-making in financial matters, access to financial literacy resources, and future financial planning. This survey-based study aims to evaluate the financial literacy levels of students across multiple domains. By analyzing survey responses, the study seeks to gain valuable insights into the current financial literacy levels of undergraduate students. The primary purpose is to assess the financial knowledge and capabilities of university and college students. Data collection incorporates a mixed-methods approach, utilizing a survey questionnaire as the primary tool, complemented by secondary sources such as books, online resources, and other relevant materials.

Keywords: *Financial Literacy, Financial planning, financial decision-making, financial awareness.*

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Introduction:

Financial literacy plays an important role in the socio-economic development of a country besides political and legal factors. All countries are trying to develop their financial system to achieve the goal of economic development through financial inclusion.

Financial literacy, the ability to understand and effectively use various financial skills, is increasingly recognized as a critical life skill. Early financial education is believed to play a crucial role in shaping an individual's financial behavior and stability in the long term. This study aims to analyse/ Assessing the Financial Literacy Levels of Undergraduate Students, focusing on the Navi Mumbai area.

Review of literature:

Early financial education not only impacts financial literacy and behavior but also holds considerable implications for economic results. where financial inclusion and economic stability are critical, the role of financial education becomes even more pronounced. This section explores the economic outcomes resulting from early financial education among the Indian population.

Demirgüç-Kunt, Klapper, and Singer (2013) conducted a global study on financial inclusion, with a focus on India. Their research demonstrated that financial education programs significantly increased the use of formal

banking services among unbanked populations. This research highlights the importance of financial education in advancing financial inclusivity.

Banerjee, Duflo, Glennerster, and Kinnan (2015) investigated the influence of financial literacy on alleviating poverty in rural India. Their study found that financial education improved income stability and reduced economic vulnerability among rural households. This research highlights the potential of financial education to contribute to poverty alleviation.

Sinha and Ghosh (2017) studied the overall impact of financial education on economic well-being in India. They found that participants of financial education programs reported higher levels of financial security and reduced financial stress. This research highlights the wide-ranging advantages of financial education for personal economic welfare.

Cole, Sampson, and Zia (2011) conducted a study on the impact of financial literacy on savings behavior in India. Their findings indicated that financial education programs significantly increased the savings rates and asset accumulation among participants. This study underscores the importance of financial education in promoting long-term financial security.

Gaurav, Cole, and Tobacman (2011) examined the effects of financial literacy on debt management in India. They found that individuals who received financial education were more likely to avoid high-interest informal loans and manage their debt more effectively. This research emphasizes the importance of financial education in enhancing financial management skills and decreasing economic vulnerability.

Early financial education leads to significant economic outcomes among the Indian population. Studies consistently demonstrate that financial education promotes saving, improves debt management, enhances investment decisions, increases financial inclusion, reduces poverty, and improves overall economic well-being. Implementing comprehensive and scalable financial education programs is crucial for fostering long-term economic stability and financial resilience in India.

Research objectives:

- To assess undergraduate students' comprehension of essential financial concepts.
- To analyze undergraduate students' financial and debt management practices
- Exploring the Financial Decision-Making Approaches of Undergraduate Students.

Limitations of the study:

External Factors: External factors, such as changes in economic conditions, financial policies, or educational initiatives, may influence participants' financial literacy levels and practices but are not explicitly addressed in the study.

Response Bias: The accuracy of the data collected is subject to potential response bias, as participants may provide socially desirable responses or misreport their financial literacy levels, practices, and behaviors.

Limited Scope of Questions: The survey questionnaire covers specific aspects of financial literacy, such as needs versus wants and financial management practices, but may not comprehensively assess all dimensions of financial literacy.

Sample Representativeness: The study's findings may not be generalizable to all undergraduate students, as the sample may not fully represent the diversity of backgrounds and financial situations among students at the university.

Research methodology:

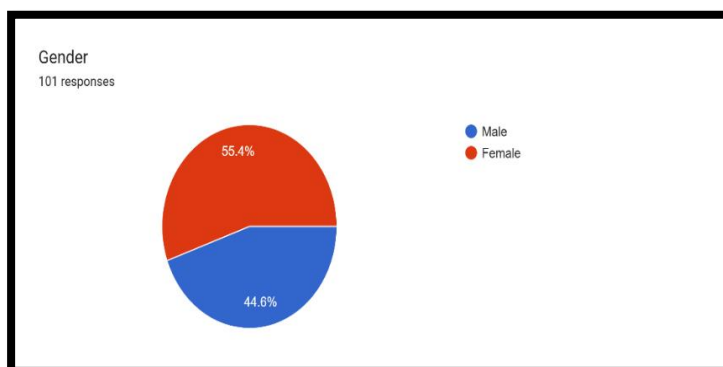
- a. Our survey will focus on thinking of Navi Mumbai's students.
- b. The literacy rate in Navi Mumbai is 89.62%. (2024).

1. Data collection: The collection of data is divided into two parts that is primary as well

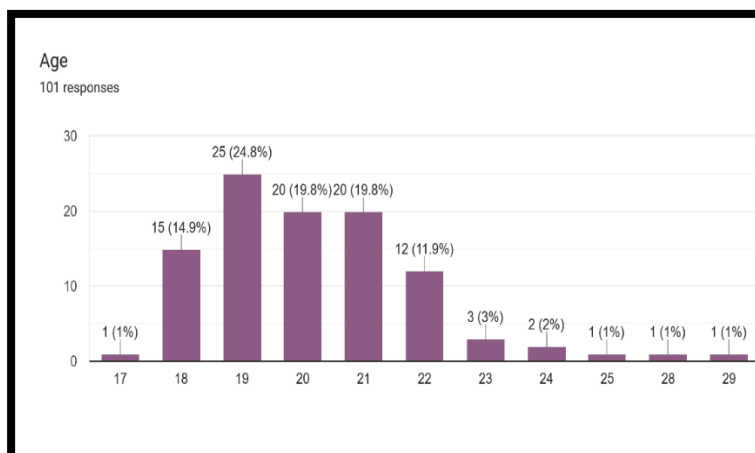
- a. **Primary data:** It has been collected using the structured questionnaire from students in Navi Mumbai through Google form.
- b. **Secondary data :** It has been collected from various text books, internet, articles, newspapers, reports, etc.

2. Sample size: 101 students's from Navi Mumbai City.

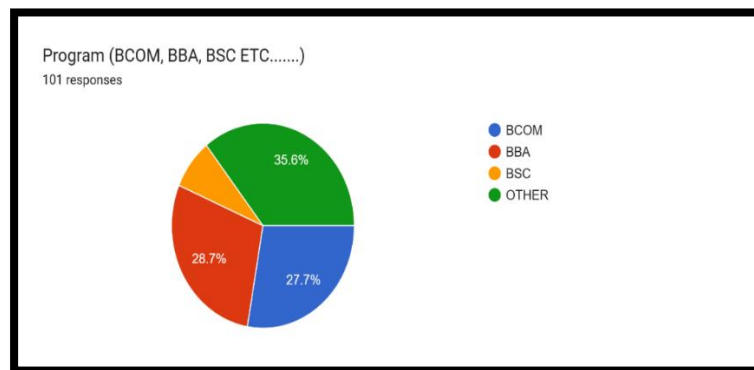
Results Analysis and Interpretation:



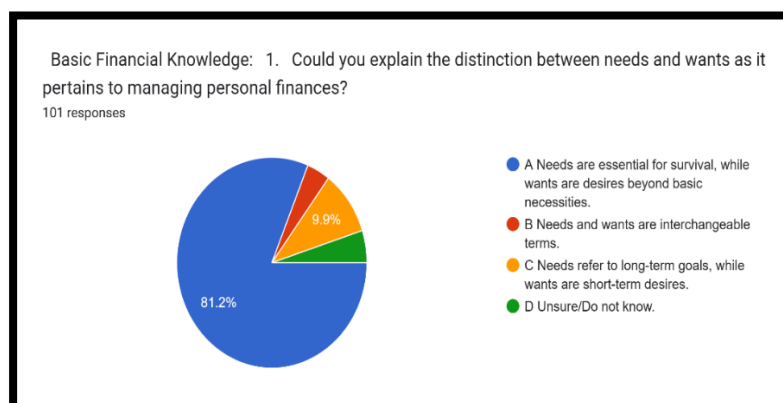
Out of 101 Respondents 55.4% are female and 44.6% are male.



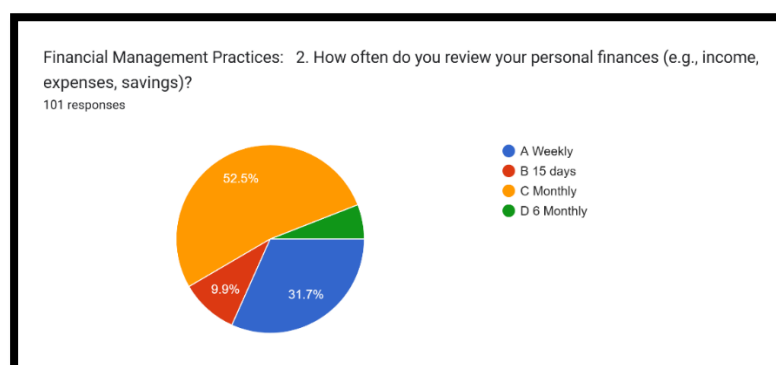
Out of 101 Respondents 25% are between 19 age group and 20% are 20 age and 19.8 % are of 21 age, 15% are of 18 age group and so on. So the average age group of the respondents are between 18 to 21 age group.



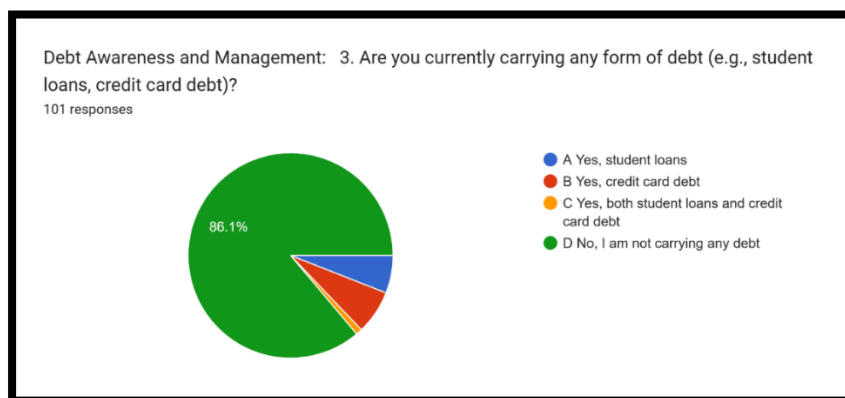
Out of 101 Respondents 27.7 % are Bcom students, 28.7% are BBA students, 8% Bsc students are remaining 35.6 % are from other program.



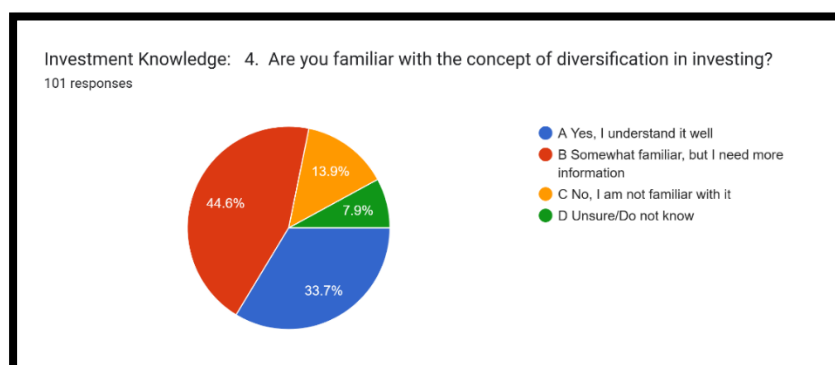
Around 81.2 % respondents are of the opinion that Needs are essential for survival, while wants are desires beyond basic necessities, 9.9 % respondents are of the opinion that Needs refer to long-term goals, while wants are short-term desires. And remaining respondents are having mixed opinion about interchange needs and wants and some are unsure about Basic financial knowledge.



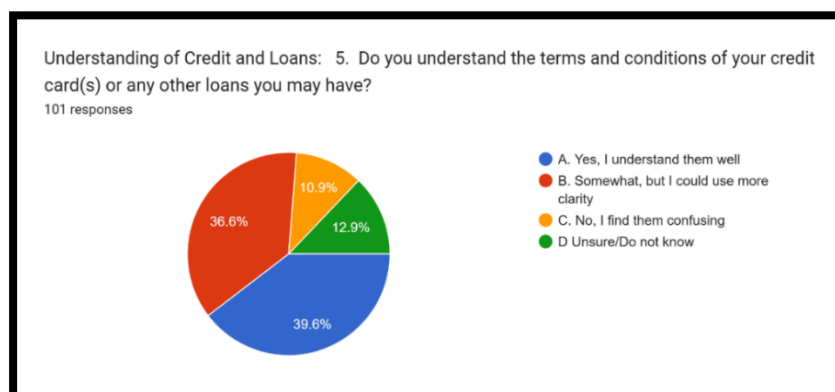
Around 52.5% respondents review their personal finances Monthly, 31.7% weekly, 9.9% in 15 days and remaining 6 monthly.



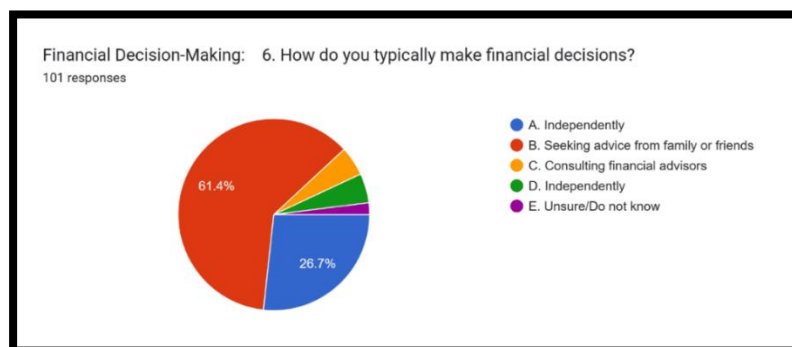
More than 86.1 % respondents does not carry any debt and remaning 13.9 % respondents are having some loans or credit regarding the debt awareness and management,



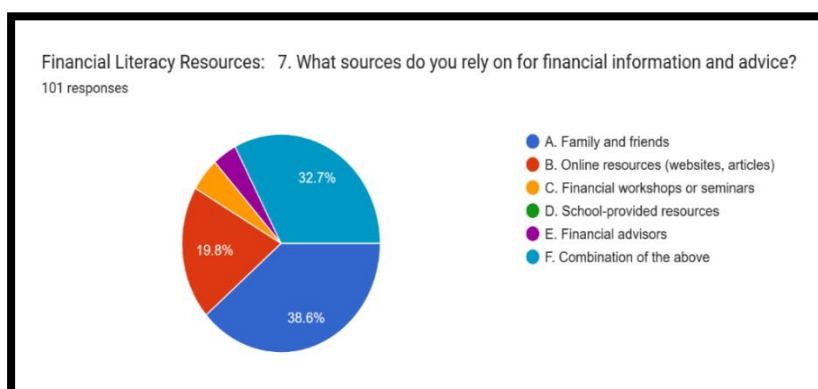
Around 33.7 % respondenrs are familiar with the concept of diversification in investing, 44.6 % are Somewhat familiar, but need more information. 13.9% are not familiar and 7.9% are unsure about the investment knowledge.



Around 39.6% respondents understand the terms and conditions of your credit card(s) or any other loans , 36.6% Somewhat understand but I could use more clarity, 12.9% unsure and 10.9% find them confusing.



Regarding the Financial decision making 61.4% respondents are seeking advice from family or friends, 26.7% independent in taking financial decisions and remaining respondents are taking help from consulting financial advisors and some are unsure.



Around 38.6% respondents are rely on for financial information and advice from family and friends, 32.7% rely on combination of all and 19.8% rely on online resources (websites and articles) and remaining responenents are rely on financial workshops and advisors.

Conclusion:

In conclusion, this study provides valuable insights into the financial literacy and decision-making practices of undergraduate students. It highlights the extent of their understanding of fundamental financial concepts, as well as their approaches to financial and debt management. Furthermore, the research sheds light on students' familiarity with investment knowledge and their awareness of credits and loans, which are crucial components of financial well-being. Additionally, the findings reveal important patterns in the financial decision-making processes of students, their reliance on various sources of financial information, and their long-term financial goals and strategies for achieving them. Ultimately, this study underscores the need for targeted financial education programs that address these areas, empowering students to make informed and confident financial decisions both during their academic journey and beyond.

Scope for further research: The scope for further research could involve a broader examination of the long-term impact of financial literacy programs across diverse geographical regions and student populations. Future

studies could expand to compare the effectiveness of different financial education models and their specific impact on various aspects of financial stability, such as savings habits, investment choices, and debt management.

Finally, future research could assess how technology-driven financial education tools and resources contribute to shaping students' financial decision-making abilities and overall financial well-being in the long term.

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Cite This Article:

Uthale I.A. & Dr. Chavan V.D. (2025). *Survey Study on Early Financial Education: Analyzing Students' Financial Literacy Levels*. In **Educreator Research Journal: Vol. XII (Issue I)**, pp. 47–53.