

PERSONAL-FINANCIAL LITERACY AMONG SECOND YEAR UNDER-GRADUATE STUDENTS: A CASE STUDY

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Abstract

An attempt has been made to study in detail the personal-financial literacy among the students of Arts, Commerce and Science in the second year of CK Thakur College. This research shows that the S.Y.B.A. and the S.Y.B.Sc. Students' personal financial literacy falls below the average and therefore, there needs to be improvised and compared with the S.Y.B.Com. Student's which is above average according to study done in the past.

Keywords: *personal financial literacy, college students, literacy, budget*

□ **Aims:** To study in detail the personal-financial literacy among second year students of Arts, Commerce and Science streams of the C.K. Thakur College

□ **Objective:**

- 1) To study the personal-finance literacy of the second-year students
- 2) To identify the factors affecting Personal-Finance Literacy
- 3) To suggest measures to be undertaken for deterioration financial literacy
- 4) To create awareness among the students for personal-financial literacy.

□ **Introduction:**

The people think that the topic of personal finance is only related to earning and spending. Generally, the scope is not limited to the income and expenditure of personal. Personal finance is nothing but the basic education regarding management of money so that life becomes easier. Many researchers concluded that the personal finance literacy level of college students is very poor. According to a global survey, about 76% of Indian adults do not understand basic financial concepts and are unfortunately financially illiterate even today. The financial literacy rate in India is very poor as compared to the rest of the world. The Indian stock market accounts for only 1% of the Indian population, compared to the entire Indian population. Indians have a love-hate relationship with stock markets, says CEO and managing director Ashish Kumar Chauhan of Asia's first stock exchange, the 140-year-old BSE, also known as the Bombay Stock Exchange.

College is often steppingstone in a person's life when money management skills are needed and tested. This is the perfect time to become financially literate because it is a skill that directly impacts your life, often for the first time. The benefits of education in financial literacy, while being useful at any age, are especially strong for college students. Research has shown that students are able to retain what they have learned in the classroom better if they are able to connect it with their own experiences. After graduation they face reality in real life. In real life money management is very important. They are the most important element of the society that will lead the country's economy in the future. Pretty soon they will face the harsh challenge of life's complexities. Personal financial literacy will be the basic financial capital to deal with the realities of social life. However, until now, the financial education they receive in college is focused on providing them with lucrative employment. They are not particularly given financial education that will be very useful after they finish college, start work and earn income.

□ Literature

How to manage money is just as important as earning money. Another meaning of Personal finance is the use of financial knowledge in our daily life. In simple terms, 'Personal' means a person or someone, 'finance' means money, can also be interpreted as the Science of managing money. 'Literacy' can be interpreted as the ability to read or write.

The purpose of this research is to clarify the personal financial literacy level of the students of CK Thakur College and analyze the factors that affect it. It will also support them to deal with the problems they face in the future. In the field of financial management, personal finance is a reference to financial decisions taken at the individual level.

□ Methodology

This study has two objectives. The first objective is to find a picture of the level of personal financial literacy of the students at CK Thakur College. Descriptive analysis was used for assessing factors affecting the personal financial literacy of CK Thakur college students.

The components of the analysis used in this research are the active students. The data required in this study include two sources, that is, physical research in the field (primary data) and data already available prior to this research (secondary data). The sampling technique used was to create random samples.

For this, 50 students from Art, 100 from Commerce and 50 from Science stream selected. 40 students from Art, 80 from Commerce and 40 from Science stream responded to the questionnaire.

This study includes age, educational level, class, stream, grade point average (GPA), residence, work experience, personal financial management knowledge from parents, financial management knowledge of individual, money monthly / monthly income, credit card ownership, bank, ownership of accounts, savings bank, insurance ownership and ownership of investment products basic knowledge of personal finance, revenue and expenses, credit and debt, savings and investment and insurance. Based on a group of measurements by Cooper and Schindler (2006: 337), 4 types of measurements have been used in the research questionnaire; Simple Category Scale (Dichotomous), Multiple Choice-Single Response Scale, Multiple Choice Multiple Response Scale and Likert Scale Summary Rating.

Results and Discussion

Question wise analysis of the students

How much amount do you receive per month? (Pocket money, Part time job, etc.)

In S.Y.B.A. class 82% students do not have monthly income, monthly income of 8% students is in between 100 to 500Rs., and 10% students has monthly income more than 500 Rs.

In S.Y.B.Com. class 34% students does not have monthly income, monthly income of 10% students is less than 100Rs., monthly income of 26% students is in between 100 to 500Rs., and 30% students has monthly income more than 500 Rs.

In S.Y.B.Sc. class 15% students does not have monthly income, monthly income of 12% students is less than 100Rs., monthly income of 30% students is in between 100 to 500Rs., and 43% students has monthly income more than 500 Rs.

In an average 41% students does not have monthly income, monthly income of 8% students is less than 100Rs., monthly income of 23% students is in between 100 to 500Rs., and 28% students has monthly income more than 500 Rs.

✓ What is your attitude towards "MONEY"?

We got many interesting answers.

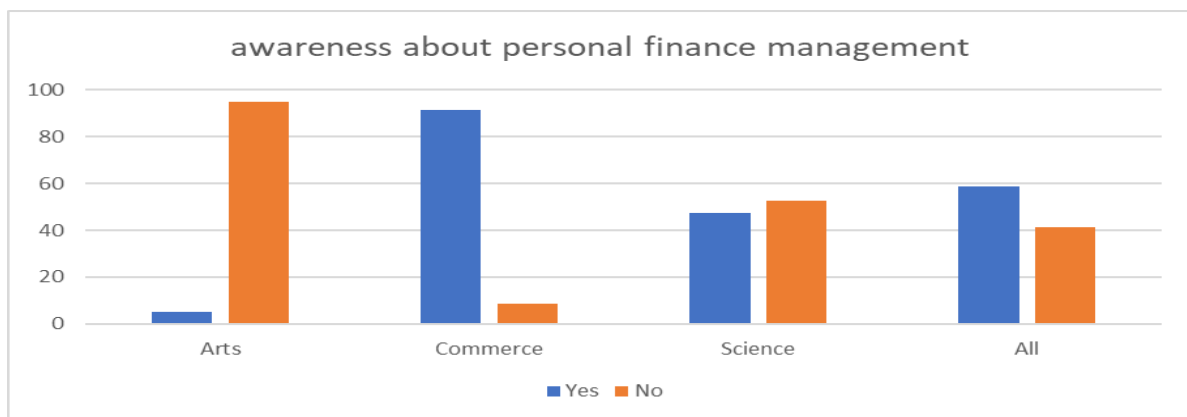
- Money is something but not everything.

- Money is life.
- Money is everything.
- Money is important.
- ✓ Which financial products students uses

	saving account	Fixed deposit	credit card	Mutual fund or Stock market	Debit card	Not using any products
Arts	9%	0%	0%	0%	14%	77%
Commerce	43%	2%	0%	1%	42%	12%
Science	34%	0%	5%	3%	29%	34%
Average	34%	2%	2%	1%	34%	27%

From the above information it is clear that Commerce students have maximum saving accounts and Arts students have less saving accounts. maximum students do not have fixed deposits, credit cards and mutual funds or stock markets. Maximum Arts students do not use any financial products and Commerce students use maximum products.

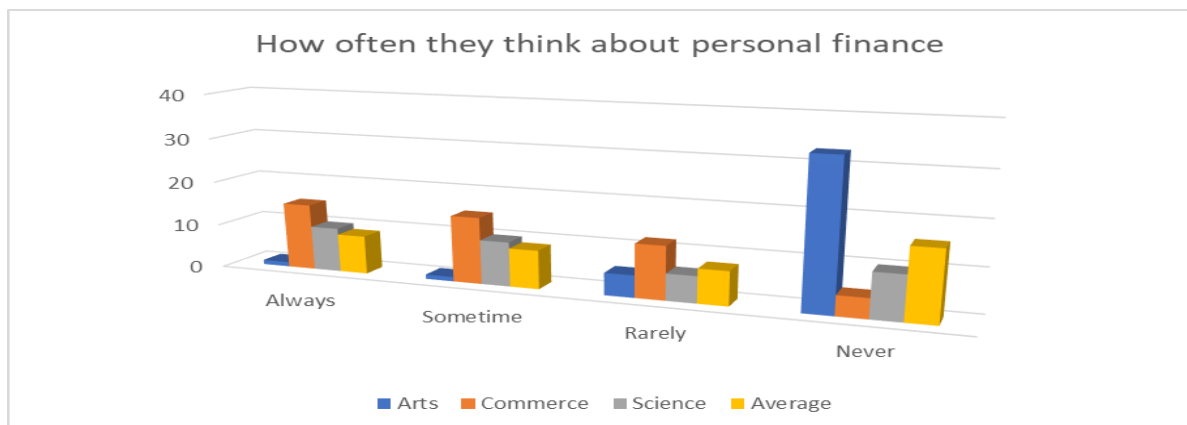
- ✓ Are you aware about personal finance management YES NO?



Graph 1

Most of the Arts students not aware about personal finance but most of the Commerce students aware about personal finance

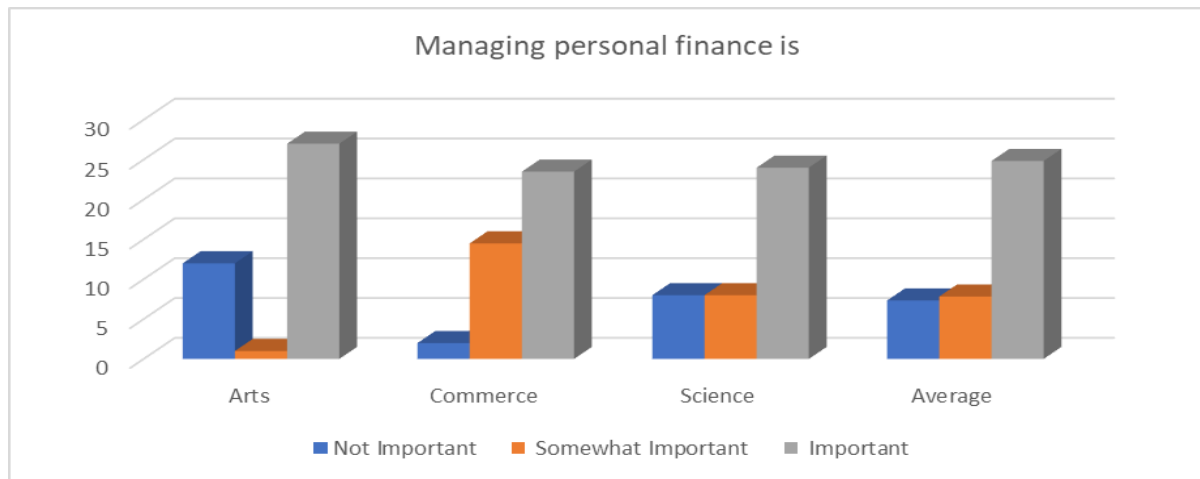
- ✓ How often they think about personal finance?



Graph 2

Most of the Commerce students always thinks about personal finance and most of the Arts students does not think about personal finance

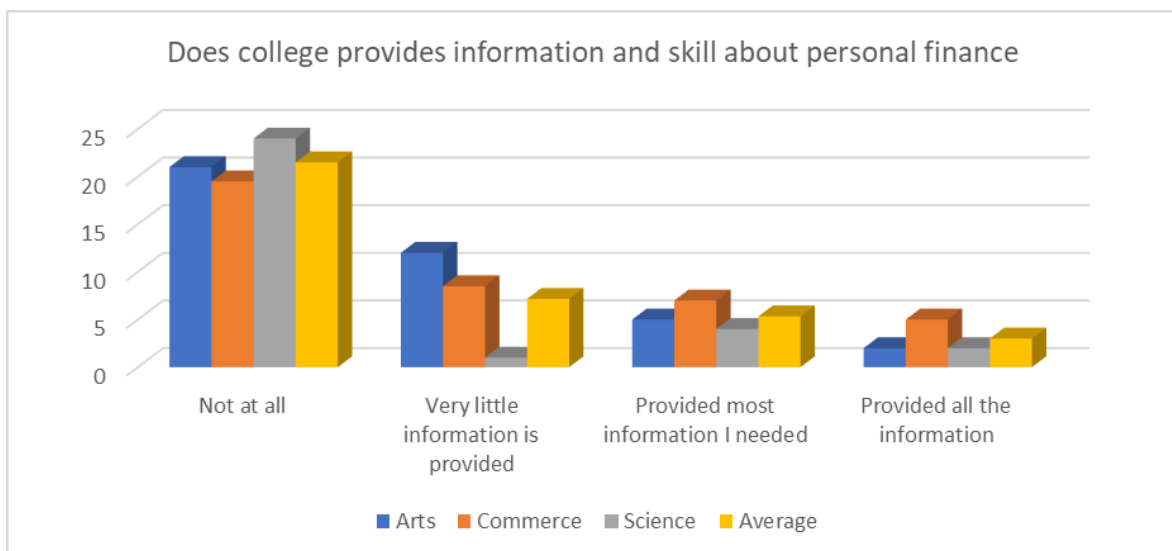
Managing personal finance is



Graph 3

Maximum students think personal finance is important.

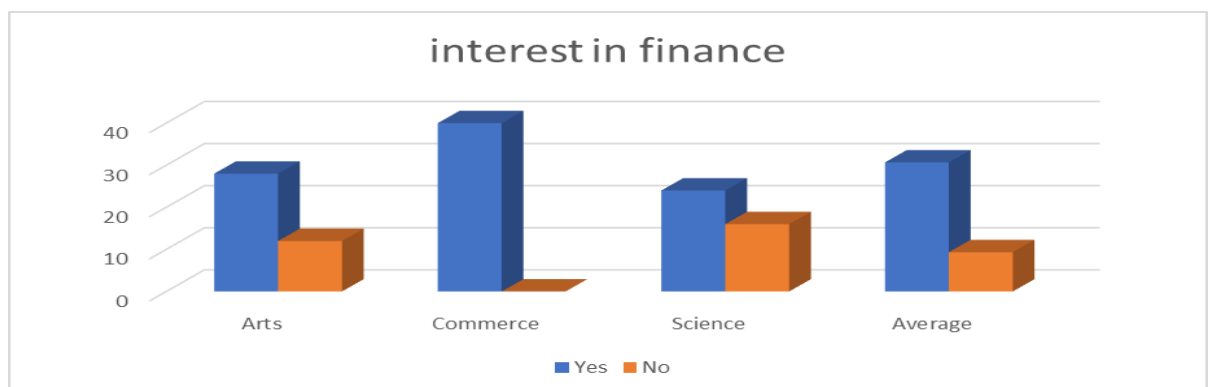
✓ Does college provide information and skill about personal finance?



Graph 4

Most of the students said that college does not provide any information about personal finance.

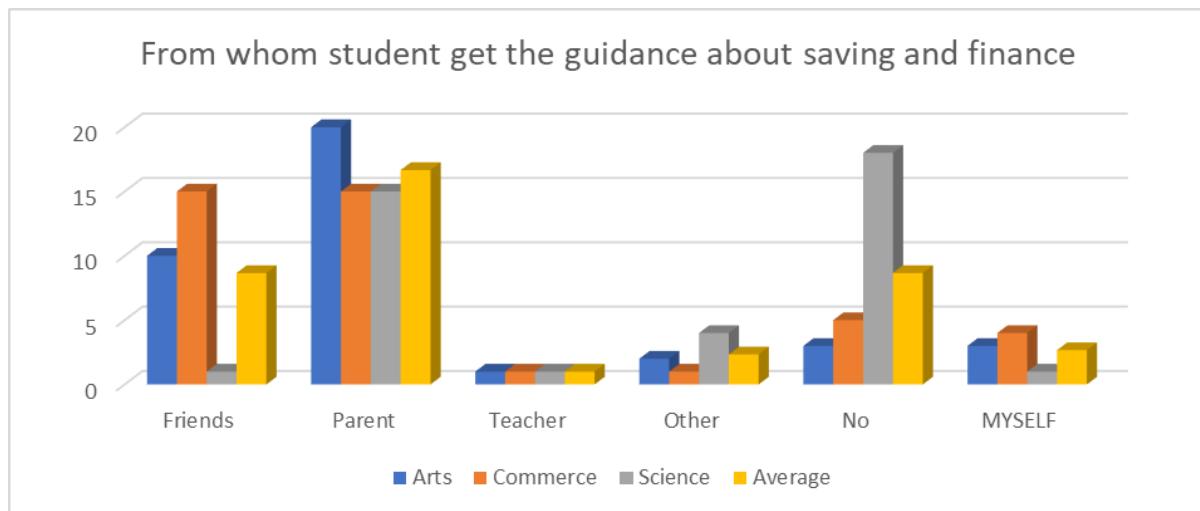
✓ Interest of students in finance?



Graph 5

Commerce student has maximum interest in finance but Arts students not interested in finance

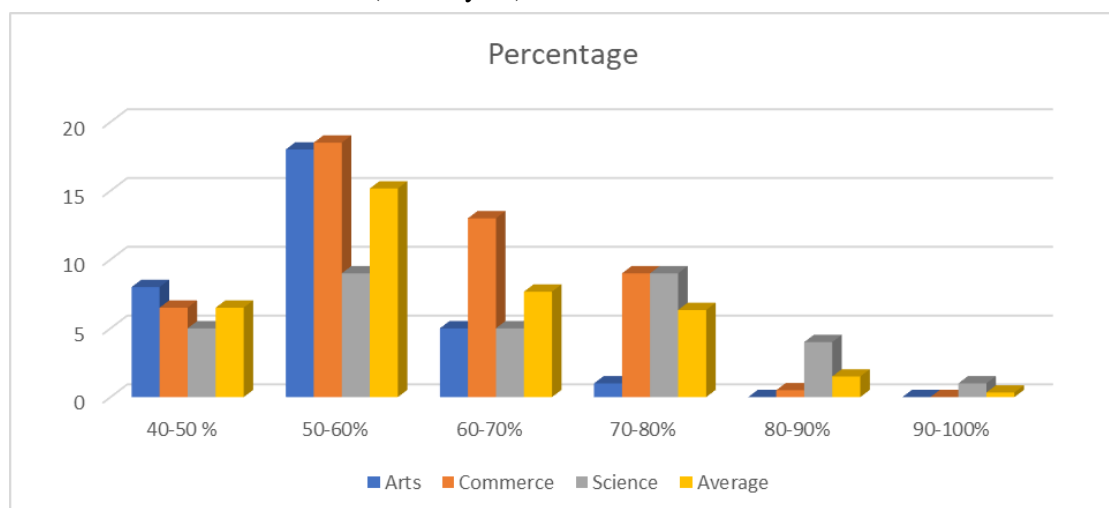
✓ From whom you get the guidance about saving and finance



Graph 6

Maximum Students get the information about finance from their parents and friends but not from their teachers.

✓ Result or marks of the students (in first year)



Graph 7

Percentage of most of the students fall in between 40-80%

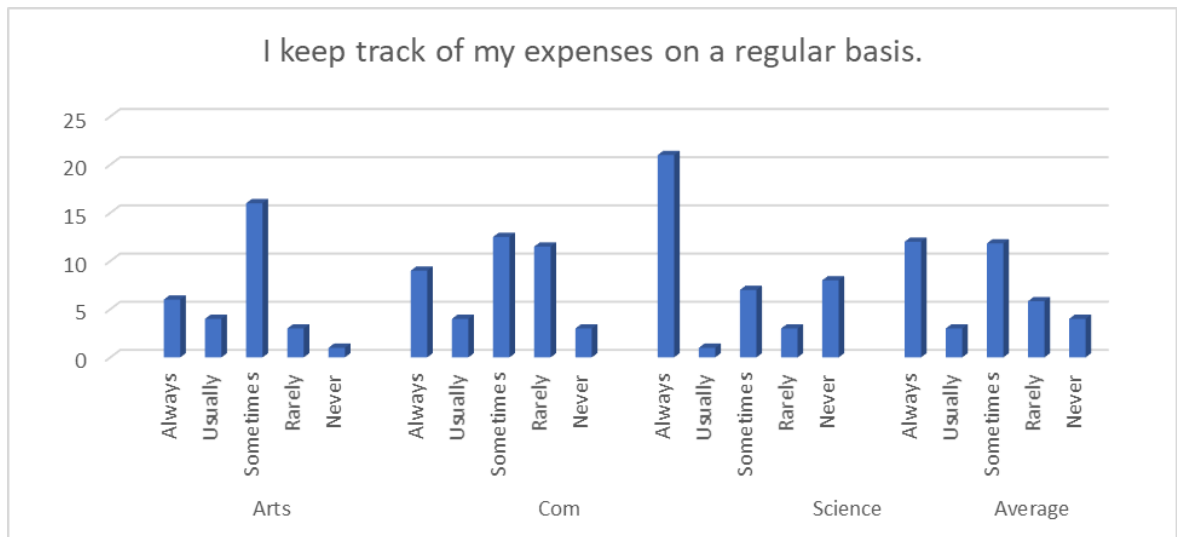
✓ Place of residence Rural or Urban?

Maximum students are from the urban area.

✓ On a scale from A to F, what grade would you give yourself in terms of your knowledge about personal finances?

- 38% of Arts students gave themselves E grade about personal finance.
- 55% of Commerce students gave themselves B grade's about personal finance.
- 47% of Science students gave themselves E grade's about personal finance.
- 36% of students gave themselves B grade's about personal finance.

✓ I keep track of my expenses on a regular basis.

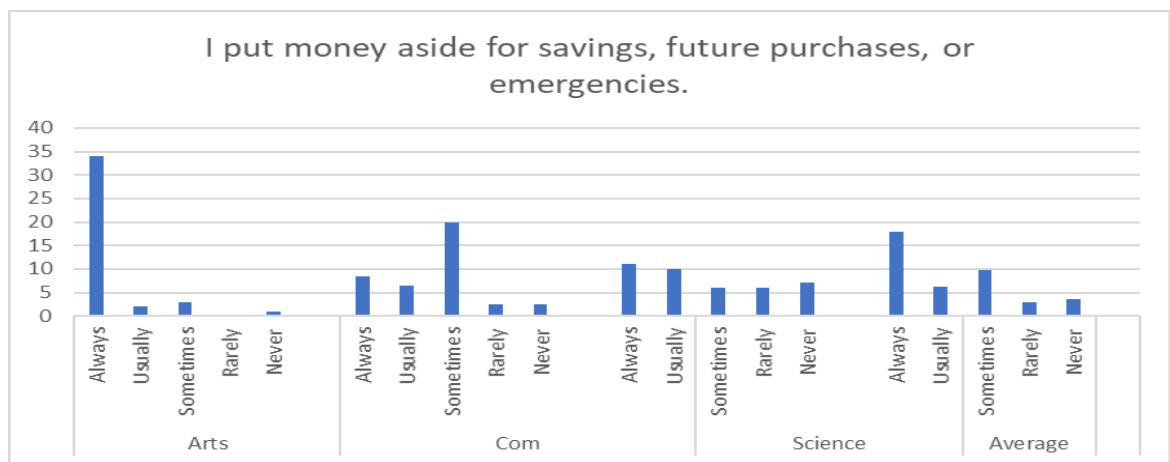


Graph 8

Most of the Arts students never track their expenses on a regular basis.

Most of the Commerce students always track their expenses on a regular basis.

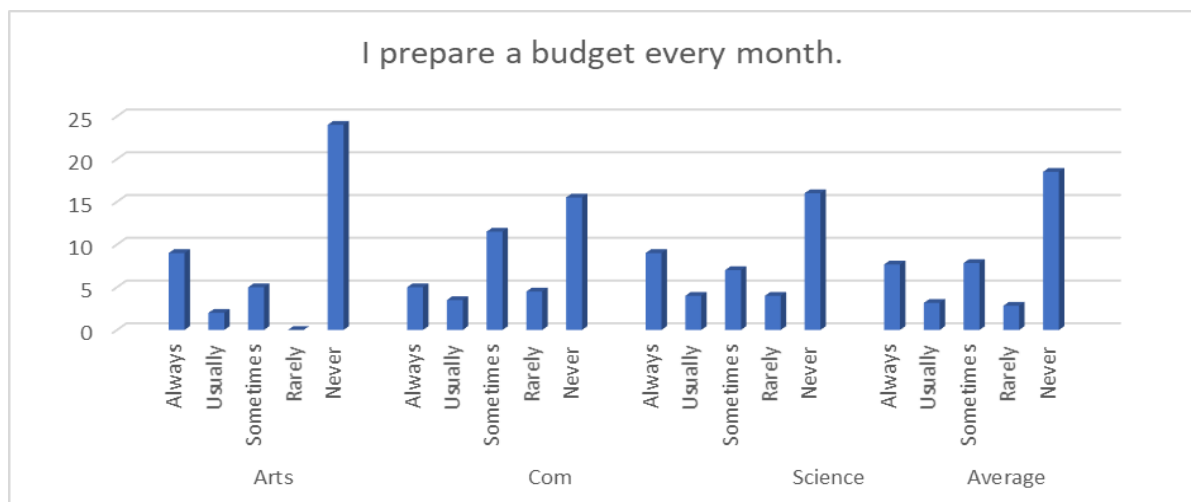
✓ I put money aside for savings, future purchases, or emergencies.



Graph 9

Most of the Arts and Science students put their money aside for savings, future purchases, or emergencies.

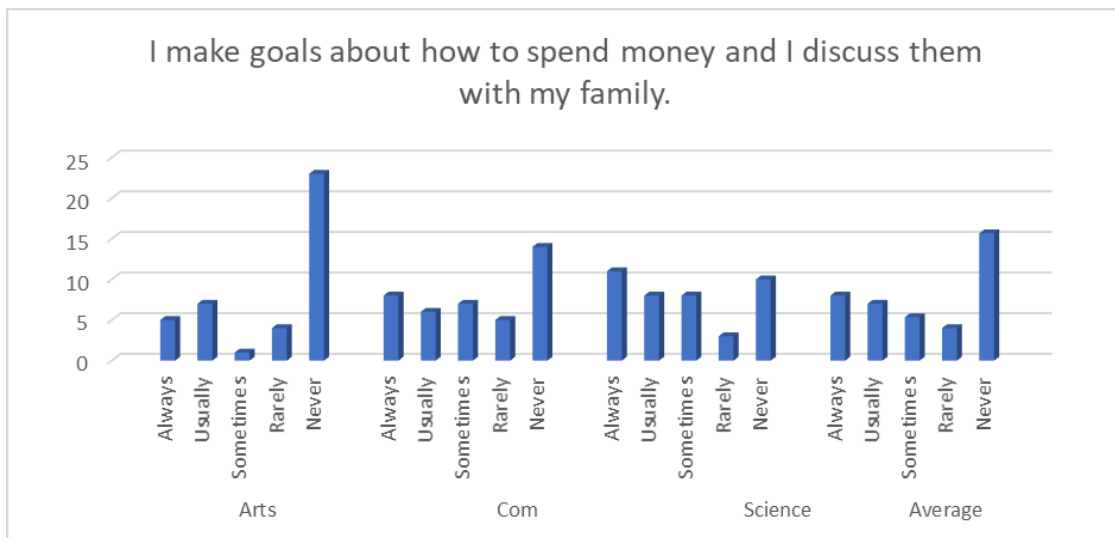
✓ I prepare a budget every month.



Graph 10

Most of the Arts students do not prepare their budget.

✓ I make goals about how to spend money and I discuss them with my family.

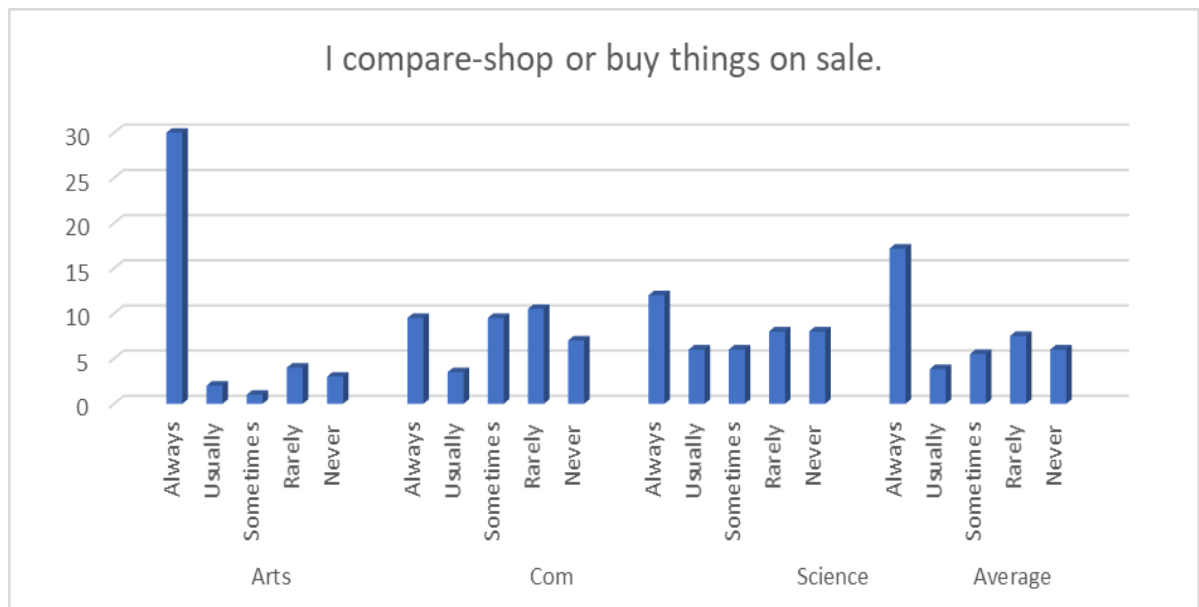


Graph 11

Most of the Arts students do not make goals about how to spend money and never discuss them with family.

Most of the Commerce students make goals about how to spend money and discuss them with family.

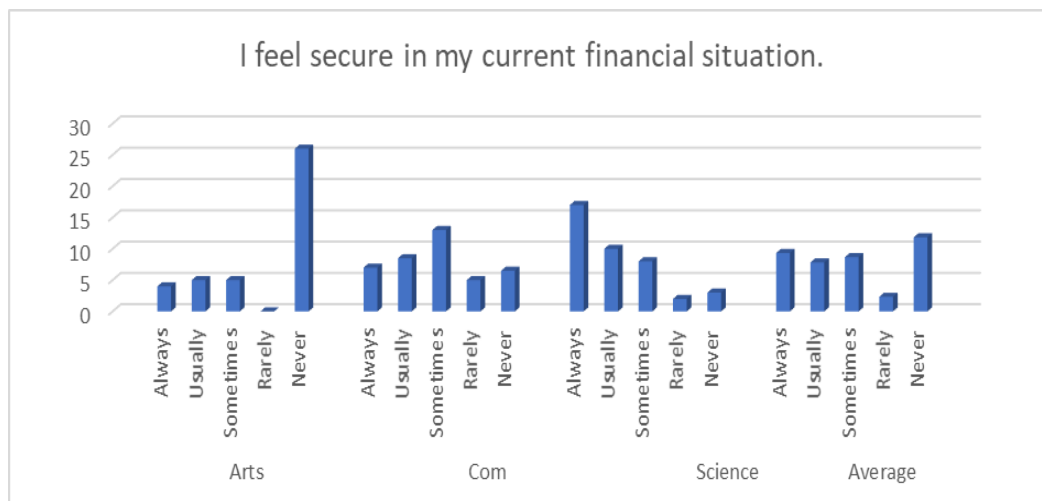
✓ I compare-shop or buy things on sale.



Graph 12

Every time student always compare-shop or buy things on sale.

✓ I feel secure in my current financial situation.

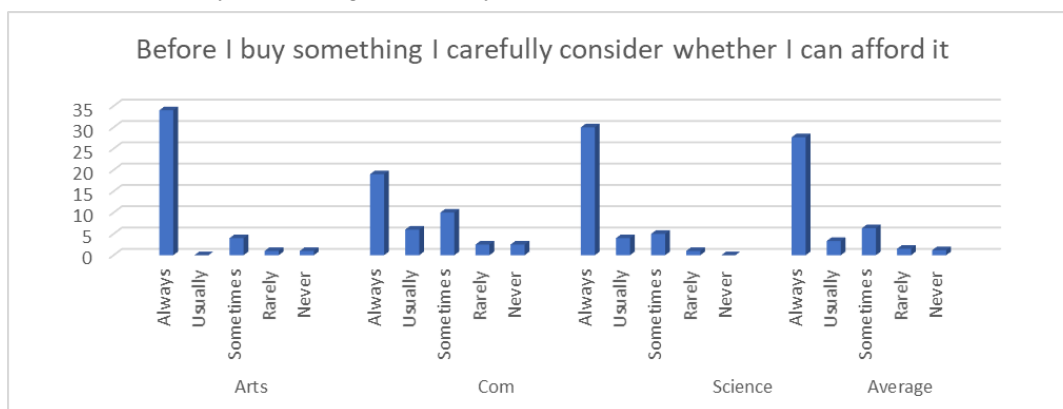


Graph 13

Most of the Arts students are not feeling secure in their current financial situation.

Most of the Science students feeling secure in their current financial situation

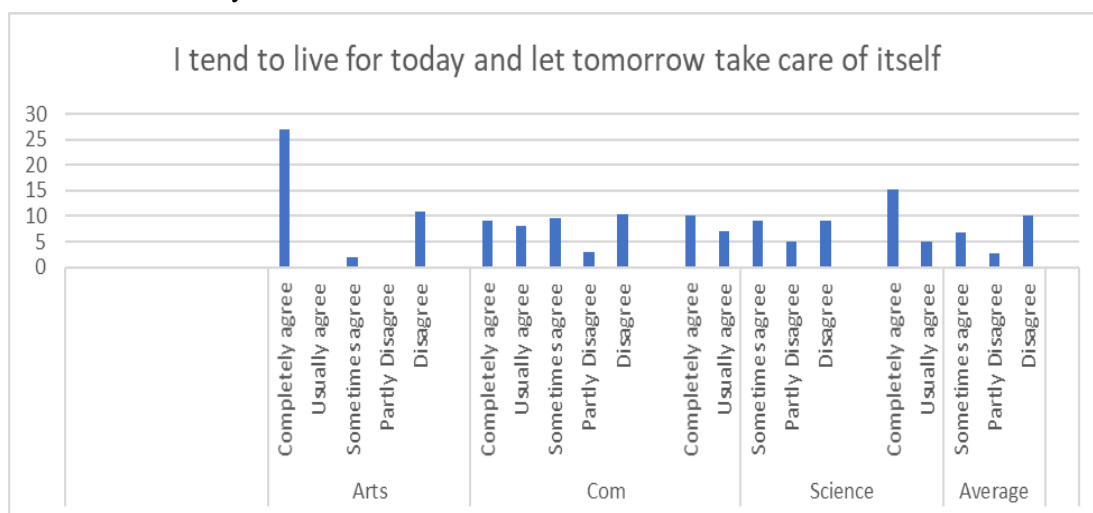
✓ Before I buy something, I carefully consider whether I can afford it



Graph 14

All the students think about that is it affordable or not

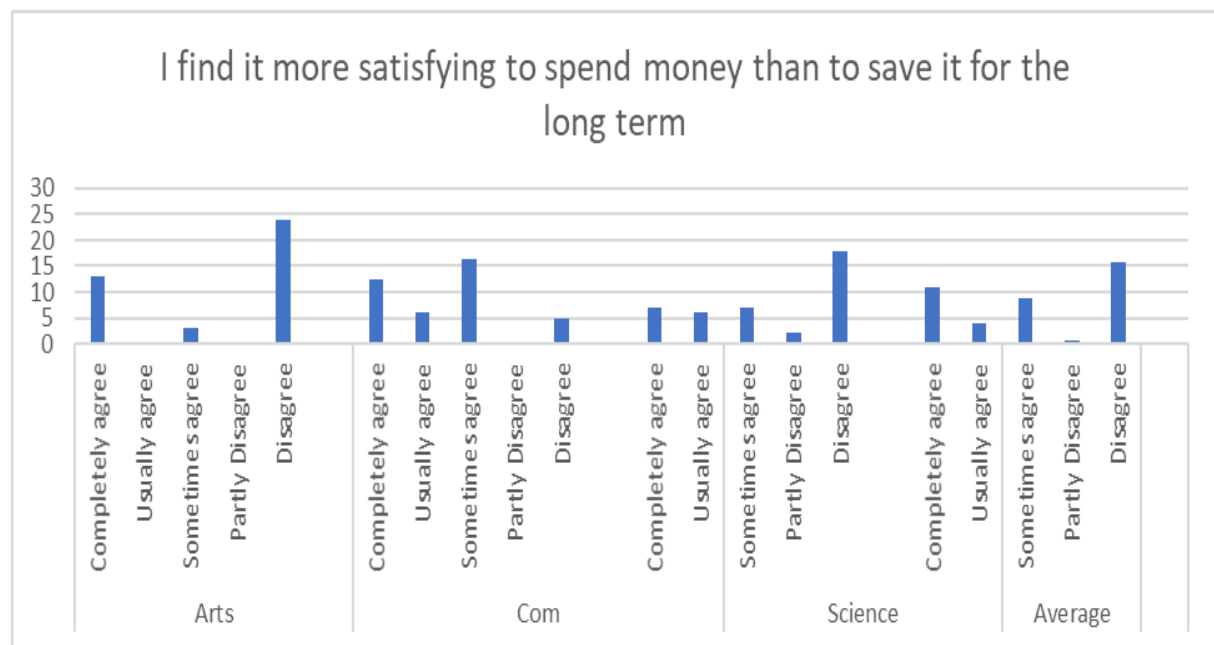
✓ I tend to live for today and let tomorrow take care of itself



Graph 15

Most of the Arts and Science students do not care about future but most of the Commerce students thinks about their future

✓ I find it more satisfying to spend money than to save it for the long term



Graph 16

Most of the Arts and Science students think that saving is important than spending. But Commerce thinks that spending is important than saving.

On an average, the personal financial literacy of the students of CK Thakur College is approximately 59% which falls into the lower grades. The personal financial literacy of students of Art and Science students is very low as compared to Commerce students (80%).

There are many reasons found for the low personal financial literacy of CK Thakur college students.

1. Age factor: -Most of the students age is in between 18-20 years.
2. Income: -most of the students never worked or not involved in business (hence have no income).
3. Use of financial products: -Their income is very low or no income so that they are not aware about financial products.
4. Interest: - Most of the students from Arts and Science stream have no interest in finance
5. Stream: - As compared to Commerce stream, Arts and Science students are not aware about personal finance
6. College and Teacher
7. Place of residence
8. Parents

Based on the findings of the above study, we make the following recommendations:

1. Seminars or training related to personal finance.
2. The Student Entrepreneurship Program (SCP), as well as the community that provides education about personal financial management.
3. Starting a personal finance course in the different streams at our college.
4. Parents should actively provide financial education to their children and parents must know the development of financial products and services.
5. The college should provide the subject of personal finance as a minor subject which the students can select as the value added to their financial knowledge.

6. Presentations, apps, games, video clips, short films, interactive quizzes regarding finance will help the students to be more.

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