

# Level of Financial Literacy in Chennai City

R. Danita Vaishali  
B.COM Accounting and Finance  
Women's Christian College in Chennai

Dr.Kalpana naidu  
Professor  
Women's christian college in Chennai

**Abstract:-** Financial literacy is the level of expertise one has in choosing how to invest their money. In other words, financial knowledge aids a person in creating personal budgets and selecting investments. The government has undertaken a number of initiatives to inform citizens about the financial services that are accessible to them. The goal of this study project is to identify strategies for raising financial literacy. Financial stability can be developed in one's existence with the aid of financial literacy. This expansion helps a nation's economy develop in an indirect way. The study's conclusions show that age, gender, education, and income all have an effect on one's degree of financial literacy. This research will aid in the development of suitable tactics and methods for adapting to the tactics. .

**Keywords:-** financial service, financial literacy ,financial stability

## I. INTRODUCTION

Everyone's existence is significantly impacted by education. Since antiquity, it has had an effect on business and socioeconomic sectors. As a result, it is crucial to give this problem the attention it deserves. Businesses today, in every aspect of life, which includes education, must respond to and adapt to dynamic shifts emerging internally as well as externally as a result of the advancement of our society if they want to live. Humans are creatures who by nature anticipate rewards, and the majority of their actions are motivated by a desire to satiate those wants by obtaining necessities. In the modern period, money has been unilaterally chosen as that object of desire.

Everything is governed by money, which has a monopoly over both urban and country areas. Money then fuels the financial sector. Since then, bearing a solid understanding of finances has become essential for making decisions in all facets of daily living. The degree of financial literacy of a person can be determined by their capacity to identify financial offerings provided in a forum as well as by their financial actions. The lack of financial literacy is the global issue we are discussing in this platform. And it is more than appropriate to conduct a thorough analysis of this problem.

The main objectives of this report are to define financial competence broadly, to discuss financial proficiency and a few related surveys, and to identify financial awareness factors.

## II. ANALYSIS OF THE BOOKS

According to **Maria Janoková (Antoová) (2013)**, financial literacy is a continuum of skills that are influenced by factors like age, family, society, and place of residence. It is not an absolute state. It speaks of a developing level of competency that allows every person to effectively react to fresh personal experiences and dynamic economic environments. It plays a significant role in the modern world as a key to learning, the capacity to collect and process crucial information, or the ability to address a wide range of other issues that occur in daily life. A person has the right to transparent knowledge, but it's also their responsibility to educate themselves on it and use it in their everyday lives. The ability to choose wisely among the many services and resources supplied by many of their providers as well as their application in practise rests largely on the consumer's interest in learning, even though numerous institutions are interested in teaching consumers in this area. The only strategy for raising the financial literacy index is this one

**(Antony & Joseph, 2021)** Financial literacy is essential for achieving financial inclusion because it allows people to have more access to financial services and make informed decisions about how to use their money. Because it enables people to have greater access to financial services and make wise financial choices, financial literacy is crucial for achieving financial inclusion. Financial management-focused education can undoubtedly result in a higher level of proficiency, empowering each person to adapt to their neighborhood's and the nation's shifting economic conditions. By creating an efficient delivery system that is complemented by suitable financial products and financial counseling, the degree of financial inclusion can be raised.

**(PK & Reddy, 2020)** Every nation's prosperity depends heavily on financial literacy. Despite our best efforts, our nation's people do not have very high levels of financial literacy. By giving students the opportunity to learn the concept at an early age and teaching their parents if they are illiterate, including basic financial literacy concepts in the school curriculum can help increase financial literacy levels. Higher education curricula can integrate advanced financial literacy principles to give students a thorough understanding of financial products.

## III. OBJECTIVES

- To shed insight into the significance of an idea of being financially literate.
- In order to assess each person's degree of financial literacy
- To assess the degree of consumer knowledge about different financial goods.

- To investigate the investment behavior of various financial products.
- To make recommendations for ways to raise financial knowledge

**IV. RESEARCH METHODOLOGY**

To analyze the financial literacy among the individuals data was collected using the sampling technique. Research data was collected using both primary and secondary sources.

A 5-point Likert scale was used to assess the impact of several factors on financial literacy among the respondents, with 1 indicating “less likely” and 5 indicating “most preferred”.

Primary Source – A structured questionnaire was forwarded to the respondents digitally. Secondary Source – In secondary sources data was collected through the various books, websites , journals, and newspapers.

		percentage
Gender	Male	48
	female	52
Age-group	Below 18	5
	18-30	58.1
	30-50	34.9
	Above 50	2
Occupation	Salaried	32.6
	Student	53.5
	Prefer not to say	14
Monthly Income	Below 1 lakh	7
	1 lac-5 lac	32.6
	Above 5 lac	60.5

Table 1: Demographic profile of the respondents

The respondents' demographic profile was to be examined . As per data collected 52% of respondents are female followed by 48% Male. In terms of age group, 5 % of respondents belong to the below 18 years age group followed by 58.1 % of respondents belonging to the 18-30 years age group and 34.9%of respondents belonging to the 30-50 years age group followed by 2% belonging to the

above 50 year category. In terms of occupation, 53.5% of respondents are students followed by 32.6% salaried employees and 14 % preferred not to say. In terms of income category, most of the respondents fall under the above 5 lac income range with 60.5% followed by 32.6 % respondents belonging to 1 lac-5 lac category .

Who is responsible for day-to-day decisions about money in your household?  
43 responses

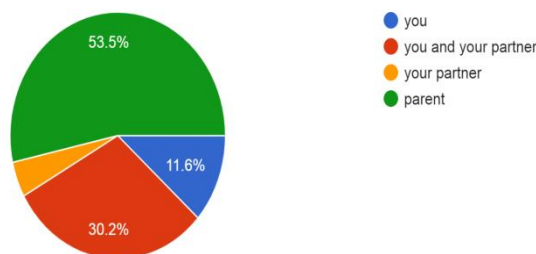


Fig. 1: Financial knowledge

From the above chart , most of the respondents opted for parents as many were students and the second most preferred response is partner and themselves. From the

above figure it can be concluded that overall financial literacy level is not encouraging.

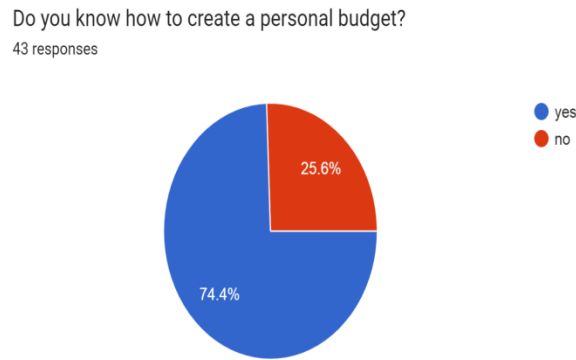


Fig. 2: Financial knowledge

From the above chart, many individuals are aware about the personal budget. 74.4% of respondents do know how to create while 25.6% of the respondents do not know

how to create a budget . to conclude overall financial literacy level is not encouraging.

Put a check mark inside the box that corresponds to your answer. Using a scale of 1 to 5 where 1= very low /not applicable, 2 = low, 3 = moderate , 4 = high, and 5 = very high.

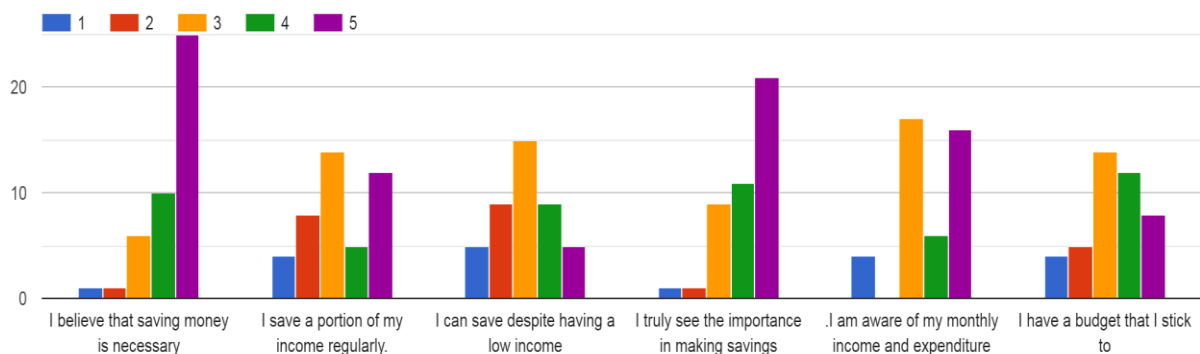


Fig. 3: Financial behavior

The aim was to analyze the respondent’s financial behavior . The results suggest that respondents think saving is important .

Rate the following methods of savings and investing.

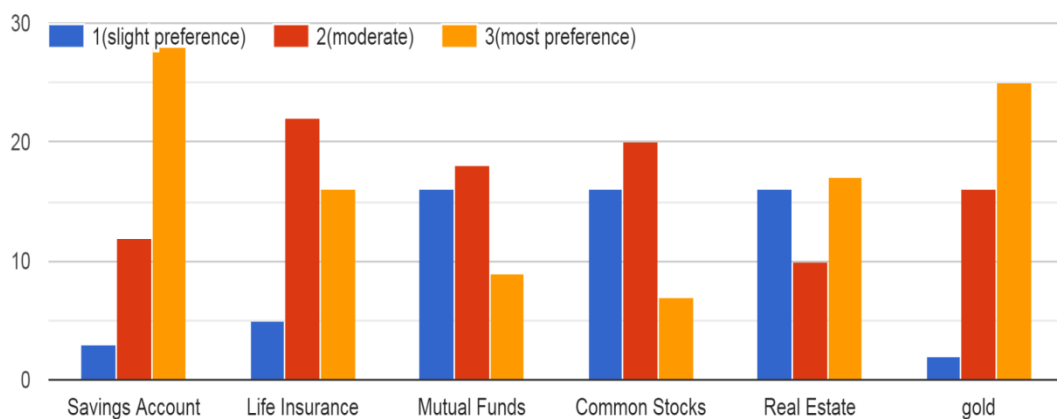


Fig. 4: financial behavior

The aim was to identify the respondent’s investment behavior toward different financial products. As per findings, respondents have a low perception of investment in

common stocks and mutual funds while a high perception as investment options towards Savings deposits and gold and a medium perception towards insurance and real estate.

In the handling of your finances, would you be willing to take above average risks in order to seek greater growth with some or all of your invest able funds?

43 responses

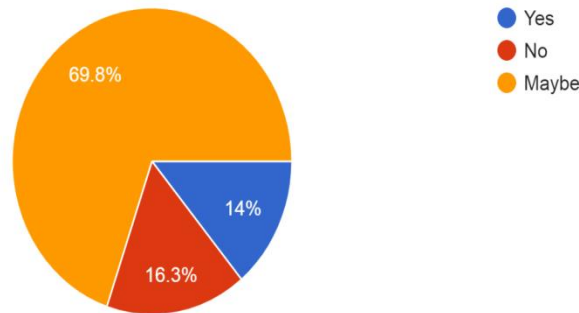


Fig. 5: Risk tolerance behavior

The above chart depicts the risk tolerance of the individuals . As per findings 69.8% of the respondents are willing to take above average risk while 16.3% of the

respondents claimed no and 14%of the respondents are in between no and yes.

Did your parents or guardians teach you how to manage your finances?

43 responses

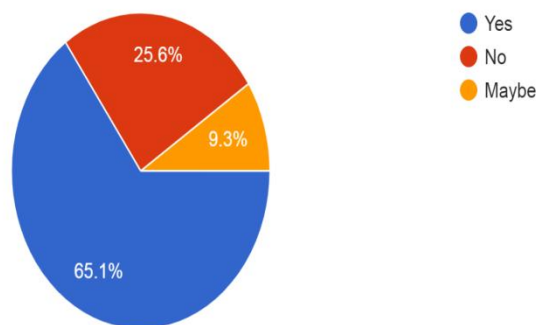


Fig. 6: Financial education

Was financial education offered by a school or college you attended, or a workplace where you were employed?

43 responses

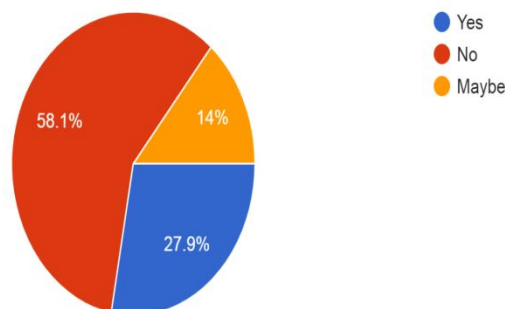


Fig. 7: financial education level

From the above two charts, the results depict the need for financial education to be taught in early schoolings .

## V. CONCLUSION

According to the analysis's findings, few people have a high level of financial knowledge. 40% of respondents, it was discovered, have an average understanding of the financial market and products, while 38% of respondents have good knowledge of the financial market and its products. The results indicate that people don't have enough money literacy. The findings show that people behave financially responsible because they routinely track their spending, create a budget, and set aside a portion of their income to deal with risk and uncertainty even as they choose to make on-time loan and installment payments. The government ought to take action to increase public knowledge of financial matters. To sum up, steps that must be done in order to incorporate financial education into early schooling.

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