FINANCIAL LITERACY: EXPLORING WOMEN'S FINANCIAL DECISIONS, BARRIERS, AND INSTITUTIONAL SUPPORT IN KUMBALANGI GRAMA PANCHAYAT

Project Report

Submitted by

ANDREA S: (SB22CCM003)

INDRAJA S KUMAR: (SB22CCM042)

ARATHI RAJAN: (SB22CCM025)

ARYA LAKSHMI G SHENOY: (SB22CCM026)

Under the guidance of

Ms. SANDRA SABU T

In partial fulfillment of the requirement for the Degree of

BACHELOR OF COMMERCE

ST. TERESA'S COLLEGE (AUTONOMOUS), ERNAKULAM

COLLEGE WITH POTENTIAL FOR EXCELLENCE

Nationally Re-Accredited with A++ Grade

Affiliated to

Mahatma Gandhi University

Kottayam-686560

March - 2025

ST. TERESA'S COLLEGE, ERNAKULAM (AUTONOMOUS)

COLLEGE WITH POTENTIAL FOR EXCELLENCE

Nationally Re-Accredited with A++ Grade

CERTIFICATE

This is to certify that the project titled " **FINANCIAL LITERACY: EXPLORING WOMEN'S FINANCIAL DECISIONS, BARRIERS, AND INSTITUTIONAL SUPPORT IN KUMBALANGI GRAMA PANCHAYAT** " submitted to Mahatma Gandhi University in partial fulfillment of the requirement for the award of Degree of Bachelor in Commerce is a record of the original work done by **Ms. Andrea S, Ms. Indraja S Kumar, Ms. Arathi Rajan, Ms. Arya Lakshmi G Shenoy** under my supervision and guidance during the academic year 2024-25.

Project Guide

Ms. Sandra Sabu T

Assistant Professor

Department of Commerce (SF)

Smt. Lekshmi C

(Head of the Department)

Department of Commerce (SF)

25/03/2025

Dayana Lalan. K

Viva Voce Examination held on 25/03/2025 **External Examiner(s)**

DECLARATION

We, Ms. Andrea S, Ms. Indraja S Kumar, Ms. Arathi Rajan, Ms. Arya Lakshmi G Shenoy, final year B.Com students (Taxation), Department of Commerce (SF), St.Teresa's College (Autonomous) do hereby declare that the project report entitled "FINANCIAL LITERACY: EXPLORING WOMEN'S FINANCIAL DECISIONS, BARRIERS, AND INSTITUTIONAL SUPPORT IN KUMBALANGI GRAMA PANCHAYAT" submitted to Mahatma Gandhi University is a Bonafide record of the work done under the supervision and guidance of Ms. Sandra Sabu T, Assistant Professor of Department of Commerce (SF), St. Teresa's College (Autonomous) and this work has not previously formed the basis for the award of any academic qualification, fellowship, or other similar title of any other university or board.

PLACE: ERNAKULAM

DATE:

ANDREA S

INDRAJA S KUMAR

ARATHI RAJAN

ARYA LAKSHMI G SHENOY

ACKNOWLEDGEMENT

First of all, we are grateful to God Almighty for his blessings showered upon us for the successful completion of our project.

It is our privilege to place a word of gratitude to all persons who have helped us in the successful completion of the project.

We are grateful to our guide **Ms. Sandra Sabu T**, Department of Commerce (SF) of St. Teresa's College (Autonomous), Ernakulam for her valuable guidance and encouragement for completing this work.

We would like to acknowledge **Dr. Alphonsa Vijaya Joseph**, Principal of St. Teresa's College (Autonomous), Ernakulam for providing necessary encouragement and infrastructure facilities needed for us.

We would like to thank **Smt. Lekshmi C**, Head of the Department, for her assistance and support throughout the course of this study for the completion of the project.

We will remain always indebted to our family and friends who helped us in the completion of this project.

Last but not the least; we would like to thank the respondents of our questionnaire who gave their precious time from work to answer our questions.

ANDREA S

INDRAJA S KUMAR

ARATHI RAJAN

ARYA LAKSHMI G SHENOY

CHAPTER 1
INTRODUCTION

CONTENTS

Chapters	Content	Page Number
Chapter 1	Introduction	1-4
Chapter 2	Review of Literature	5-13
Chapter 3	Theoretical Framework	14-31
Chapter 4	Data Analysis & Interpretation	32-49
Chapter 5	Findings, Recommendation & Conclusion	50-52
	Bibliography	53
	Annexure	

LIST OF TABLES

Sl.No.	Contents	Page No.
1	Current employment status	32
2	Highest level of education	33
3	Familiarity with investment options	34
4	Ease in finding financial education resources	35
5	Discussion of financial matters	36
6	Reliance on others to make decisions	37
7	Financial difficulty due to a lack of understanding	38
8	The impact of community-based financial literacy on economic stability	39
9	Type of financial education resources used	40
10	Frequency of saving income based on financial knowledge	41
11	Importance of financial literacy for achieving economic stability	42
12	Ways the government can help to improve financial literacy	43
13	Effectiveness of current financial policies in maintaining economic stability	44
14	Impact of monetary policies on financial institutions	45
15	Support of financial institutions for business	46
16	Support needed to overcome financial education barriers	47
17	Barriers faced in accessing financial education	48
18	Improving financial literacy among women in kumbalangi	49

LIST OF FIGURES

Sl.No.	Contents	Page No.
1	Current employment status	32
2	Highest level of education	33
3	Familiarity with investment options	34
4	Ease in finding financial education resources	35
5	Discussion of financial matters	36
6	Reliance on others to make decisions	37
7	Financial difficulty due to a lack of understanding	38
8	The impact of community-based financial literacy on economic stability	39
9	Type of financial education resources used	40
10	Frequency of saving income based on financial knowledge	41
11	Importance of financial literacy for achieving economic stability	42
12	Ways the government can help to improve financial literacy	43
13	Effectiveness of current financial policies in maintaining economic stability	44
14	Impact of monetary policies on financial institutions	45
15	Support of financial institutions for business	46
16	Support needed to overcome financial education barriers	47
17	Barriers faced in accessing financial education	48
18	Improving financial literacy among women in kumbalangi	49

ST. TERESA'S COLLEGE, ERNAKULAM (AUTONOMOUS)

COLLEGE WITH POTENTIAL FOR EXCELLENCE

Nationally Re-Accredited with A++ Grade

CERTIFICATE

This is to certify that the project titled " **FINANCIAL LITERACY: EXPLORING WOMEN'S FINANCIAL DECISIONS, BARRIERS, AND INSTITUTIONAL SUPPORT IN KUMBALANGI GRAMA PANCHAYAT** " submitted to Mahatma Gandhi University in partial fulfillment of the requirement for the award of Degree of Bachelor in Commerce is a record of the original work done by **Ms. Andrea S, Ms. Indraja S Kumar, Ms. Arathi Rajan, Ms. Arya Lakshmi G Shenoy** under my supervision and guidance during the academic year 2024-25.

Project Guide

Ms. Sandra Sabu T

Assistant Professor

Department of Commerce (SF)

Smt. Lekshmi C

(Head of the Department)

Department of Commerce (SF)

25/03/2025

Viva Voce Examination held on 25/03/2025 **External Examiner(s)**

1.1INTRODUCTION

Financial literacy refers to the knowledge and understanding of various financial concepts and skills that help individuals make informed decisions about managing their money. This includes areas such as budgeting, saving, investing, understanding credit, managing debt, and planning for retirement. Financially literate individuals are equipped to make sound financial choices, avoid common pitfalls, and improve their financial well-being.

Financial literacy plays a crucial role in empowering individuals, particularly women, to make informed decisions about managing personal finances, saving, investing, and securing their futures. Despite its importance, women in various communities often face barriers to accessing financial education and resources. This research focuses on the financial literacy of women in Kumbalanghi Grama Panchayat, a village known for its rich culture and vibrant community in Kerala, India. The study aims to explore the level of financial awareness and literacy among women in this region, identify factors influencing their financial decision-making, and highlight the challenges they face in acquiring financial knowledge.

The reason for selecting this topic stems from the growing recognition of financial literacy as an essential tool for women's empowerment. In Kumbalanghi Grama panchayat, like many rural areas, women often have limited access to formal financial education, and their financial decisions are largely shaped by tradition and social norms.

To conduct this study, we employed qualitative research techniques. Surveys were distributed to a diverse group of women across various age groups and socio-economic backgrounds to assess their knowledge about financial concepts such as budgeting, saving, investing, and credit management.

This research is not only timely but also necessary, as it contributes to the broader discussions on women's economic empowerment and offers practical recommendations for improving financial literacy programs targeted at rural women.

1.2 STATEMENT OF PROBLEM

The lack of financial literacy is a problem because it leaves individuals unprepared to manage their finances effectively,leading to poor financial decisions and negative

long-termconsequences. Without understanding key concepts like budgeting, saving, investing, and managing debt, people may struggle to build wealth, plan for emergencies, or prepare for retirement.

1.3 SCOPE OF STUDY

Assess the prevalence and causes of financial literacy among females aged 18-65 in Kumbalangi Grama Panchayath . Evaluate the impact of financial literacy on personal finance decisions, particularly in money management and stock market participation. Explore implications of financial literacy for retirement security within the target demographic. Utilize quantitative methods, such as surveys, to collect data on financial literacy levels, personal finance behaviors, and attitudes towards investment. The study will be conducted over a period of six months, allowing for data collection, analysis, and reporting.

1.4 OBJECTIVES OF THE STUDY

- To understand the financial challenges faced by the women in Kumbalangi Grama Panchayat.
- To understand the financial decision making patterns of women in Kumbalangi Grama Panchayat.
- To identify the barriers to accessing financial education of women in Kumbalangi Grama Panchayat .
- To explore the role of financial institutions in supporting local economic stability.

1.5 RESEARCH METHODOLOGY

Research involves gathering, analyzing, and interpreting information to increase knowledge on a specific topic. Primary data is original data collected for a specific purpose, while secondary data is pre-existing and used to supplement research. This study aims to explore financial illiteracy across demographic groups, identify contributing factors, and assess the impact of financial literacy programs using qualitative and quantitative methods.

1.5.1 Research Design

In this project, we used both descriptive and analytical research designs to summarize literacy levels and understand how factors like education and income impact them.

1.5.2 Sample design and size

The convenience sampling method is used for collecting data from easily accessible women in Kumbalangi, allowing for quick and efficient data gathering.

1.5.3 Collection of data

Primary data was selected using a structured questionnaire, while secondary data was gathered from journals, books, and e-resources. This approach allowed us to obtain both firsthand insights and existing knowledge on financial literacy.

1.5.4 Research instruments for data collection and analysis

We collected data using structured questionnaires to gather detailed responses from participants, which allowed us to obtain focused information on the financial literacy of women. Data analysis was done using the simple percentage method, and the analyzed data was presented through tables and figures.

1.6 LIMITATIONS OF THE STUDY

- Self reporting bias : participants may over estimate their financial literacy or investment success .
- Sampling bias: The sample might not be representative of the entire population, especially if certain demographic are under represented.
- Limited scope: external factors like market conditions ,economic trends, or financial advice received from professionals are not fully accounted for.
- Time constraints : Cross sectional data may not capture changes in financial literacy or investment behaviour over time.

1.7 CHAPTER OUTLINE

This research study has been presented in five studies. Each part of the study has a significant role in the completion of the study. Here is the chapter segregation followed for the study.

1.7.1 Introduction

1.7.2 Literature Review

1.7.3 Theoretical Framework

1.7.4 Data Analysis and Interpretation

1.7.5 Findings, Recommendations and Conclusion

2.1 INTERNATIONAL LEVEL

Meghana M, Prof. Arvind LN (2023) This research highlights the critical role of financial literacy in managing personal finances, which includes knowledge of spending, investing, saving, borrowing, and planning for the future. Financial literacy empowers individuals to make informed decisions, achieve financial independence, and reduce financial stress while avoiding risks such as fraud. The study, supported by primary data, demonstrates that a lack of financial literacy often leads to issues like overspending, excessive debt, and limited savings, affecting both individuals and society. The research underlines the importance of financial education from institutions, government, and businesses, with tailored programs for diverse communities to promote equitable access to financial knowledge. Key variables like confidence in managing personal finance and understanding budgeting significantly impact financial literacy, as reflected in the model's analysis. Improved financial literacy can foster a resilient and fair economy, benefiting both individuals and society as a whole.

Annamaria Lusardi,(2019) In today's rapidly changing financial landscape, financial literacy and inclusion are vital for sustainable welfare and societal fairness. The 2008 subprime mortgage crisis highlighted the consequences of widespread financial illiteracy, as consumers face increasingly complex financial decisions without adequate knowledge of the risks involved. This paper identifies significant challenges to financial literacy at various levels, including a lack of government initiatives, insufficient educational frameworks, and disparities in financial knowledge, particularly between genders. Research shows that educational institutions often fail to prepare individuals for wise financial decision-making, with a high demand for personal finance education. The paper emphasizes the need for governments to implement mandatory financial literacy courses, improve teacher training, and regulate financial institutions to protect consumers. Ultimately, enhancing financial literacy is crucial for empowering individuals to manage their finances effectively and ensuring broader economic stability.

Annamaria Lusardi, Flore-Anne Messy(2018): The inaugural issue of the Journal of Financial Literacy and Wellbeing highlights the critical importance of financial

literacy for individuals and economies, especially in light of increasing financial complexities, changes in pension systems, and global risks. Despite its relevance, financial literacy remains low across many demographics, particularly among women and low-income individuals. Research underscores the need for effective financial education programs, particularly in schools and workplaces, to enhance understanding and usage of financial instruments, from basic bank accounts to complex assets like crypto. The findings suggest that improving financial literacy not only aids personal financial decisions but also supports broader economic reforms and financial inclusion, thereby promoting overall financial wellbeing. This journal aims to inform policy and improve practices in financial education globally.

Jan W. Mitchell (2016) In today's rapidly changing financial landscape, financial literacy and inclusion are vital for sustainable welfare and societal fairness. The 2008 subprime mortgage crisis highlighted the consequences of widespread financial illiteracy, as consumers face increasingly complex financial decisions without adequate knowledge of the risks involved. This paper identifies significant challenges to financial literacy at various levels, including a lack of government initiatives, insufficient educational frameworks, and disparities in financial knowledge, particularly between genders. Research shows that educational institutions often fail to prepare individuals for wise financial decision-making, with a high demand for personal finance education. The paper emphasizes the need forgovernments to implement mandatory financial literacy courses, improve teacher training, and regulate financial institutions to protect consumers. Ultimately, enhancing financial literacy is crucial for empowering individuals to manage their finances effectively and ensuring broader economic stability.

Michael (2009) argues that a lack of financial literacy can hamper the ability of individuals to make well informed financial decisions. For people who exhibit problems with financial decision making, financial advice has the potential to serve as a substitute for financial knowledge and

2.2 NATIONAL LEVEL

Bulla Thirumalesh (2024) : India, discusses various challenges related to financial literacy. He concludes that addressing these challengesrequires a coordinated effort from governments, financial institutions, educators, and other stakeholders.

Suhaag Maheria (2023): Multiple studies indicate that financial literacy in India is generally lacking. However, due to the country's diverse cultural and socioeconomic landscape, creating a unified assessment of financial literacy is challenging. A comprehensive nationwide study could provide deeper insights and help formulate effective policies. Financial literacy encompasses various facets, including its origins, definitions, and the role of the National Centre for Financial Education (NCFE) and its initiatives. Compared to neighbouring countries, India demonstrates higher financial literacy than Bangladesh, Nepal, and Afghanistan, but falls behind Bhutan, Myanmar, Sri Lanka, China, and Pakistan.Additionally, financial literacy levels vary significantly within India; Goa, Chandigarh, and Delhi are the most financially literate states, while Odisha, Sikkim, and Chhattisgarh rank as the least financially literate.

Ram Kapadia (2023): The research reveals that many respondents struggled with basic financial concepts such as compound interest and inflation, indicating notable knowledge gaps. Additionally, a large number exhibited a lack of financial discipline, with few maintaining budgets or actively saving and investing. While many expressed positive views on financial planning, they demonstrated low confidence in making complex financial decisions and preferred safer investment options. Overall, the survey underscores the need for enhanced financial education and the promotion of responsible financial behaviours among Indians.

Priyadarshi Dash & Rahul Ranjan(2023): Financial literacy in India has advanced significantly through government initiatives aimed at financial inclusion, particularly since the launch of the National Strategy for Financial Inclusion (NSFE) in 2013. Programs like PMJDY and Atal Pension Yojana have improved access to banking services for underserved populations. The NSFE 2020-2025 focuses on enhancing

financial education through a framework of Content, Capacity, Community-led approaches, Commun

ication, and Collaboration. According to the World Bank's Findex 2021 Report, adult bank account ownership rose from 35% in 2011 to 80% in 2017. The Reserve Bank of India (RBI) has conducted surveys to evaluate financial literacy across different demographics, examining knowledge, behavior, and attitudes. Financial literacy is categorized into four levels: illiterate, elementary, moderate, and advanced, based on the ownership of bank accounts, credit/debit cards, and e-wallets, which helps measure the effectiveness of financial education efforts in the country.

ADB Research Study (2022): India has made significant strides in financial inclusion, notably through the Pradhan Mantri Jan-Dhan Yojana, which opened 443 million bank accounts since its 2014 launch. However, financial literacy remains a challenge, with only 27% of adults and 24% of women in India meeting basic financial literacy standards. Women, who often manage household budgets and show interest in entrepreneurship, could greatly benefit from improved financial education and resources, leading to positive impacts on their families and communities.

Radhika Kapur (2022): The main objective of this research paper is to acquire an efficient understanding of the causes of illiteracy. In India, throughout the country in both urban and rural communities, the individuals are overwhelmed by the problem of illiteracy. They experience number of causes that lead to an increase in the rate of illiteracy. Some of the causes have major effects, whereas, others have minor effects on the lives of individuals. The causes of illiteracy are regarded as major impediment within then course of pursuance of educational goals, fulfilling needs and requirements and sustaining their living conditions in an adequate manner. When the individuals are wholeheartedly determined towards achievement of their goals and bringing about improvements in their overall quality of lives, they need to acquire an efficient understanding and implement measures to eliminate the causes of illiteracy. After these measures have been put into operation in a well-organized and positive manner, the individuals are able to get enrolled in educational institutions. In this manner, they will be able to contribute significantly in achieving educational goals.

Eliminating the causes of illiteracy will enable individuals to enhance their personality traits and overall standards of living. Therefore, the individuals need to be well-aware in terms of causes of illiteracy and implement measures to eliminate these. The main concepts that are taken into account in this research paper are, causes of illiteracy and measures to be implemented to eliminate the causes of illiteracy.

Baluja, G. (2016) : "Financial literacy among womenin India: A review" observed that Indian women face numerous cultural, financial, psychological, and physicalbarriers that hinder their path to financial literacy. While the government has introduced initiatives to promote financial literacy among the population, a significant gap remains in the financial literacy levels between men and women.

2.3 STATE LEVEL

Suchitha Chellang &Nitu Konwar (2023): This paper examines the inter-state variation in financial literacy across India, utilizing data from the 6th wave of the Financial Inclusion Insights (FII) Survey by Kantar. Financial literacy is assessed through three parameters: financial knowledge, financial behavior, and financial attitude, following OECD guidelines.Key findings reveal significant disparities in financial literacy among Indian states. At the national level, only 31% of adults are financially literate, with Arunachal Pradesh having the highest rate (57.1%) and Puducherry the lowest (5.7%). Each component of financial literacy also exhibits notable variation. For instance, the average financial knowledge score across India is 2.10 out of 5, with Arunachal Pradesh leading at 83.3%. In financial behavior, Chandigarh ranks highest at 68.1%, while Puducherry shows lowengagement in this area.The study highlights the importance of targeted financial education strategies, as regions with low literacy may require different interventions compared to those with higher scores. By identifying specific weaknesses—such as knowledge deficits in Chandigarh or behavioral issues in Puducherry—policymakers can tailor financial literacy programs effectively.The paper underscores the dynamic nature of financial literacy and the need for regular assessments to inform policy measures, especially considering India's evolving demographic landscape. It advocates for continuous research to address the underlying factors contributing to financial illiteracy across

different states.this research provides a detailed analysis of financial literacy variations in India, aiming to inform effective policy interventions that can enhance the financial capabilities of its diverse population.

P Dash(2023): The study by P. Dash (2023) provides a comprehensive analysis of financial literacy across various demographics in India and its influence on household saving and investment behaviors. It highlights that approximately 33% of the rural population and 29% of the urban population lack access to basic financial instruments such as bank accounts, credit/debit cards, and e-wallets. Certain states, including Assam, Bihar, Manipur, Nagaland, and Uttar Pradesh, have financial literacy rates below the national average, indicating the need for targeted interventions. The study finds that financial literacy is positively correlated with higher education levels and income, with self-employed individuals exhibiting greater financial awareness. Furthermore, individuals with higher financial literacy are more likely to engage in systematic financial planning and utilize diverse financial products. The study concludes that improving financial literacy is crucial for promoting better financial decision-making, ultimately leading to enhanced economic stability and growth in India.

Anna Maria(2019): Anna Maria's (2019) study highlights the global financial literacy crisis, emphasizing that only around 30% of individuals worldwide can correctly answer fundamental questions on interest rates, inflation, and risk diversification. The study underscores the importance of numeracy, inflation awareness, and risk diversification as core components of financial decision-making. However, the findings reveal a significant gap between what people know and what they need to know, with only about 50% of respondents answering two key financial literacy questions correctly. This gap in financial knowledge poses challenges for individuals navigating an increasingly complex financial landscape. The study concludes that improving financial education is essential for equipping individuals with the necessary skills to make informed financial decisions, ultimately enhancing financial stability and economic well-being.

Neha Ramnani Bhargava (2018) : Financial literacy in India is alarmingly low, which poses significant challenges to individual financial well-being and national economic

health. Effective financial education is crucial, particularly given the country's large youth population. To address this gap, a multifaceted approach involving policymakers, educators, and regulatory bodies is essential.The study underscores the importance of embedding financial literacy into school curricula and utilizing diverse media channels for outreach. Targeted educational programs must cater to different age groups, ensuring that children, youth, adults, and the elderly receive age-appropriate financial knowledge. Furthermore, collaboration among government agencies, financial institutions, and NGOs is vital to create comprehensive awareness campaigns. By fostering an environment that prioritizes financial literacy, individuals will be better equipped to make informed financial decisions, ultimately leading to enhanced economic stability and prosperity for society as a whole.The recommendations emphasize the need for continuous efforts to promote financial literacy, particularly in rural areas, to bridge the educational divide and empower all citizens to engage effectively with the financial system.

Uma Shankar(2017): The survey assessing financial literacy in India involved 20,000 respondents across 29 states and five union territories. Key findings include:Financial Knowledge: High understanding of risk-return (78%) and inflation (73%), but lower comprehension of time value of money (41%), simple interest (42%), and compound interest (35%). While 70% rated their knowledge average or above, only 56% scored above average.Financial Attitude: Regional differences were noted, with the West showing a stronger saving inclination, while the South and East tended toward spending.Financial Behavior:58% practiced passive saving.59% maintained a household budget. 48% experienced income shortages, lowest in the West (40%).Over 60% prioritized long-term financial planning.Scoring: The average score was 11.9 out of 21, with 32% meeting the financial knowledge threshold, 28% for financial attitude, and 56% for behavior.Enhance financial education in schools.Implement community outreach and media campaigns to promote financial awareness.Overall, these initiatives aim to strengthen financial literacy and improve financial management skills across India.

Anshika & Dr Anju Singla (2017): The study addresses the critical need for financial literacy in India, highlighting its importance due to the complexity of financial

markets, new products, and economic factors. Despite a low financial literacy rate of 24% in India compared to 28% in BRICS nations and 52% in European countries (2015), initiatives from various government bodies like the Reserve Bank of India, Securities and Exchange Board of India, and Insurance Regulatory and Development Authority aim to enhance this literacy.The review of literature confirms that financial literacy positively influences personal finance behaviors, enabling better budgeting, saving, and investment decisions. Thestudy outlines the current low levels of financial literacy across various Indian states and union territories, with specific initiatives and programs aimed at improving understanding among diverse demographic groups.Key initiatives include workshops, seminars, and educational materials provided by regulatory bodies, alongside outreach programs targeting different populations. Despite these efforts, significant improvements are needed to enhance financial literacy and drive economic growth.Suggestions for improvement include increasing funding for literacy programs, conducting targeted workshops, and regularly assessing the impact of these initiatives to foster a more financially informed populace.

Dr CH Karuna (2016) : The study emphasizes the crucial role of financial literacy in India's economic development, highlighting a significant gap, with only 24% of the population financially literate as of 2017. This low literacy rate leads to poor financial decision-making, contributing to issues like underinsurance and debt traps. The research explores the necessity of financial education for fostering informed choices, promoting financial inclusion, and empowering entrepreneurship.Key findings indicate that financial literacy varies across states, with some regions showing significantly higher rates than others. Effective channels for imparting financial education include media campaigns, adult education programs, self- help groups, and microfinance institutions. Regulatory bodies like the Reserve Bank of India have initiated various programs to enhance financial literacy among diverse demographics.The study concludes that improving financial literacy is vital for individual well-being and overall economic growth, suggesting coordinated efforts among stakeholders to create a financially educated population capable of making informed financial decisions

2.4 SUMMING UP

Financial literacy in India reveals both strengths and gaps. While there is a solid understanding of foundational concepts like risk-return (78%) and inflation (73%), deeper financial knowledge is lacking. Only 41% of respondents understand the time value of money, and awareness of simple (42%) and compound interest (35%) is notably low. Despite 56% of people exhibiting positive financial behaviors, such as saving and budgeting, the overall financial literacy score is low, with an average of 11.9 out of 21, and only 32% meeting a basic knowledge threshold. Regional disparities further complicate the situation, with states like Goa and Delhi leading, while states such as Odisha and Chhattisgarh lag behind, suggesting a need for region-specific financial education programs.

India's global financial literacy ranking is moderate, performing better than some neighboring countries like Bangladesh and Nepal, but lagging behind nations like Bhutan, Sri Lanka, and China. These gaps have significant implications for both individual financial well-being and broader economic stability. A well-informed populace is essential for sound financial decision-making, which can improve savings, reduce debt, and enhance economic resilience. To address these gaps, targeted financial education initiatives focused on key concepts like compound interest and the time value of money, as well as regionally tailored programs, are essential for promoting better financial decision-making and improving financial literacy across the country.

In conclusion, while there are positive indicators of financial literacy in India, the challenges are substantial. A concerted effort to improve financial education, tailored to regional needs and cultural contexts, is essential for elevating overall financial literacy and promoting better financial decision-making across the country.

3.1 INTRODUCTION

Financial literacy is the ability to understand and effectively manage various aspects of personal finance, from budgeting and saving to investing and managing debt. It provides individuals with the knowledge and skills necessary to make informed financial decisions, build wealth, and plan for the future.

Financial literacy is more than just an understanding of how money works; it is a critical life skill that affects every aspect of daily living. It encompasses a wide range of topics, from budgeting and managing cash flow to understanding the intricacies of credit scores, taxes, insurance, and retirement planning. With the constant evolution of financial products, services, and markets, being financially literate allows individuals to navigate these complexities with confidence, ensuring they are not overwhelmed or taken advantage of in an increasingly sophisticated economic environment.

In a world where financial products and services are often marketed with terms and conditions that can be confusing, a solid foundation in financial literacy helps individuals make educated choices. For instance, understanding the implications of high-interest rates on loans, the importance of maintaining a good credit score, or the benefits of compound interest when saving can dramatically impact one's ability to secure favorable financial outcomes.

In today's complex financial world, financial literacy is essential—it empowers people to make sound decisions about their money, avoid common financial pitfalls, and work toward financial security. Whether planning for immediate needs or long-term goals like retirement, financial literacy forms the foundation for personal financial well-being and independence.

By understanding financial principles, individuals are better equipped to handle life's uncertainties, achieve financial goals, and ultimately create a more secure future for themselves and their families.

Definition

Financial literacy is the knowledge and understanding of financial concepts and skills that enable individuals to make informed and effective decisions about their personal finances. encompasses a range of topics, including budgeting, saving, investing, debt management, and financial planning. Being financially literate allows individuals to navigate financial products and services, manage day-to-day expenses, prepare for future financial needs, and achieve greater financial security.

3.2 IMPORTANCE OF FINANCIAL LITERACY

1. Financial literacy is crucial for several reasons, as it equips individuals with the skills and knowledge necessary to make sound financial decisions. Here are some key reasons why financial literacy is important:
2. Empowers Better Decision-Making: Financial literacy helps people understand and evaluate financial options, enabling them to make choices that align with their personal goals and financial well-being.
3. Promotes Financial Security: Understanding concepts like budgeting, saving, and investing helps individuals build an emergency fund, save for retirement, and avoid unnecessary debt, leading to greater financial stability.
4. Reduces Financial Stress: Being knowledgeable about money management reduces financial stress, allowing people to feel more in control of their finances, especially during challenging times.
5. Encourages Healthy Spending Habits: Financial literacy promotes responsible spending by helping people differentiate between needs and wants and manage their expenses within their income limits.
6. Prevents Debt and Financial Pitfalls: With financial literacy, individuals are better equipped to avoid high-interest debt, risky financial products, and fraud, reducing the likelihood of financial setbacks.
7. Supports Long-Term Financial Goals: Whether it's buying a home, funding education, or retiring comfortably, financial literacy helps people plan and take steps toward achieving their financial aspirations.
8. Building Wealth: Financial literacy provides the tools to make sound investment decisions, take advantage of tax-saving opportunities, and build a

portfolio that grows wealth over time. People who understand the basics of investing, risk management, and asset allocation are better equipped to secure their financial future.

9. Economic Security: Financially literate individuals are more likely to plan for emergencies, save for retirement, and have an emergency fund in place. This financial cushion protects them from unexpected events like job loss, illness, or accidents, reducing stress and providing greater financial stability.
10. Contributes to Economic Stability: On a larger scale, a financially literate population contributes to economic stability, as individuals are more likely to invest, save, and spend responsibly, fostering overall economic growth Financial literacy is a life skill that promotes independence, confidence, and the ability to build a secure financial future.

3.3 KEY AREAS OF FINANCIAL LITERACY

Key areas of financial literacy are:

1) Budgeting: Budgeting is the foundation of financial management, allowing individuals to track their income and expenses to maintain control over their finances. A well-planned budget helps set spending limits, prioritize expenses, and ensures money is allocated towards savings and financial goals. Budgeting is vital to avoid debt, handle unexpected costs, and plan for both short-term and long-term financial needs.
2) Savings: Building a habit of saving ensures financial security by setting aside money for future needs and emergencies. Savings are essential for achieving major life goals, such as purchasing a home, funding education, or traveling. An emergency fund, ideally three to six months of living expenses, helps manage unforeseen financial challenges, reducing the need to rely on credit or loans.
3) Investing: Investing allows individuals to grow their wealth over time through assets like stocks, bonds, mutual funds, or real estate. By understanding investment options, risk tolerance, and market behavior, individuals can make informed decisions that align with their long-term goals. Investing is crucial for

building wealth, protecting against inflation, and achieving financial independence.

4) Debt Management: Effective debt management involves understanding loan terms, interest rates, and prioritizing the repayment of high-interest debts. Good debt management helps individuals avoid the burden of excessive debt, maintain financial health, and improve their credit profile. Understanding the difference between "good" and "bad" debt is also important; for instance, a student loan may have long-term value, while high-interest credit card debt can be financially draining.
5) Credit and Credit Scores: A strong credit score is key to accessing favorable loan terms, lower interest rates, and financial flexibility. Understanding credit means knowing how to build and maintain a good credit score, which is influenced by factors like payment history, credit utilization, and credit history length. A healthy credit profile opens doors to better financial opportunities, from mortgages to personal loans, and is essential for long-term financial success.
6) Retirement Planning: Retirement planning involves setting aside funds to provide income after retiring from work. Options like 401(k)s, IRAs, or pension plans allow for tax-advantaged savings, helping individuals build a retirement nest egg. By starting retirement planning early, people can take advantage of compound growth, ensure a comfortable future, and maintain financial independence in their later years.
7) Tax Planning: Tax planning involves managing finances in a way that maximizes tax efficiency, helping individuals minimize tax liabilities and keep more of their income. By understanding tax laws, deductions, credits, and benefits, individuals can plan to reduce their taxable income and save more over time. Tax planning is essential for both annual tax obligations and long-term financial planning.
8) Insurance and Risk Management: Insurance protects against unexpected financial losses from events like accidents, illnesses, or natural disasters. Understanding insurance types—such as health, life, auto, and property—allows individuals to choose the right coverage and manage potential financial

risks. Insurance is a critical aspect of financial security, offering peace of mind and stability when life takes an unexpected turn.

3.4 SAVING AND INVESTING

Saving and investing are both essential components of personal finance, but they serve different purposes and involve different approaches to managing money. Here's a breakdown of the key differences:

Saving

- Purpose: The primary goal of saving is to set aside money for short-term needs or emergencies. Savings are typically used for immediate or near-term financial goals, such as building an emergency fund, purchasing a car, or funding a vacation.
- Time Horizon: Savings usually have a shorter time frame, often within a few months to a few years. They are intended for immediate access and liquidity.
- Risk: Saving involves minimal risk, as funds are typically held in secure accounts like savings accounts or money market accounts. These accounts may offer low interest rates but provide a safe place to store money without the risk of losing principal.
- Returns: The returns on savings are generally lower than those from investments. Interest earned on savings accounts is typically modest and may not keep pace with inflation.
- Liquidity: Savings are highly liquid, meaning they can be easily accessed when needed. This makes savings ideal for emergencies or unexpected expenses.

Investing

- Purpose: Investing aims to grow wealth over the long term by purchasing assets such as stocks, bonds, real estate, or mutual funds. The goal is to achieve capital appreciation and generate income.
- Time Horizon: Investing is generally associated with a longer time frame, often five years or more. Investors typically seek to build wealth over time and may

be willing to leave their money invested for many years to benefit from compound growth.

- Risk: Investing carries a higher level of risk compared to saving. The value of investments can fluctuate due to market conditions, and there is a possibility of losing principal. However, higher risk can also lead to greater potential returns.
- Returns: Investments have the potential for higher returns than savings, especially over the long term. Historically, equities (stocks) have provided higher returns compared to other asset classes, although they also come with higher volatility.
- Liquidity: Depending on the type of investment, liquidity can vary. While some investments, like stocks, can be sold relatively quickly, others, like real estate or retirement accounts, may take longer to liquidate without penalties.

3.5 ROLE OF EDUCATION IN FINANCIAL LITERACY

1. Financial education plays a crucial role in enhancing financial literacy by equipping individuals with the knowledge and skills needed to make informed financial decisions. Here are some key aspects of this relationship:
2. Knowledge Acquisition: Financial education provides foundational knowledge about concepts such as budgeting, saving, investing, and credit management, enabling individuals to understand how to manage their finances effectively.
3. Skill Development: It helps develop practical skills, such as creating a budget, understanding interest rates, and evaluating investment options, which are essential for effective financial management.
4. Confidence Building: Increased knowledge fosters confidence, allowing individuals to engage more actively in their financial lives, make decisions, and seek out opportunities for financial growth.
5. Behavioural Change: Education can lead to better financial behaviors, such as saving consistently, avoiding debt, and planning for retirement, contributing to overall financial well-being.

6. Empowerment: Financial education empowers individuals to navigate financial products and services more effectively, leading to improved decision-making and reduced vulnerability to financial exploitation.

7. Long-Term Benefits: Ultimately, enhanced financial literacy through education contributes to better economic stability for individuals and families, fostering a more financially informed society.

8. Breaking the Cycle of Financial Inequality: Financial education can help individuals in lower-income communities break out of cycles of debt and poverty by giving them the knowledge to improve their financial situation and make better economic choices.

9. Long-Term Planning: Financial literacy education often includes lessons on retirement planning, insurance, and long-term savings, which help people prepare for the future and navigate life's uncertainties.

10. Understanding Financial Concepts: Education teaches foundational concepts such as budgeting, saving, investing, managing debt, and understanding credit. This empowers individuals to manage their money effectively and avoid common pitfalls.

11. Decision-Making Skills: A solid education in finance helps people make smarter financial choices by teaching them how to evaluate risk, set goals, and prioritize their financial needs.

In summary, financial education is essential for developing financial literacy, which in turn promotes healthier financial habits and improved financial outcomes.

3.6 IMPACT OF GOVERNMENT POLICIES ON FINANCIAL EDUCATION PROGRAMS

1.Funding and Resources: Allocation of funding for financial literacy programs in schools and communities.

2.Curriculum Standards: Establishment of financial literacy as a required component of educational curricula.

3.Collaboration with Educational Institutions: Encouragement of partnerships between government, non-profits, and educational institutions.

4.Incentives for Program Development: Provision of grants, tax incentives, or recognition for innovative financial education programs.

5.Regulation of Financial Services: Mandating financial institutions to participate in educational initiatives, like workshops.

6.Access and Inclusivity: Policies can make financial education more accessible to a wider audience, ensuring that underserved populations, such as low-income families, minorities, and rural communities, have the opportunity to gain financial literacy skills.

7.Behavioral Change: Policies that focus on improving financial literacy can influence long-term behavior, leading to better savings habits, investment strategies, and retirement planning, ultimately benefiting individual financial health and the broader economy.

8.Promoting Economic Stability: A financially literate population is better equipped to make informed decisions, which can lead to better personal savings rates, investments, and overall economic stability. This benefits the economy by reducing financial crises caused by consumer debt and poor financial management.

3.7 HOW CULTURAL FACTORS SIGNIFICANTLY INFLUENCE FINANCIAL LITERACY

1. Values and Attitudes: Different cultures prioritize saving, investing, or spending differently. For example, some cultures may emphasize saving for future generations, while others may focus on immediate consumption.

2. Education Systems: The approach to financial education varies across cultures. Some societies incorporate financial literacy into school curricula, while others may not address it formally, affecting overall knowledge levels.

3. Communication Styles: Cultural norms around discussing money can impact financial literacy. In some cultures, talking about finances may be taboo, leading to a lack of information sharing.

4. Trust in Financial Institutions: Cultural perceptions of banks and financial institutions can influence how individuals engage with them. Distrust can lead to underutilization of banking services and reluctance to seek financial advice.
5. Community Influence: Peer groups and community practices shape financial behaviors. In tight-knit communities, collective attitudes towards finance can significantly impact
individual choices.
6. Access to Resources: Cultural and socioeconomic factors can affect access to financial education resources, such as workshops, literature, or online tools.
7. Gender Roles: Cultural views on gender can impact financial literacy, with some cultures limiting financial education and decision-making opportunities for women.
Understanding these factors is essential for developing effective financial literacy programs that resonate with diverse populations.

3.8 FINANCIAL LITERACY IN INDIA

Financial literacy in India is increasingly recognized as crucial for economic empowerment, yet it remains a significant challenge, particularly in rural areas where financial knowledge is often limited. Many individuals lack awareness of basic concepts such as budgeting, saving, investing, and understanding the importance of credit, which limits their ability to make informed financial decisions. A 2020 survey by the National Centre for Financial Education (NCFE) indicated that only 27% of Indians are financially literate. Efforts to address this gap have been spearheaded by various government initiatives such as the National Strategy for Financial Education (NSFE), which aims to enhance financial literacy across the nation through targeted campaigns and educational programs. Programs like the Pradhan Mantri Jan Dhan Yojana (PMJDY) aim to increase financial inclusion by providing access to banking services, while Financial Literacy Weeks (FLW) organized by the Reserve Bank of India (RBI) focus on raising awareness. Despite these initiatives, challenges persist, and there is a growing need to integrate financial education into formal education systems and expand digital literacy to bridge the urban-rural divide and promote widespread financial awareness.
Efforts are needed to reach marginalized communities, especially in rural areas, where access to formal financial education is limited. The digital divide is another challenge, as many rural residents may not have access to smartphones or the

internet, which are increasingly used for financial transactions and education. While digital banking and mobile payment systems have made financial services more accessible, individuals must first understand how to use these technologies securely and effectively.

Additionally, financial education should not only focus on basic concepts but also on practical applications, such as managing debt, building credit, planning for retirement, and understanding insurance. These are essential skills that empower individuals to make informed decisions and protect themselves against financial risks.

Collaboration between the government, financial institutions, and educational bodies is crucial to design comprehensive financial literacy programs that are accessible to all, especially in underserved communities. Furthermore, tailoring educational content to local languages and contexts can enhance engagement and comprehension.

For long-term impact, integrating financial literacy into school curricula, community-based workshops, and adult education programs can help cultivate a culture of financial awareness from an early age. Combining this with hands-on training, such as digital banking workshops, can create a more financially literate society.

A potential solution could be the incorporation of mobile-based financial education platforms that use simple language and visuals to convey basic concepts. Given the growing penetration of mobile phones in rural India, these platforms can serve as effective tools for delivering financial literacy content. Localized content, such as videos, infographics, and interactive quizzes, could break down complex financial concepts and demonstrate their relevance to rural audiences.

Moreover, leveraging local influencers and community leaders can help bridge the trust gap that often exists between formal financial institutions and rural populations. These individuals, who already have the trust of their communities, can play a key role in disseminating financial knowledge and encouraging people to adopt formal financial services.

In summary, while progress has been made, there remains a long road ahead to ensure financial literacy reaches every corner of the country, especially in rural and underserved areas. Continued efforts to integrate financial education into various

aspects of society will empower individuals and ultimately contribute to India's economic growth and financial stability.

3.9 PROGRAMS AND RESOURCES TO ENHANCE FINANCIAL LITERACY

There are numerous programs and resources available to enhance financial literacy. Here are some notable ones:

PROGRAMS

1. JumpStart Coalition for Personal Financial Literacy:

A national nonprofit organization that provides resources and promotes financial literacy among students.

2. National Endowment for Financial Education (NEFE):

Offers various programs, including high school financial literacy curricula and workshops

3. Smart About Money:

Provides free courses and resources on budgeting, saving, investing, and retirement planning.

4. Khan Academy:

Offers free courses on personal finance topics, including budgeting, saving, investing, and credit.

5. Consumer Financial Protection Bureau (CFPB):

Offers tools and resources for consumers to understand financial products and services. Online Resources

6. MyMoney.gov:

A U.S. government website that provides resources on managing money, including budgeting, saving, and credit.

7. Investopedia:

A comprehensive financial education resource with articles, tutorials, and investment guides.

8. Mint:

A budgeting tool that helps users track spending and manage finances effectively.

9. YouTube Channels:

Channels like "The Financial Diet" and "Graham Stephan" provide engaging content on personal finance and investing.

10. Local Credit Unions:

Often offer workshops and resources on financial literacy for members.

11. Nonprofit Organizations:Groups like Operation Hope provide financial literacy education in underserved communities.

12. Public Libraries:

Many libraries offer workshops, resources, and access to financial literacy materials.

13. YNAB (You Need a Budget):

A budgeting app that teaches users how to manage their money and plan for expenses.

14. Acorns:

An investment app that helps users start investing by rounding up purchases.

15. Credit Karma:

Provides free credit scores and reports, along with educational resources about credit management.

These programs and resources can help individuals of all ages improve their financial knowledge and skill.

3.10 TECHNOLOGY AND FINANCIAL LITERACY

- Access to Information: Technology provides a wealth of resources for learning about personal finance, including online courses, blogs, podcasts, and apps that help users understand budgeting, investing, and saving.
- Financial Tools: There are numerous fintech applications that simplify budgeting, track expenses, and facilitate investments, making financial management more accessible.
- Cryptocurrency and Blockchain: Understanding digital currencies and blockchain technology is becoming essential in the evolving financial landscape.
- Online Banking and Services: Technology has transformed banking, allowing for easier access to accounts, digital transactions, and personal finance management from anywhere.
- Risk Management: With technology, individuals can better analyze financial risks through data analytics and predictive modeling, enhancing their decision-making skills.
- Cybersecurity: As financial transactions increasingly move online, understanding cybersecurity is crucial for protecting personal information and finances.
- Digital Literacy: A foundational aspect of financial literacy now includes the ability to navigate digital platforms and understand how algorithms and AI can affect financial decisions.

Improving financial literacy through technology empowers individuals to make informed decisions, ultimately leading to better financial outcomes.

3.11 HOW CULTURE AFFECT BEHAVIOUR AND ATTITUDES

- Values and Beliefs: Different cultures prioritize various values—such as saving, spending, or investment—which shape individuals' financial decisions. For example, cultures that emphasize community may encourage collective financial support.

- Attitudes Toward Debt: In some cultures, debt is viewed negatively, leading to conservative borrowing behaviors, while others may see it as a tool for investment and growth.
- Risk Tolerance: Cultural backgrounds can affect how individuals perceive and manage risk. Some cultures encourage risk-taking in investments, while others promote caution and security.
- Financial Education: Access to financial education varies by culture, affecting knowledge of personal finance and investment strategies. Cultures with a strong emphasis on education may produce individuals who are more financially literate.
- Communication Styles: Cultural differences in communication can impact discussions about money within families and communities, affecting attitudes toward financial planning and transparency.
- Social Norms: Cultural norms influence spending habits, such as the importance placed on status symbols, leading to different financial priorities among individuals.

Overall, understanding these cultural influences can help in tailoring financial advice and products to better meet the needs of diverse populations .

Hence, improving financial knowledge through apps and online resources can be both engaging and effective. Here are some key resources to consider:

- Budgeting Apps

Mint: Helps track expenses, create budgets, and monitor credit scores.

YNAB (You Need A Budget): Focuses on proactive budgeting and financial planning.

- Investment Apps

Robinhood: Offers commission-free trading and educational resources on stocks and ETFs.

Acorns: Rounds up purchases to invest spare change, with built-in financial literacy resources.

-

- Online Courses Coursera & Udemy: Provide a variety of courses on personal finance, investing, and economic principles.

Khan Academy: Features free courses on finance and economics, ideal for beginners.

- Financial Blogs and Websites

NerdWallet & Investopedia: Offer articles, guides, and calculators to enhance financial literacy.

The Motley Fool: Provides investment advice, insights, and educational content.

- Podcasts and YouTube Channels

Podcasts: "The Dave Ramsey Show," "Bigger Pockets Money," and others cover diverse financial topics.

YouTube: Channels like "Graham Stephan" and "The Financial Diet" provide engaging financial advice and tutorials.

- Webinars and Workshops

Many financial institutions and community organizations offer free webinars on topics like retirement planning and debt management.

- Financial Literacy Apps

Kiva: Teaches about microfinance through lending to entrepreneurs around the world.
Pocket Guard: Helps track spending and offers insights into budgeting habits.

- Social Media Groups and Forums

Joining groups on platforms like Facebook or Reddit (e.g., personal finance) can provide community support and shared knowledge.

By utilizing these resources, you can build a solid foundation in financial literacy, making informed decisions about budgeting, investing, and overall financial management.

3.12 FINANCIAL ILLITERACY

Financial illiteracy is defined as the inability to understand and effectively use various financial skills, including budgeting, saving, investing, and managing debt. It encompasses a lack of knowledge about financial products, concepts, and strategies that are essential for making informed decisions about money. This lack of understanding can lead to poor financial management and negative economic consequences.

In addition to the a forementioned causes, the consequences of financial illiteracy can be far-reaching and detrimental. Without a solid understanding of financial concepts, individuals may struggle with managing debt, saving for the future, and making sound investment decisions. This can lead to high levels of debt, poor credit scores, and limited ability to build wealth. Financial illiteracy often results in people living paycheck to paycheck, without an emergency fund or any long-term savings plans. The inability to understand or take advantage of retirement accounts, insurance, and other financial instruments can prevent individuals from securing their financial future, leaving them vulnerable to financial crises. Moreover, financial illiteracy can contribute to a lack of confidence in dealing with financial matters, which may lead people to avoid seeking help or advice, further perpetuating the cycle of financial struggle.

Addressing financial illiteracy requires a multifaceted approach. One effective solution is the integration of financial education into school curriculums, ensuring that future generations are equipped with the tools to make informed financial decisions. Additionally, financial literacy programs targeted at adults can help individuals improve their understanding of topics like budgeting, investing, and managing debt. Governments and financial institutions can also play a role by offering accessible resources and promoting transparency in financial products, making it easier for individuals to navigate their financial lives. With increased knowledge and awareness, people can gain greater control over their finances, leading to more secure and prosperous futures.

3.13 INDICATORS OF FINANCIAL ILLITERACY

1. Inability to Create a Budget: Difficulty in tracking income and expenses or understanding how to allocate funds.
2. Lack of Savings: Not having an emergency fund or failing to save for short- and long-term goals.
3. High Debt Levels: Accumulating debt without understanding repayment terms or interest rates.
4. Limited Knowledge of Financial Products: Unfamiliarity with concepts like credit scores, loans, mortgages, or investment options.
5. Poor Credit Management: Inability to manage credit cards, leading to missed payments or high balances.
6. Failure to Plan for Retirement: Not knowing how much to save for retirement or the options available for retirement accounts.
7. Falling for Scams: Being easily misled by financial scams or predatory lending practices due to a lack of knowledge.
8. Inability to Interpret Financial Information: Difficulty understanding financial statements, terms, or market conditions.
9. Failure to Compare Financial Products: A lack of understanding of how to compare financial products, such as loans, insurance policies, or investment options, can lead to choosing unfavorable terms or missing out on better financial opportunities.
10. Not Understanding Basic Financial Terms: Difficulty in understanding key financial terms like interest rates, inflation, compound interest, or diversification can signal financial illiteracy. This can prevent individuals from making informed decisions about their money.
11. Lack of Financial Goals: Not setting financial goals or having a clear understanding of how to achieve them (e.g., buying a house, saving for a child's education) can be an indicator of financial illiteracy, as individuals may not know how to plan or manage resources effectively.

3.14 CONSEQUENCES OF LACKING FINANCIAL LITERACY

1. Poor Money Management: Individuals may struggle to budget effectively, leading to overspending and debt accumulation.
2. High Debt Levels: Without understanding interest rates and loan terms, people may take on loans they cannot afford or fall into traps like payday loans.
3. Missed Investment Opportunities: A lack of knowledge can prevent individuals from investing wisely, resulting in lost opportunities for wealth growth.
4. Inadequate Savings: Without understanding the importance of saving and different savings options, people may fail to build emergency funds or retirement savings.
5. Financial Stress: Poor financial decisions can lead to anxiety and stress, affecting overall well-being.
6. Exploitation: Those lacking financial literacy may be more vulnerable to scams and predatory lending practices Limited Access to Resources: Individuals may miss out on programs, benefits, or financial products that could help them improve their financial situation.

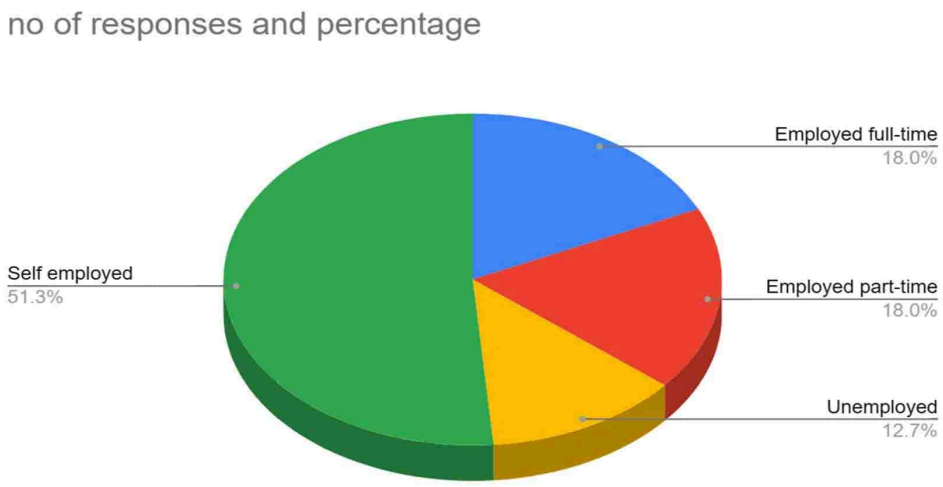
4.1 CURRENT EMPLOYMENT STATUS

Table 4.1 : current employment status

Employment status	No of responses	Percentage%
Employed full-time	27	18
Employed part-time	27	18
Unemployed	19	12.66666667
Self-employed	77	51.33333333
TOTAL	150	100

(source: primary data)

Figure 4.1: current employment status



(source: primary data)

INTERPRETATION: The employment status data shows that the majority of individuals (51.33%) are self-employed, while equal portions (18%) are employed full-time and part-time. A smaller percentage (12.67%) are unemployed.

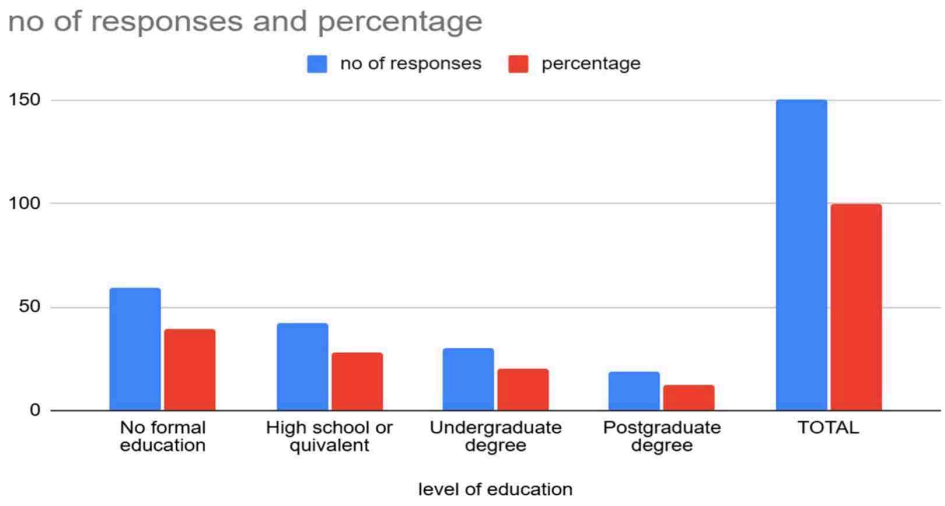
4.2HIGHEST LEVEL OF EDUCATION

Table 4.2: highest level of education

Level of education	No of responses	Percentage%
No formal education	59	39.33333333
High school or quivalent	42	28
Undergraduate degree	30	20
Postgraduate degree	19	12.66666667
TOTAL	150	100

(source: primary data)

Figure 4.2: highest level of education



(source: primary data)

INTERPRETATION: This data shows that the majority of respondents (39.33%) have completed high school or its equivalent, followed by those with no formal education (28%), postgraduate degree holders (20%), and undergraduate degree holders (12.67%).

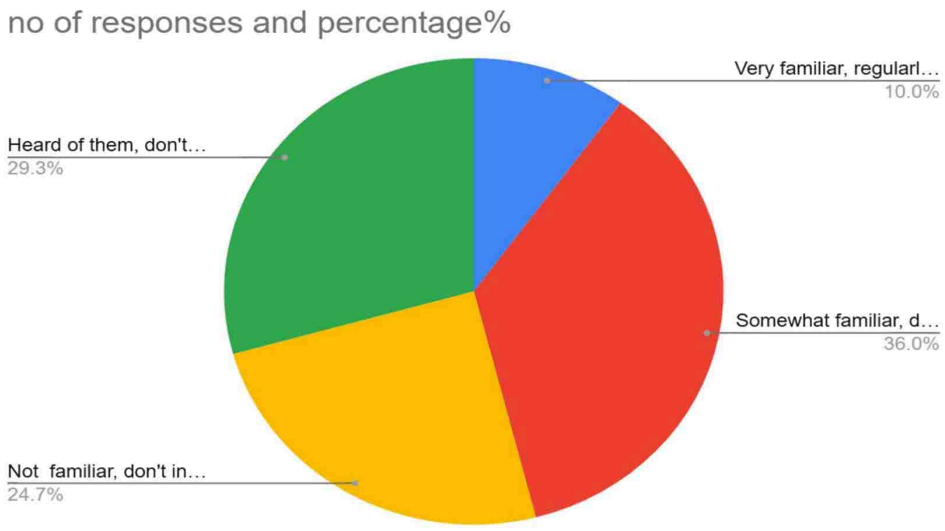
4.3 FAMILIARITY WITH INVESTMENT OPTIONS

Table 4.3: familiarity with investment options

Familiarity with investment options	**No of responses**	**Percentage%**
Very familiar, regularly invest	15	10
Somewhat familiar, don't invest	54	36
Not familiar, don't invest	37	24.66666667
I heard of them, don't understand	44	29.33333333
TOTAL	150	100

(source: primary data)

Figure 4.3: familiarity with investment options



(source: primary data)

INTERPRETATION: Most respondents (36%) are somewhat familiar with investments but do not invest, while 29.33% have heard of investments but don't understand them. A smaller portion (10%) is very familiar and regularly invests, and 24.67% are not familiar with investments at all.

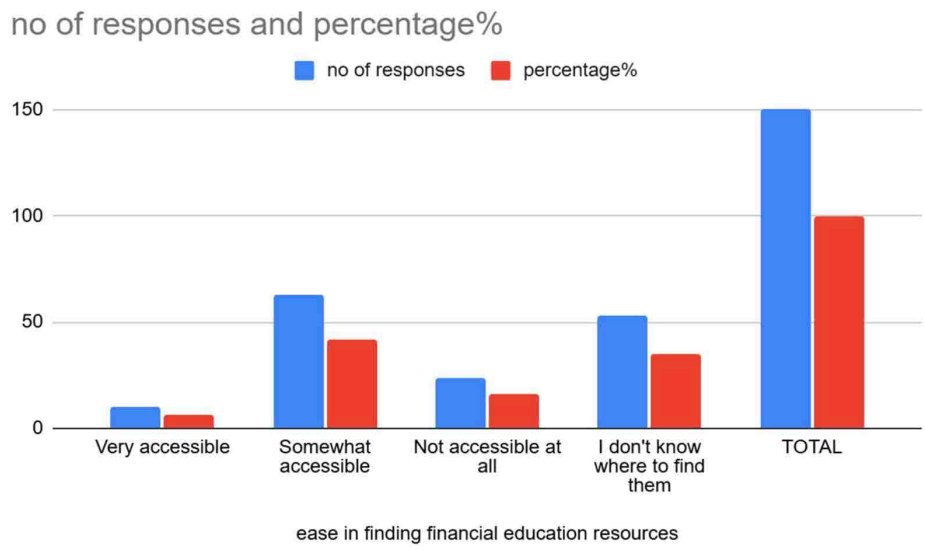
4.4 EASE IN FINDING FINANCIAL EDUCATION RESOURCES

Table 4.4: ease in finding financial education resources

Ease in finding financial education resources	No of responses	Percentage%
Very accessible	10	6.666666667
Somewhat accessible	63	42
Not accessible at all	24	16
I don't know where to find them	53	35.33333333
TOTAL	150	100

(source: primary data)

Figure 4.4: ease in finding financial education resources



(source: primary data)

INTERPRETATION: Most respondents (42%) find financial education resources somewhat accessible, while 35.33% don't know where to find them. A smaller portion finds them very accessible (6.67%), and 16% find them not accessible at all.

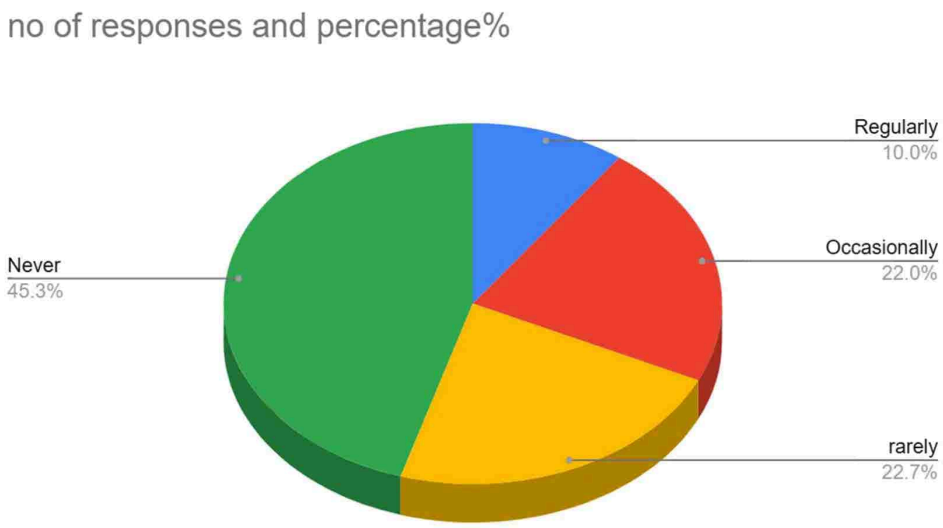
4.5 DISCUSSION OF FINANCIAL MATTERS

Table 4.5: discussion of financial matters

Discussion of financial matters	**No of responses**	**Percentage%**
Regularly	15	10
Occasionally	33	22
rarely	34	22.66666667
Never	68	45.33333333
TOTAL	150	100

(source: primary data)

Figure 4.5: discussion of financial matters



(source: primary data)

INTERPRETATION: The majority of respondents (45.33%) never discuss financial matters, while 22.67% rarely and 22% occasionally do. Only 10% of respondents discuss financial matters regularly.

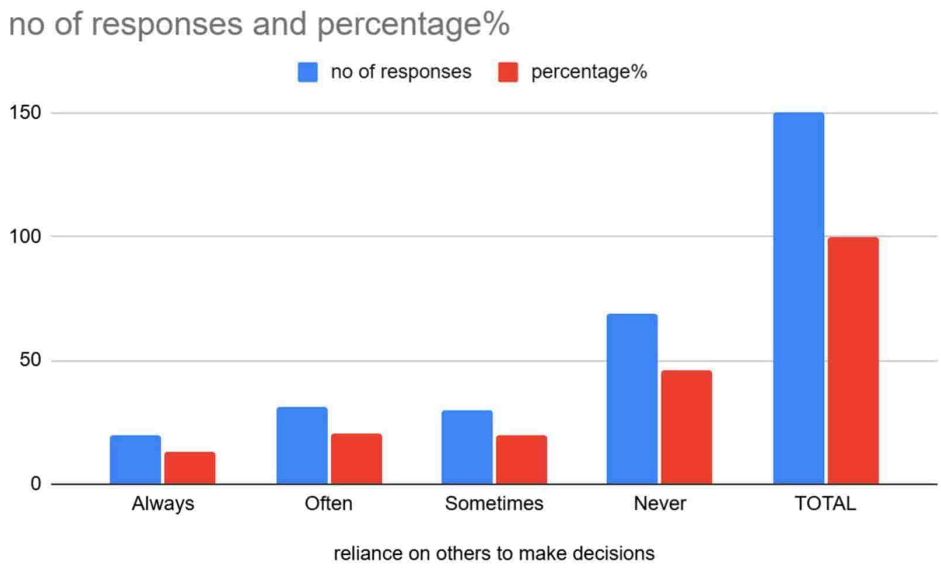
4.6 RELIANCE ON OTHERS TO MAKE DECISIONS

Table 4.6: reliance on others to make decisions

Reliance on others to make decisions	**No of responses**	**Percentage%**
Always	20	13.33333333
Often	31	20.66666667
Sometimes	30	20
Never	69	46
TOTAL	150	100

(source: primary data)

Figure 4.6: reliance on others to make decisions



(source: primary data)

INTERPRETATION: Most respondents (46%) never rely on others to make decisions, while 20.67% often and 20% sometimes do. Only 13.33% always rely on others for decisions.

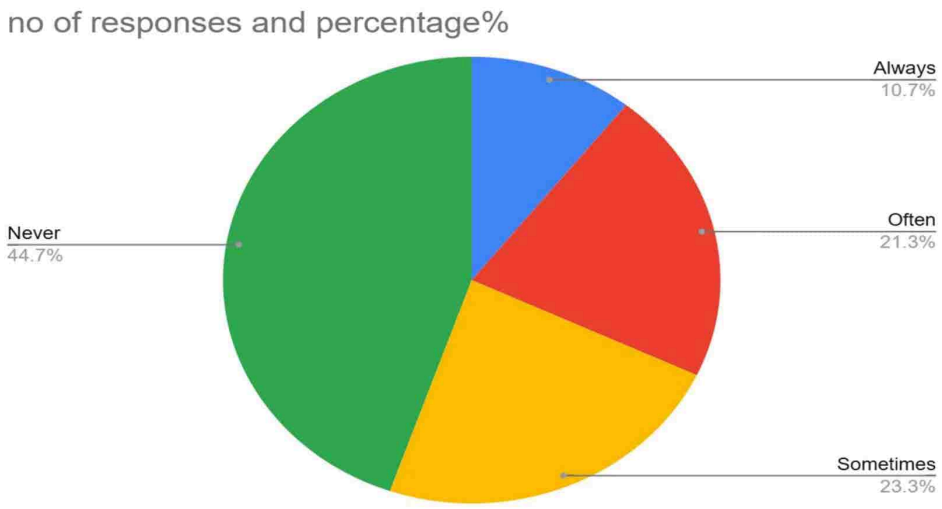
4.7 FINANCIAL DIFFICULTY DUE TO A LACK OF UNDERSTANDING

Table 4.7: financial difficulty due to a lack of understanding

Financial difficulty due to a lack of understanding	**No of responses**	**Percentage%**
Always	16	10.66666667
Often	32	21.33333333
Sometimes	35	23.33333333
Never	67	44.66666667
TOTAL	150	100

(source: primary data)

Figure 4.7: financial difficulty due to a lack of understanding



(source: primary data)

INTERPRETATION: Most respondents (44.67%) never face financial difficulty due to a lack of understanding, while 23.33% sometimes and 21.33% often experience it. Only 10.67% always face such difficulties**.**

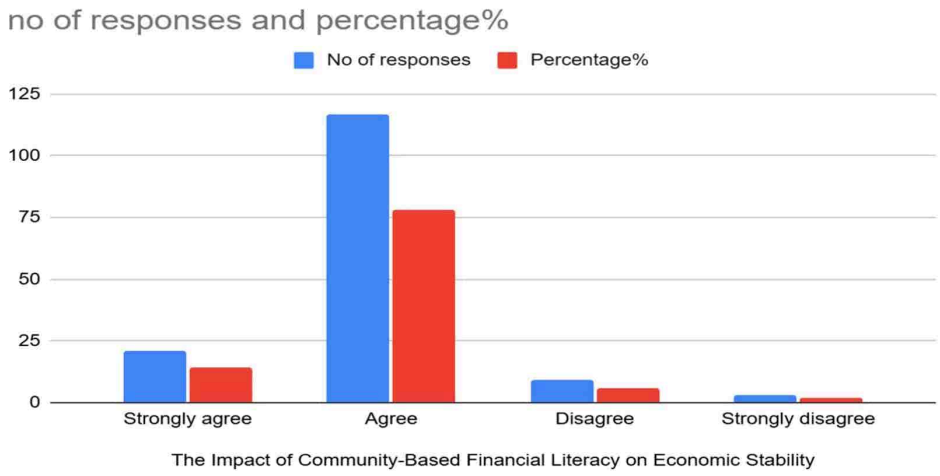
4.8 THE IMPACT OF COMMUNITY-BASED FINANCIAL LITERACY ON ECONOMIC STABILITY

Table 4.8: Impact of Community-Based Financial Literacy on Economic Stability

Impact of Community-Based Financial Literacy on Economic Stability	**No of responses**	**Percentage%**
Strongly agree	21	14
Agree	117	78
Disagree	9	6
Strongly disagree	3	2
TOTAL	**150**	**100**

(source: primary data)

Figure 4.8: Impact of Community-Based Financial Literacy on Economic Stability



(source: primary data)

INTERPRETATION: The majority of respondents (78%) agree that community-based financial literacy can improve economic stability, with 14% strongly agreeing. Only 8% disagree or strongly disagree.

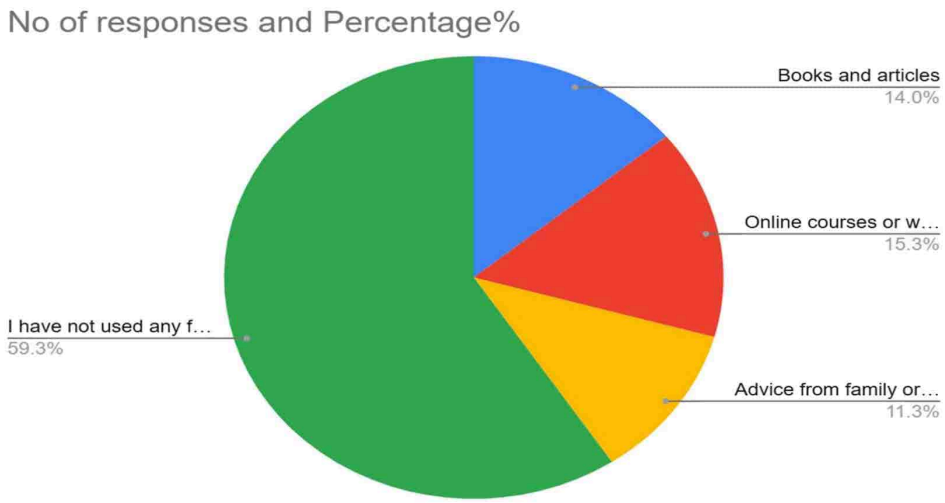
4.9 TYPE OF FINANCIAL EDUCATION RESOURCES USED

Table 4.9: Type of financial education resources used

Type of financial education resources used	No of responses	Percentage%
Books and articles	21	14
Online courses or workshops	23	15.33333333
Advice from family or friends	17	11.33333333
I have not used any financial education resources	89	59.33333333
TOTAL	150	100

(source: primary data)

Figure 4.9: Type of financial education resources used



(source: primary data)

INTERPRETATION: The majority of respondents (59.33%) have not used any financial education resources. Among those who have, 15.33% have used online courses or workshops, 14% have read books and articles, and 11.33% have sought advice from family or friends.

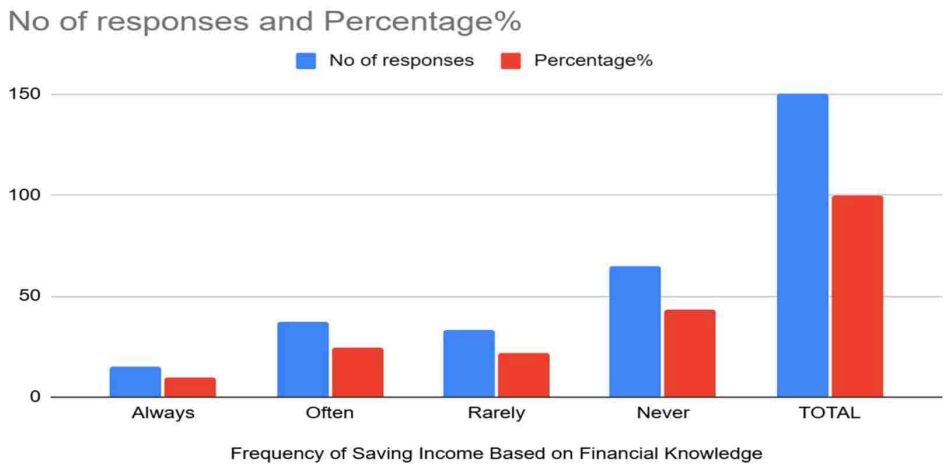
4.10 FREQUENCY OF SAVING INCOME BASED ON FINANCIAL KNOWLEDGE

Table 4.10: Frequency of Saving Income Based on Financial Knowledge

Frequency of Saving Income Based on Financial Knowledge	**No of responses**	**Percentage%**
Always	15	10
Often	37	24.66666667
Rarely	33	22
Never	65	43.33333333
TOTAL	150	100

(source: primary data)

Figure 4.10: Frequency of Saving Income Based on Financial Knowledge



(source: primary data)

INTERPRETATION: The majority of respondents (43.33%) never save their income based on their financial knowledge, while 24.67% often and 22% rarely do. Only 10% always save their income based on their financial knowledge.

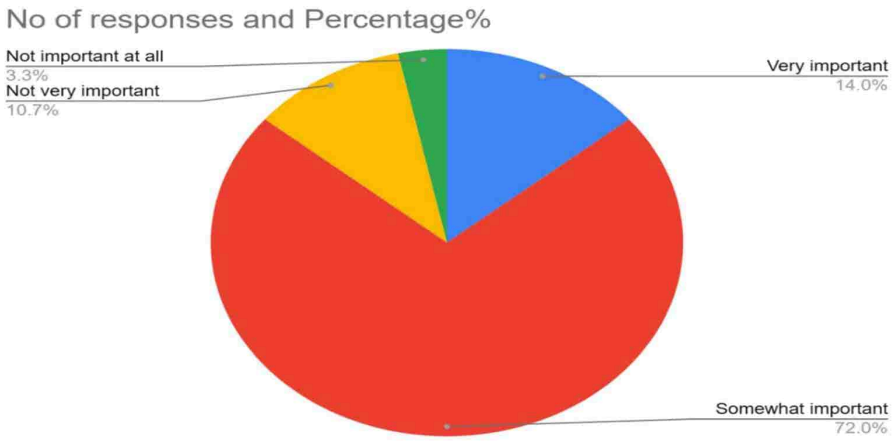
4.11 IMPORTANCE OF FINANCIAL LITERACY FOR ACHIEVING ECONOMIC STABILITY

Table 4.11: Importance of Financial Literacy for Achieving Economic Stability

Importance of Financial Literacy for Achieving Economic Stability	**No of responses**	**Percentage%**
Very important	21	14
Somewhat important	108	72
Not very important	16	10.66666667
Not important at all	5	3.333333333
TOTAL	150	100

(source: primary data)

Figure 4.11: Importance of Financial Literacy for Achieving Economic Stability



(source: primary data)

INTERPRETATION: The majority of respondents (72%) believe financial literacy is somewhat important for achieving economic stability, while 14% consider it very important. Only a small percentage (14%) think it is not very important or not important at all.

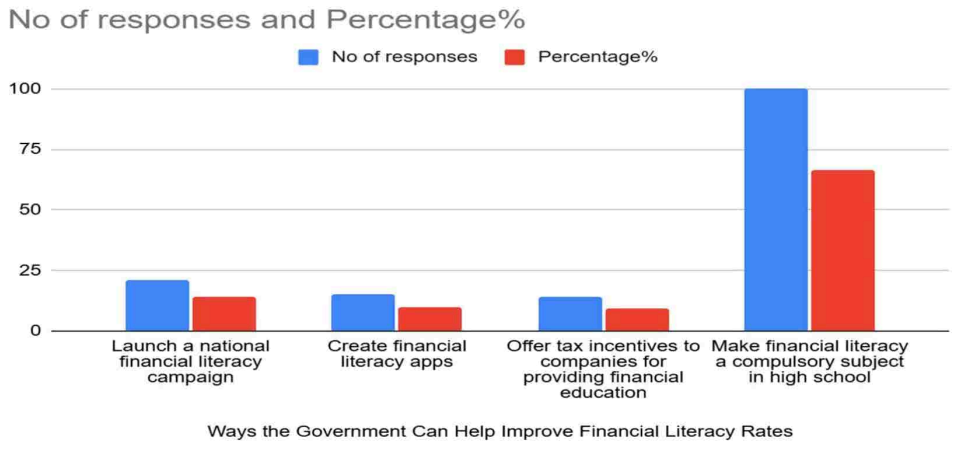
4.12 WAYS THE GOVERNMENT CAN HELP TO IMPROVE FINANCIAL LITERACY RATES

Table 4.12: Ways the Government Can Help To Improve Financial Literacy Rates

Ways the Government Can Help Improve Financial Literacy Rates	**No of responses**	**Percentage%**
Launch a national financial literacy campaign	21	14
Create financial literacy apps	15	10
Offer tax incentives to companies for providing financial education	14	9.333333333
Make financial literacy a compulsory subject in high school	100	66.66666667
TOTAL	150	100

(source: primary data)

Figure 4.12: Ways the Government Can Help To Improve Financial Literacy Rates



(source: primary data)

INTERPRETATION: The majority of respondents (66.67%) believe financial literacy should be made a compulsory subject in high school, while 14% support launching a national financial literacy campaign. Smaller percentages suggest creating financial literacy apps (10%) and offering tax incentives to companies (9.33%).

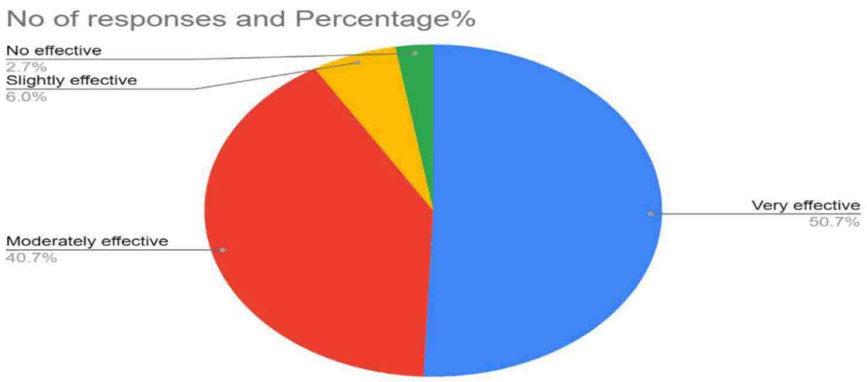
4.13 EFFECTIVENESS OF CURRENT FINANCIAL POLICIES IN MAINTAINING ECONOMIC STABILITY

Table 4.13: Effectiveness of Current Financial Policies in Maintaining Economic Stability

Effectiveness of Current Financial Policies in Maintaining Economic Stability	**No of responses**	**Percentage%**
Very effective	76	50.66666667
Moderately effective	61	40.66666667
Slightly effective	9	6
No effective	4	2.666666667
TOTAL	150	100

(source: primary data)

Figure 4.13: Effectiveness of Current Financial Policies in Maintaining Economic Stability



(source: primary data)

INTERPRETATION: Most respondents (50.67%) find current financial policies very effective in maintaining economic stability, while 40.67% view them as moderately effective. Only 8.67% consider the policies slightly or not effective.

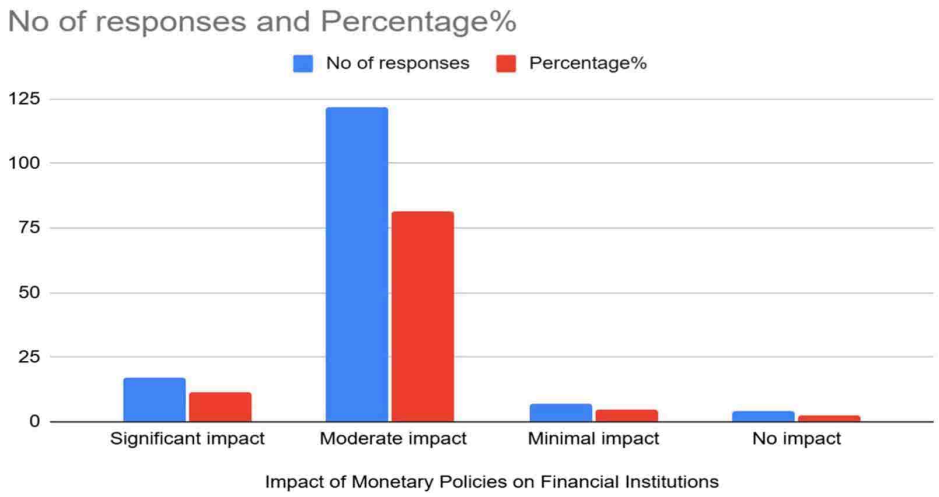
4.14 IMPACT OF MONETARY POLICIES ON FINANCIAL INSTITUTIONS

Table 4.14: Impact of Monetary Policies on Financial Institutions

Impact of Monetary Policies on Financial Institutions	**No of responses**	**Percentage%**
Significant impact	17	11.33333333
Moderate impact	122	81.33333333
Minimal impact	7	4.666666667
No impact	4	2.666666667
TOTAL	150	100

(source: primary data)

Figure 4.14: Impact of Monetary Policies on Financial Institutions



(source: primary data)

INTERPRETATION: The majority of respondents (81.33%) believe monetary policies have a moderate impact on financial institutions. Only a small percentage think the impact is significant (11.33%) or minimal (4.67%).

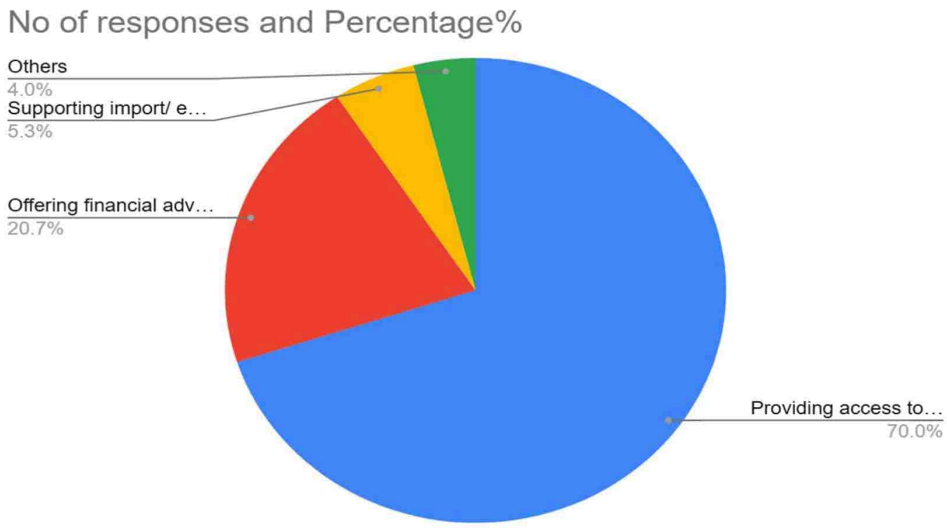
4.15 SUPPORT OF FINANCIAL INSTITUTIONS FOR BUSINESSES

Table 4.15: Support of Financial Institutions for Businesses

Support of Financial Institutions for Businesses	No of responses	Percentage%
Providing access to credit	105	70
Offering financial advice	31	20.66666667
Supporting import/ export activities	8	5.333333333
Others	6	4
TOTAL	150	100

(source: primary data)

Figure 4.15: Support of Financial Institutions for Businesses



(source: primary data)

INTERPRETATION: Most respondents (70%) believe financial institutions support businesses by providing credit, with 20.67% citing financial advice and 5.33% supporting import/export activities.

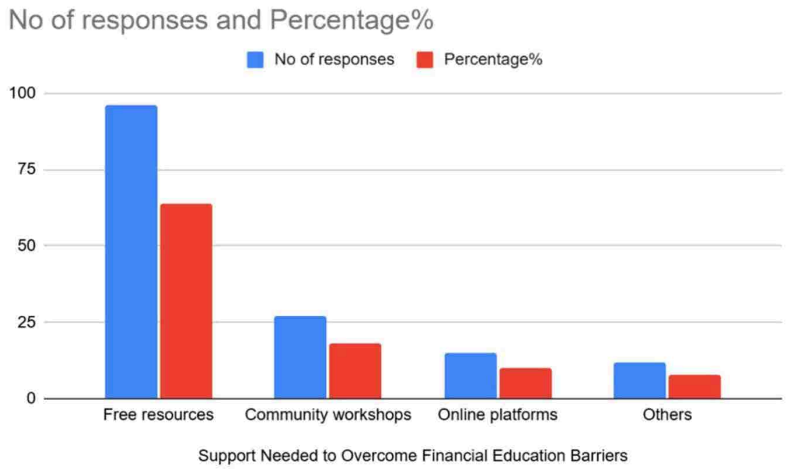
4.16 SUPPORT NEEDED TO OVERCOME FINANCIAL EDUCATION BARRIERS

Table 4.16: Support Needed to Overcome Financial Education Barriers

Support Needed to Overcome Financial Education Barriers	**No of responses**	**Percentage%**
Free resources	96	64
Community workshops	27	18
Online platforms	15	10
Others	12	8
TOTAL	150	100

(source: primary data)

Figure 4.16: Support Needed to Overcome Financial Education Barriers



(source: primary data)

INTERPRETATION: Most respondents (64%) prefer free resources to overcome financial education barriers, followed by community workshops (18%) and online platforms (10%).

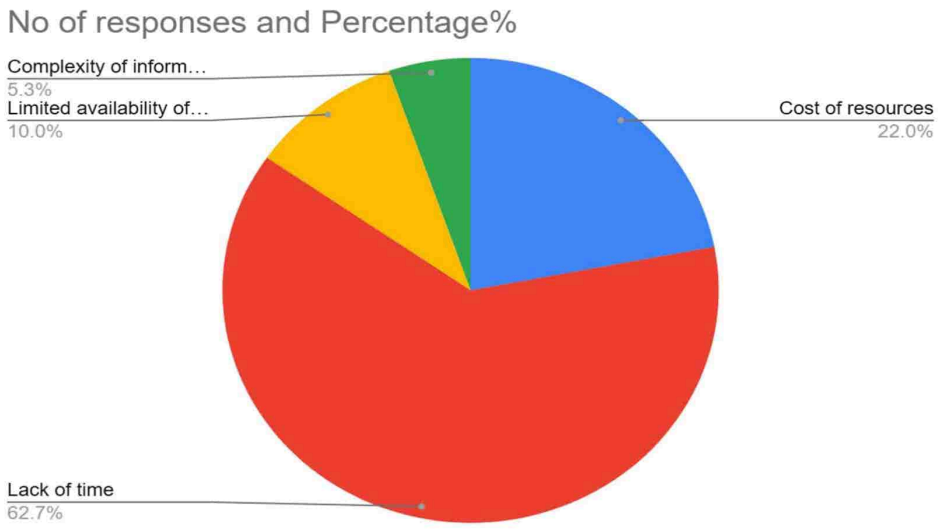
4.17 BARRIERS FACED IN ACCESSING FINANCIAL EDUCATION

Table 4.17: Barriers Faced in Accessing Financial Education

Barriers Faced in Accessing Financial Education	No of responses	Percentage%
Cost of resources	33	22
Lack of time	94	62.66666667
Limited availability of resources	15	10
Complexity of information	8	5.333333333
TOTAL	150	100

(source: primary data)

Figure 4.17: Barriers Faced in Accessing Financial Education



(source: primary data)

INTERPRETATION: The majority of respondents (62.67%) face a lack of time as a barrier to accessing financial education, while 22% cite the cost of resources. Fewer respondents mention limited availability of resources (10%) or the complexity of information (5.33%).

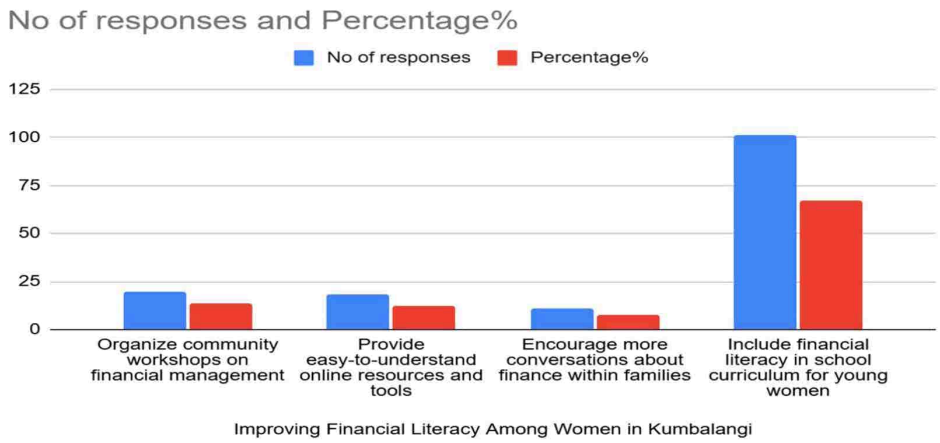
4.18 IMPROVING FINANCIAL LITERACY AMONG WOMEN IN KUMBALANGI

Table 4.18: Improving Financial Literacy Among Women in Kumbalangi

Improving Financial Literacy Among Women in Kumbalangi	**No of responses**	**Percentage%**
Organize community workshops on financial management	20	13.33333333
Provide easy-to-understand online resources and tools	18	12
Encourage more conversations about finance within families	11	7.333333333
Include financial literacy in school curriculum for young women	101	67.33333333
TOTAL	150	100

(source: primary data)

Figure 4.18: Improving Financial Literacy Among Women in Kumbalangi



INTERPRETATION: Most respondents (67.33%) suggest including financial literacy in the school curriculum for young women, while 13.33% recommend community workshops.

5.1 FINDINGS

1. The majority of respondents have completed high school or its equivalent, followed by those with no formal education. A smaller proportion holds postgraduate and undergraduate degrees.

2. The highest proportion of respondents have completed high school or its equivalent, followed by those without formal education. A smaller share holds postgraduate and undergraduate degrees.3. Access to Financial Education:

3. The majority of respondents have some awareness of investments but do not actively invest, while a significant portion has heard of investments without understanding them. A smaller group is highly familiar and invests regularly, whereas others have no familiarity with investments.4. Barriers to Financial Education:

4. Financial education resources are somewhat accessible to most respondents, while a significant portion is unaware of where to find them. A smaller group finds them either very accessible or not accessible at all.

5. Financial discussions are infrequent among respondents, with the majority never engaging in them. A smaller portion discusses finances rarely or occasionally, while only a few do so regularly.

6. Decision-making is largely independent among respondents, with most never relying on others. A smaller portion often or sometimes seeks external input, while only a few always depend on others.

7. Financial difficulties due to a lack of understanding are uncommon among most respondents, though a notable portion experiences them occasionally or often. Only a small group faces such challenges consistently.

8. Community-based financial literacy is widely perceived as beneficial for economic stability, with most respondents expressing agreement and a smaller portion strongly agreeing. Only a few respondents disagree.

9. Most respondents have not utilized financial education resources, while those who have primarily rely on online courses, books, articles, or advice from family and friends.

10. Income saving based on financial knowledge is uncommon among most respondents, with a significant portion never doing so. Others save occasionally or often, while only a few consistently follow this practice.

11. Financial literacy is largely viewed as important for economic stability, with most respondents considering it somewhat important and a smaller portion seeing it as very important. Only a few regard it as unimportant.

12. Financial literacy is widely supported as a mandatory high school subject, with some respondents favoring a national campaign. Smaller groups advocate for financial literacy apps or tax incentives for companies.

13. Current financial policies are largely seen as effective in maintaining economic stability, with most respondents viewing them as very or moderately effective. Only a small percentage perceives them as ineffective.

14. Monetary policies are generally perceived to have a moderate impact on financial institutions, with only a few respondents considering their effect significant or minimal.

15. Financial institutions are primarily seen as supporting businesses through credit provision, while a smaller portion of respondents highlight their role in offering financial advice or facilitating import/export activities.

16. Free resources are the most preferred solution for overcoming financial education barriers, with some respondents favoring community workshops and a smaller portion opting for online platforms.

17. Time constraints are the most common barrier to accessing financial education, followed by the cost of resources. Fewer respondents struggle with resource availability or the complexity of information.

18. Integrating financial literacy into the school curriculum is the most recommended approach for educating young women, with some respondents also advocating for community workshops.

5.2 CONCLUSION

The data reveals that most individuals are self-employed (51.33%) and have completed high school (39.33%). A majority are somewhat familiar with investments (36%) and find financial education resources somewhat accessible (42%). Most respondents never discuss financial matters (45.33%) or save based on financial knowledge (43.33%). The majority believe financial literacy is important for economic stability (72%) and should be part of high school curricula (66.67%). Many find financial policies effective (50.67%) and prefer free financial education resources (64%). Barriers to access include lack of time (62.67%) and cost (22%).

The data suggests that financial literacy is widely valued, with a strong preference for accessible, free resources and education in schools. There is a general lack of engagement with financial topics, indicating the need for improved access to educational tools and support.

5.3 SUGGESTION

1. Integrate Financial Literacy in Schools – Advocate for mandatory financial education in high school curricula to build early awareness.

2. Enhance Free Educational Resources – Expand and promote free financial literacy tools, online courses, and workshops.

3. Encourage Discussions on Finance – Launch community programs and social media initiatives to normalize financial conversations.

4. Improve Accessibility – Offer flexible learning options like mobile apps and short video content to accommodate busy individuals.

5. Address Cost Barriers – Partner with organizations and governments to subsidize financial literacy programs for the public.

5.1 JOURNALS:

1. International Journal of Research Publication and Reviews
2. Swiss Journal of Economics and Statistics
3. Journal of financial literacy and well being
4. A global journal of interdisciplinary studies
5. International journal of creative reasearch thought
6. reasearch journal of management science
7. RBI OECD

5.2 BOOKS

1. Financial Literacy and the Role of Education: A National Priority" by Annamaria Lusardi and Olivia S. Mitchell
2. The Economics of Money, Banking, and Financial Markets" by Frederic S. Mishkin
3. Handbook of Financial Literacy" edited by Sharon M. Oster
4. Personal Finance: A Critical Thinking Approach" by Jeff Madura

5.3 LINKS:

1. https://www.investopedia.com/terms/f/financial-literacy.asp#:~:text=The%20lack%20of%20financial%20literacy,foreclosure%2C%20or%20other%20negative%20consequences
2. https://sjes.springeropen.com/articles/10.1186/s41937-019-0027-5
3. https://www.investopedia.com/terms/f/financial-literacy.asp
4. https://www.5paisa.com/finschool/financial-literacy-importance/
5. https://www.bajajfinserv.in/investments/financial-literacy

.