ISSN:0971-1260
Vol-22-Issue-4-October-December-2019

A Study on Financial Literacy among Youth in Palayamkottai, Tirunelveli

Kalaimagal N.
Ph.D. Full Time Research Scholar (Commerce),
Reg. No. 19111191012011,
Sadakathullah Appa College (Autonomous), Tirunelveli
(Affiliated to Manonmaniam Sundaranar University, Abishekapatti, Tirunelveli – 627 012, Tamil Nadu, India.)

Dr. P. Geetha
Research Supervisor
Assistant Professor of Commerce
Sadakathullah Appa College (Autonomous), Tirunelveli.
(Affiliated to Manonmaniam Sundaranar University, Abishekapatti, Tirunelveli – 627 012, Tamil Nadu, India.)

Abstract

Youth falls between the childhood and adulthood ages of 14 to 25. At this stage as an youth one should construct their Self-Concept which is influenced by variables like lifestyle, peers, gender and culture. This article aims to find out the financial literacy level among the youth in Palayamkottai, Tirunelveli District. Financial literacy is the knowledge of taking effective decisions on handling money with respect to saving and spending. Youth which is considered as children by the parents are kept out of money matters so as not too burdened by the toughest life of academic studies and in turn face the difficulties of handling money once they grow up. Youth will be considered as financially literate only when they are taught to handle money right from when they are given pocket money for their expenses. The purpose is to find out whether there is any interrelationship between Financial knowledge, behavior, attitude with regard to the age, gender, income etc of the youth. It is the stage at which a person should develop a sound financial knowledge to avoid choosing wrong financial products. So this article aims to find out how financial literacy among youth and how it helps to improve their financial well-being.

Keywords: *Financial Literacy, Youth, Financial Products, Financial Attitude, Behaviour*.

I. INTRODUCTION

ISSN:0971-1260
Vol-22-Issue-4-October-December-2019

The concept of Financial literacy states that knowledge, skill, motivation behavior and attitude are to be effectively used in order to attain a personal financial well-being. Financial education is been given to the youth by their parents, by schools and various other media's, these are the sources that provide improve one's financial well-being. Financial Literacy refers to clear understanding and utilization of personal financial decision. Financial literacy is an important adjunct in improving financial inclusion, development and stability. A Financially aware youth is a great asset for our Indian Nation. The extent of Financial literacy in a family will definitely have an impact on the youth from young age. Handling of money and spending habits of parents will have a direct bearing on the youth. Financial Literacy is considered to be a very useful tool to all individuals specially among youth to cope with financial problems. All young people should learn at a very early age with regard to money handling to be confident with financial literacy to manage their personal financial. All school, college students as well as all individual of age group 14 to 25 who are considered to be youth should be taught and make them understand more about financial knowledge to have proper budget planning for their daily expenses. It will help them to identify the wasteful expenses and help them achieve their financial goals. Young people should develop the habit of saving at their early young age to avoid over-indebtedness. The study with regard to financial literacy by Jappelli and Padula (2011) shows that in a two-period model financial literacy and wealth strongly correlates over life-cycle relating to rise and fall until retirement.

II. REVIEW LITERATURE:

- Clarke, Heaton, Israelsen, & Eggett, 2005; Rettig, 1985; - Saving attitude of an individual develops from family particulary from their parents.
- Kretschmer & Pike, 2010; Masche, 2010 , Moore & Bowman, 2006 ;- In their study of adolescent gambling tendencies shows that peers influence plays an important role in developing the financial behavior of a young person's.
- Lyons et al. (2006);- In the workshop for financial education, among all high school and college students who have participated it is found that 77% of them have sought financial help from their parents.
- Lusardi & Mitchell, 2008; Lusardi & Tufano, 2009; Van Rooij, Lusardi, & Alessie, 2011; -Their findings show that the unsatisfied financial outcomes like retirement

ISSN:0971-1260
Vol-22-Issue-4-October-December-2019

planning, stock market etc results in Low level of Financial Knowledge among individuals.

- Lusardi, Mitchell, and Curto (2010);- On Investigation among young people ,there was a low level of financial literacy among elderly people.

III. LIMITATIONS OF THE STUDY

- The study limits to the age group of 14-25years.
- Data is collected among the young employees in Palayamkottai, Tirunelveli district.
- The study focuses on financial literacy level possessed by youth.

IV. OBJECTIVES OF THE STUDY

- To know how far the young people are aware of their money handling.
- To know the financial literacy level of youth, their practices and attitude about financial management.
- To make them understand the importance of Finance, money handling to overcome the difficulties in future and explain the consequences in future without money.

V. METHODOLOGY

This study is based on primary and secondary data.

- ❖ **Primary data:** Questionnaire framed to collect data from youth on random sampling method.
- ❖ **Secondary date**: collected from published and unpublished sources from journals, magazines etc.
- ❖ **Sampling Size**: 65 numbers of respondents from Palayamkottai.

VI. DATA ANALYSIS AND INTERPRETATION

The study on financial literacy among youth was conducted to know their saving skill and their knowledge of handling their personal finance. Data has been collected through questionnaires from 65 respondents in Palayamkottai, Tirunelveli.

Table 1: Gender of the Respondents

Sl. No.	Factor	Frequency	Percent
1	Male	27	41.5
2	Female	38	58.5
	Total	65	100.0

Source: Primary Data.

ISSN:0971-1260
Vol-22-Issue-4-October-December-2019

The table 1 indicates that 41.5% of the total respondents are male and 58.5% are female. The above table reveals that majority of the respondents are female.

Table 2: Saving habits on the basis of Age group

Sl. No.	Factor	Frequency	Percent
1	14-17 years	14	21.5
2	18-20 years	35	53.8
3.	21-25 years	16	24.6
	Total	65	100.0

Source: Primary Data

The table 2 shows that 21.5% of the total respondent belongs to the age group of 14-17 years and 53.8% are between 18-20 years and 24.6% of the respondents are between 21-25 years. So the above table confirms that majority of the respondents who has the saving habits are between the age group of 18-20 years.

Chart 1: showing saving habits on the basis of Age group

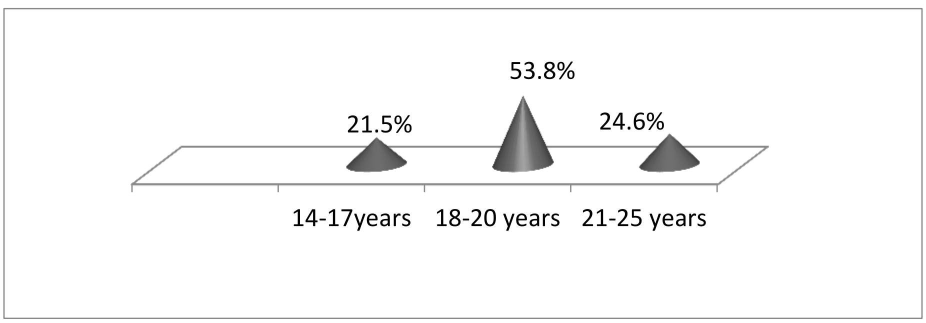

Table 3: Source of Financial Knowledge gained through various factors

Sl. No.	Factor	Weighted Garrett Score	Weighted average Garrett Score	Rank
1	Parents	4811	96.22	I
2	Friends	3843	76.86	III
3	Academic Institutions (College, School, ---)	3765	75.3	V
4	Relatives	3460	69.2	VIII
5	Siblings	3958	79.16	II
6	Media	3558	71.16	VII
7	Internet	3577	71.54	VI
8	Books	3775	75.5	IV
9	Life Experience	3145	62.9	IX
10	Financial Institutions	3122	62.44	X

ISSN:0971-1260
Vol-22-Issue-4-October-December-2019

Source: Primary Data

On the basis of Garret ranking method, the respondents gained financial knowledge from parents scored rank I, from Siblings scored rank II, Friends scored rank III, Books scored rank IV, Academic Institutions ranked V, Internet ranked VI, Media VII, from Relatives ranked VIII, Life experience ranked IX and from Financial Institutions ranked X.

Table 4: Satisfaction level on the various investment factors based on different income group of Respondents

Sl. No.	Factors	Income group			Total
		Low	Middle	High	
1	Post Office Saving Schemes	4.30	3.95	**4.63**	**4.28**
2	Insurance	4.03	3.58	**4.50**	4.02
3	Pension Plans	4.00	3.53	**4.19**	3.91
4	Bank Deposits	**4.57**	3.89	3.19	4.03
5	National Savings Certificates	**4.23**	2.68	3.94	3.71
6	Public Provident Fund	3.23	3.32	**3.63**	3.35
7	Real Estate	**3.23**	3.00	2.44	**2.97**
8	Debentures and Bonds	**3.03**	2.84	2.81	**2.92**
9	Shares	**3.57**	2.63	2.81	3.11
10	Gold and Silver	3.67	**4.47**	2.94	3.72

Source: Primary Data

The table 4 shows the satisfaction level among all investment factors. Post office saving schemes, Insurance, Pension Plans and Public Provident Fund are highly satisfied by the respondents belonging to High Income group as it has the highest mean value of 4.63, 4.50, 4.19 and 3.63 respectively. Bank deposit and National Savings Certificates, Real Estate, Debentures & Bonds and Shares are highly accepted by Low income group level with the highest mean level of 4.57, 4.23, 3.23, 3.03 and 3.57 respectively. Gold and Silver factors are highly satisfied by the Middle income group with highest mean value of 4.47.

But Post Office Saving Schemes is highly preferred among all investment Avenues with mean value of 4.28 and Debentures and bonds and real estate are at dissatisfied level as it has the lowest mean value of 2.92 and 2.97.

Table 5: Proposed Savings Habit

Sl. No.	Factor	Frequency	Percent
1	Strongly Agree	**25**	**38.5**
2	Agree	6	9.2
3	Neither agree nor disagree	2	3.1

ISSN:0971-1260
Vol-22-Issue-4-October-December-2019

4	Disagree	17	26.2
5	Strongly disagree	15	23.1
	Total	65	100.0

The table 5 exhibits that majority of the respondents Strongly Agree to develop savings habit in future once they start earning with the highest percent of 38.5.

Table 6: Awareness of investment scheme based on the age groups

Sl. No.	Factor	14-17 years	18-20 years	21-25 years	Total
1	Bank Fixed Deposits	1.93	2.17	1.75	2.02
2	Real Estate	3.64	1.60	2.50	2.26
3	Post office savings schemes	3.21	2.31	3.06	2.69
4	Insurance and pension plans	3.00	1.97	3.38	2.54
5	National Savings Certificates	2.57	2.83	1.44	2.43
6	Debenture and Bonds	1.93	2.66	3.38	2.68
7	Gold and Silver	3.43	2.40	3.94	3.00
8	Public provident fund	3.43	2.57	3.06	2.88

Source: Primary Data

The table 6 reveals that the Investment Avenue Bank Fixed Deposits is aware by the age group between 18-20 years with highest mean value of 2.17, Real Estate and post office savings schemes by the Age of 14-17 years with highest mean value of 3.64 and 3.21, Insurance and pension plans are well known by the age group of 21-25 years with the mean value of 3.38, National Savings Certificates scheme is well known by 18-20 years with mean value 2.83, Debentures and bonds and Gold & Silver are well known by 3.38 and 3.94 respectively. Public Provident Fund is very well aware by the age 14-17 years with highest mean of 3.43.

HO1 : Chi-Square Test

Table 7: Chi-Square test result on the Association between Age and awareness on various Investment Avenues

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	17.413	8	.026
Likelihood Ratio	18.815	8	.016
Linear-by-Linear Association	.385	1	.535
N of Valid Cases	65		

Statistical Inference:

$\chi 2 = 17.413$: df = 8 ; P = .000< 0.026

ISSN:0971-1260
Vol-22-Issue-4-October-December-2019

*Significant at 5% level

Analysis: It is revealed that the P value is lesser than bench mark level of 0.05 and it is formulated that null hypothesis is rejected.

Discussion: It is concluded that there is an association between the factors Age and the awareness on various investment avenues.

VII. FINDINGS

1. The majority of the respondents are female with 58.5%.
2. The majority of the respondents who has the saving habits are between the age group of 18- 20 years.
3. The respondents gained financial knowledge from parents scored rank I, from Sibilings Scored rank II, Friends scored rank III respectively.
4. Post Office Saving Schemes were highly preferred by High Income group, Bank Deposits mostly preferred by Low income group and Gold and Silver were mostly preferred by Middle income group.
5. The majority of the respondents Strongly Agree to develop savings habit in future once they start earning with the highest percent of 38.5.
6. HO1: There is an association between the factors Age and the awareness on various investment avenues.

VIII. SUGGESTIONS

- As the parents are responsible for the young children's (until they earn themselves) they should encourage saving habits right from the pocket money provided to their children's.
- They should be allowed to open Bank accounts and postal savings account and permitted to operate themselves with minimum amount. So that they will learn to save and handle money themselves.
- Adults and parents should talk to the youngster/Students about the financial concepts with regard to expenses of their future studies etc.
- All teens should be involved in money management/ decision take at home and also

ISSN:0971-1260
Vol-22-Issue-4-October-December-2019

- Hard-work is the best way to learn the value of money. So students should be encouraged to do part-time jobs during holidays to earn and save money from their own earnings.
- All Financial Organizations like Postal services/Banks should conduct awareness programs at schools, colleges and various institutions even in rural areas to improve the financial knowledge to handle personal finance among every youth.
- The youth belonging to families with lower income mostly possess low level of financial literacy. There is a need to teach these people about money handling so that their limited income is put to optimum use. There is a need to provide financial education to these young people at their place of formal education.

IX. CONCLUSION

This study on Financial Literacy focused on the financial literacy level possessed among the youth results that the young people should improve their personal finance knowledge in order to survive in future. The result of this study shows that majority of the respondents showed their interest in savings in future from their earnings and preferred to invest their savings in various investment factor. They have gained financial knowledge from their parents, siblings, friends respectively. Providing Financial education to young age level will definitely improve their skills and knowledge and will make them to take better choices to maintain finance and safeguard them from harmful practices. Financial Literacy is very important for the youth to organize a savings plans, manage and learn how to save their pocket money and make proper investment decision for their future. It is very important as financial markets have been increased very widely and complex. Each and every individual should have proper financial knowledge to choose the financial products and providers. The Best way to help the youth to build a strong financial skill is through age-relevant lessons, practice which are very important as they grow into adults.

REFERENCES

[1] Bharucha, J.P.(2017), Socio-Economic and Demographic Determinants of Indian Youth Financial Literacy: Determinants of Financial Literacy, International Journal of Asian Business and Information Management, Volume 8, Issue 4, pp.15-25.

[2] Clarke, M. D., Heaton, M. B., Israelsen, C. L., & Eggett, D. L. (2005). The acquisition of family financial roles and responsibilities. Family and Consumer Sciences Research Journal, 33, 321–340.

ISSN:0971-1260
Vol-22-Issue-4-October-December-2019

[3] Jappelli, Tullio, and Mario Padula. 2011. Investment in Financial Knowledge and Saving Decisions. CSEF Working Paper 272, University of Salerno.

[4] Kretschmer, T., & Pike, A. (2010). Links between nonshared friendship experiences and adolescent siblings' differences in aspirations. Journal of Adolescence, 33, 101–110.

[5] Lyons, A. C., Scherpf, E., & Roberts, H. (2006). Financial education and communication between parents and children. Journal of Consumer Education, 23, 64–76.

[6] Lusardi, A., &Mitchell, O. S. (2008). Planning and financial literacy: How do women fare? American Economic Review, 98(2), 413–417.

[7] Lusardi, A., & Tufano, P. (2009). Debt literacy, financial experiences, and overindebtedness. CFS Working Paper No. 2009/08.

[8] Lusardi, A., Mitchell, O. S., & Curto, V. (2010). Financial literacy among the young. Journal of Consumer Affairs, 44(2), 358–380.