

A STUDY OF FINANCIAL LITERACY AMONG THE COMMERCE STUDENTS OF UNIVERSITY OF DELHI

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ABSTRACT

The importance of economic literacy among teenagers in India, a country distinguished by its young population, is immense. Given the growing number of young people, it is essential to ensure that students have sufficient financial knowledge and abilities. This is not just an educational requirement, but also a strategic necessity for the country's economic growth and stability. This study investigates the level of financial literacy among Delhi University students in order to assess their awareness, knowledge, and application of financial concepts. The assessment of the students' financial literacy encompasses various factors, including their possession of a bank account, their preferred mode of conducting transactions, and their participation in their family's financial decision-making. The study concludes that the majority of the respondents exhibit a considerable degree of financial literacy. Moreover, the students have a comprehensive understanding of digital payment methods..

KEYWORDS: *Financial Literacy, Financial Knowledge, University Students, Unified Payment Interface.*

Introduction

In an ever-evolving global economy, financial literacy stands as a pivotal skill, essential for personal and societal advancement. Within the context of India, a nation marked by its youthful demographic, the significance of economic literacy among young people can't be overstated. Given the growing number of young people, it is crucial to ensure that students have sufficient financial knowledge and abilities. This is not just an educational necessity, but also a strategic requirement for the country's economic growth and stability. This study investigates the level of financial literacy among students at Delhi University in order to assess their awareness, knowledge, and application of financial concepts. This study strives to discover the knowledge gaps and difficulties students encounter when navigating the complexities of personal finance by looking at the current level of financial education in Indian universities. The user's text is empty. Understanding students' financial perspectives and behaviours is not only vital for their well-being, but it also has significant implications for India's broader economic system. It is crucial to provide the younger generation the necessary financial knowledge as the country embraces new financial products and moves towards a digital economy. With the help of this study, we hope to shed some light on the current financial literacy activities and their efficacy. The study analyse the state of financial literacy among Delhi University students, identify the difficulties they confront.

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Review of Literature

Financial literacy is essential for individuals to make informed and prudent financial choices. It covers a wide range of knowledge and abilities necessary for efficient financial management, including understanding of financial products and services, budgeting, saving, and investing. Multiple studies have been conducted to assess the level of financial literacy demonstrated by students in India.

Xiao et al., 2014 examined the correlation between the financial literacy of college students at an earlier stage and their subsequent financial behaviour. The study categorised financial activity into two categories: risky spending and risky borrowing. Additionally, financial literacy was evaluated through a combination of subjective and objective knowledge assessments. The research was carried at a major state university in the United States, using data collected from a panel of college students at two distinct time intervals. The study suggests that the connection between prior knowledge and subsequent financial behaviours differs depending on the type of knowledge; subjective or objective. It was found that subjective knowledge has a greater influence than objective knowledge on both overall and specific measures of risky borrowing and payment behaviours. Kiliyanni & Sivaraman, 2016 provided a definition of financial literacy as the ability of individuals and households to effectively handle their financial resources. Their study aimed to evaluate the financial literacy levels of Indian students and identify specific areas that require improvement. Based on their research, the majority of students demonstrated a deficiency in fundamental financial knowledge and possessed limited understanding of investments, loans, savings accounts, and budgeting.

As per Jayaraman & Jambunathan, 2018 study financial literacy levels in India were determined to be inferior to those in wealthy nations. Significant gender disparities were seen, with females exhibiting superior performance compared to males, in contrast to the results obtained in industrialised nations. Students who opted for the commerce/economics track of schooling had superior levels of financial literacy compared to students choosing the science stream. The findings indicated that although students possessed advanced numeracy skills, they were unable to apply this information effectively in financial calculations. Parental engagement was also discovered to exert a substantial impact on financial literacy. Interviews with pupils revealed a lack of comprehension of the cultural and macroeconomic consequences of financial literacy. Kozubik et al., 2019 in their study presents the findings of a financial literacy survey conducted among university students majoring in economics-related disciplines of study. The research was carried out using a questionnaire survey method at two institutions, one located in the Slovak Republic and the other in the Czech Republic. The survey encompassed both full-time students and part-time students. According to their research, full-time students exhibit inferior financial literacy compared to part-time students in various domains. Furthermore, the study showed that including a methodical and rational approach is essential in the instruction of financial topics.

Studies on the extent of financial literacy among students in different nations have demonstrated that financial literacy is a growing and significant global issue. The literature examined indicates that financial literacy has an impact on individuals' capacity to make well-informed financial choices and can impede their long-term financial well.

Objective of the Study

The purpose of the study is to assess the degree of financial literacy among the commerce students at Delhi University. The students' financial literacy is evaluated based on several aspects, such as their ownership of a bank account, their preferred method of receiving and making payments, and their involvement in their family's financial decisions.

Research Methodology

The data is gathered using convenience sampling, where the Google Form is distributed via WhatsApp to the commerce students of the University. A questionnaire was distributed to around 500 commerce students from several colleges affiliated with the University of Delhi. However, only 287 students provided a response. Percentage analysis and cross data tabulation are employed for the purpose of data analysis.

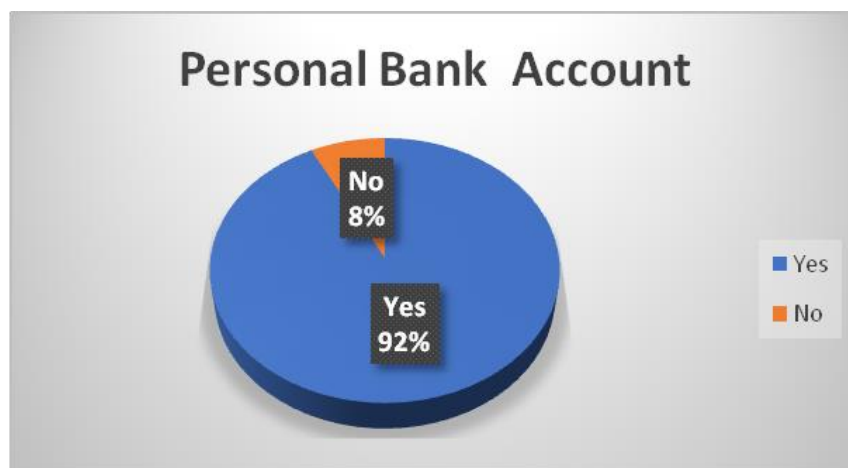
Data Interpretation

The demographic characteristics of the participants are displayed in Table 1. The survey aims to investigate the financial literacy levels of students aged 18 to 25. According to the data presented in Table 1, majority of the students are male. Regarding the age distribution of the respondents, 97 (33.8%) of them were students aged over 20, while 190 (66.2%) were students aged under 20, out of the total number of responses.

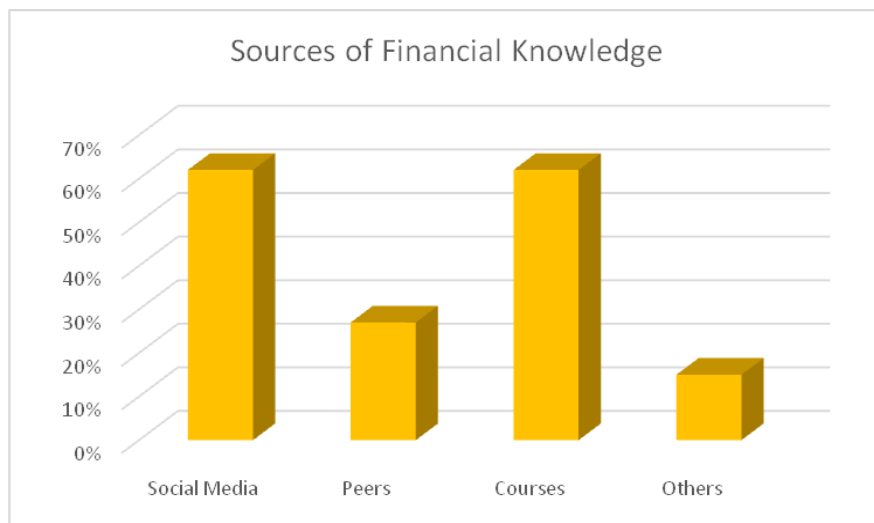
Table 1: Demographic Profile of Respondents

Gender		Frequency	Percentage
	Male		186
Female		101	35.2
Age	Above 20	97	33.8
	Below 20	190	66.2
Level of Education among students	Undergraduate Study	219	76.3
	Postgraduate Study	53	18.5
	Preparing for further Education	15	5.2

Table 1 illustrates that the majority of respondents are the undergraduate students. Some individuals are pursuing postgraduate studies, while a small number are currently preparing for further education.

**Figure 1**

According to Figure 1, 92% of the respondents possess a personal bank account. Only 8% of individuals do not possess a bank account. This suggests that a majority of the population is aware of the significance of having bank accounts, while a minority still need to initiate the process of opening their own accounts.

**Figure 2**

The bar graph depicted in Figure 2 illustrates the primary sources that students prefer to acquire financial knowledge. Evidently, social media is the most favoured method, followed by online and offline courses. The students also select peers (friends, family, instructors) as a resource for financial literacy. In addition, the responders also consider supplement resources such as books and newspapers.

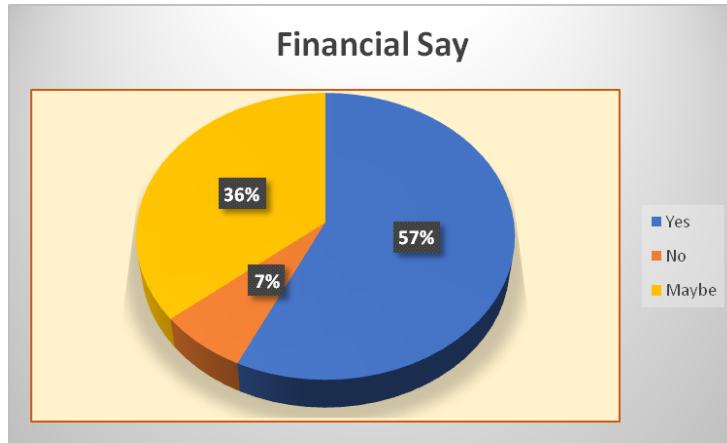


Figure 3

According to Figure 3, when respondents were asked about the extent to which their family considers their financial decisions, 36% of respondents expressed uncertainty over whether their family values their opinions or not. Approximately 57% of the pupils are confident in their ability to influence their family's financial decisions. However, just 7% of students are not included in the decision-making process regarding financial matters. The results of crosstabulation to examine gender bias in financial decision-making, are presented in Table 2.

Table 2

		Gender		Total
		Female	Male	
Finacial_Say	Maybe	48 (48%)	56 (30%)	104
	No	5 (5%)	14 (7%)	19
	Yes	48 (48%)	116 (63%)	164
Total		101	186	287

According to Table 2, a higher proportion of male respondents believe that their family follows their financial advice compared to female respondents. However, the data indicates that almost 50% of female respondents are uncertain about whether their families approve of their financial advices.

Preferred Mode of Paying and Preferred Mode of Receiving

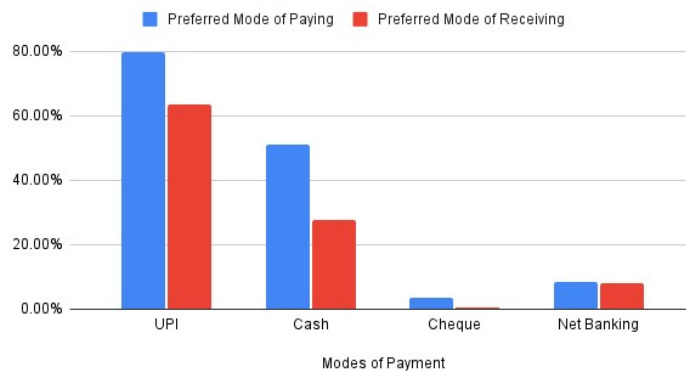


Figure 4

According to Figure 4, college students prefer using the Unified Payment Interface (UPI) as the most convenient and practical option for both receiving and paying money. The alternative choice frequently employed is cash, however respondents indicate a preference for making payments in cash rather for a receipt. Moreover, within the student population, Net Banking and Cheques are infrequently employed methods due to limited accessibility of resources.

Conclusion

The data indicates that most of the respondents possess a high level of financial literacy. Only a small fraction of students do not have their own personal bank account. Social media and courses are the two main sources from where the university students get financial information. As per the National Education Policy 2020, the University has included Financial Literacy as a Skill Enhancement Course at the undergraduate level. This course is not limited to commerce students, but is open to students from all academic streams. Regarding the influence of students on their family's financial decisions, over half of the respondents believe that their opinions are valued by their families. In spite of this, gender bias does persist. The students are fully aware of digital mode of payments. The Unified Payment Interface (UPI) is the most widely used method of transaction among students. Nevertheless, certain segments of the population still prefer doing transactions using physical currency. The study is limited to the replies provided by commerce students exclusively. Expanding the scope of study in the field of financial literacy to include students from different academic disciplines and universities may be a promising avenue for future exploration.

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