A

Project Report

On

"IMPACT OF FINANCIAL LITERACY ON FINANCIAL WELLBEING"

A Report Submitted to

SDJ International College, Palsana

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For,

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Submitted by:

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April 2024

DECLARATION

I, **Mr PULKIT AGARWAL**, hereby declare that the project report entitled ***"IMPACT OF FINANCIAL LITERACY ON FINANCIAL WELL BEING"*** is the original piece of research work carried out by me under the guidance and supervision of **MRS. PRITI VASHI,** Assistant Professor, SDJ International College, affiliated to Veer Narmad South Gujarat University, Surat. I further declare that all the data and information collected through secondary sources are duly acknowledged in the report.

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At this point, when I am about to finish my project work, it is my privileged opportunity to thank all those people for their contribution provided to this research work.

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April 2024 **Pulkit Agarwal**

Palsana

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CHAPTER 1

Introduction

1.1 Introduction

"If you want to be rich, you need to be financially literate" - Robert Kiyosaki

"The number one problem in today's generation and economy is the lack of financial literacy"-Alan Greenspan

Individuals' role in managing their finances has increased in the past due to the reforms and changes in the financial market. This increased role requires understanding about the risk-return nature of available investment opportunities and the ability to select optimally. These skills are collectively known as 'financial literacy Empirical studies and reports of researchers and academicians from all over the world have also pointed out the benefits of financial literacy as a fundamental skill imperative for individuals engaged in financial decision making.. Financial literacy helps in selecting better finance oriented products & services and making better financial planning for attaining financial goals and objectives. Braunstein and Welch (2002) showed that it promotes consumers' participation in the banking and credit system that is beneficial to their financial well being. It expands the financial system and helps individuals in addressing their day to day financial problems (Cohen and Nelson, 2011). It enables consumers' participation and investment in the stock market (Yoong *et al.* 2012). It helps people in making better financial choices, in knowing why long term investments are better and in knowing about complex finance oriented products & services. This will improve overall growth of the country and the life of poor people (Damodaran, 2013). It is also linked to financial resilience, financial fragility, financial system and debt literacy. Therefore, in order to understand and use such complex finance oriented products & services available in financial markets; various authors have suggested developing individuals' financial literacy level.

A move towards financial literacy could be considered as a move towards improving the financial inclusion level and enhancing the financial well being of individuals. It serves as a good signal of the country's economic growth and development. Various financial literacy initiatives have been taken by many countries which focused on enhancing an individual's knowledge and skills about complex financial markets, financial planning and risks & returns associated with the use of finance oriented products & services.

'Consumer Protection and Financial Literacy Project', a global initiative was launched in 2010 by the World Bank with the objective of making financial information simple to comprehend and comparable so that financial services can be used with confidence. In India, 'Project Financial Literacy' was initiated in 2007 by RBI with a goal to provide information with respect to finance oriented products & services, and basic banking concepts to many target groups. However, despite various innovations in the arena of finance and technology for promoting financial literacy and increasing the access to finance oriented products & services provided by banks, individuals are not well developed. VISA (2012) an international study on the financial literacy showed that the financial literacy level is very low in India. India got 23rd rank among the 28 countries survey. According to the Standard and Poor survey (2014), three-fourth of Indians is not financially literate and 76% of selected adults are not comfortable with basic financial plans.Various studies observed that developing countries are facing financial illiteracy and inadequate financial inclusion. Thus, the current study attempts to analyse and understand the financial literacy level and impact of financial literacy on individuals' financial well being level.

1.2 Concept of Financial Literacy

Financial literacy is a complex phenomenon. In simple words, it is the capability to manage money. Broadly, it involves knowledge about financial concepts; the capability to apply it to make informed finance related decisions. John Adams (1787) in US recognised the importance of financial literacy and stressed upon "the need for financial literacy for overcoming the confusion and widespread distress in America that had arisen due to ignorance towards credit, circulation and nature of coin" (Garg and Singh, 2018). Noctor *et al*. (1992) considered, "financial literacy as the decision making ability regarding money management"

1.2.1 Conceptual Definitions

The concept has been defined by many researchers in different ways.

- **Emmons (2005)** defined "Financial literacy as an ability to manage the situation of cash and payments, knowledge about opening a saving account and obtaining a credit, basic understanding of health and life insurance, ability to compare offers and plan for future financial needs".
- **Mandell (2007)** explained, "Financial literacy as the ability to evaluate the new and complex financial instruments and make informed judgments in both choice of instruments and extent of use that would be in their own best long-run interests".
- **Carlin and Robinson (2012)** described, "Financial literacy as the ability to make financial decisions in their own best short and long term interests."
- **Atkinson and Messy (2012)** proposed, "Financial literacy as a combination of awareness, knowledge, skill, attitude and behaviour necessary to make sound financial decisions and ultimately achieve individual financial wellbeing".
- **OECD (2013)**, "Financial literacy is a combination of awareness, skill, attitude, knowledge and behaviour necessary to make sound financial decisions and ultimately achieve individual financial well being"
- **Kapadia (2019)** stated, "Financial literacy is the ability to know, effectively use financial resources and monitor to enhance the well being and economic security of oneself, one's family, and goes beyond the provision of financial information and advice."
- **Remund (2010)** defined, "Financial literacy is a measure of the degree to which one understands key financial concepts and possesses the ability and confidence to manage personal finances through appropriate, short-term decision-making and sound, long-range financial planning, while mindful of life events and changing economic conditions".

1.2.2 Need For Financial Literacy

In today's world, financial literacy has become a global issue. Many achievements and reforms in the Indian financial market like deregulation of the financial market, LPG policy of 1991, availability of complex financial products & services, market innovations, the emergence of the financial sector, technological developments, digitalisation, etc. have put pressure on individuals. Without financial literacy, individuals can't evaluate the financial options available to them. Consequently, they select the wrong financial products & services and ultimately, the financial growth of the economy suffers. A financially literate individual makes proper and efficient use of available financial opportunities and makes correct financial decisions which result in the economic development of an economy. Thus, financial literacy is a very important concept and needed attention. It has gained attention because of the following reasons:

1. Economic Downturn

Financial literacy gained attention because of economic depression in most of the nations in thelast decade. Because of this crisis, all countries started taking interest in financial literacy and financial education.

2. More Financial Responsibilities

Individuals have been encountered with more financial responsibilities like money management, debt management, retirement planning, savings for children's education, etc. In order to manage and encounter such complex responsibilities and decisions, individuals should be financially literate.

3. Wide Variety of Financial Products & Services

Today's consumers and investors are encountered with a variety of financial instruments which leaves them in confusion. These complex financial products & services make financial and investment decision making difficult. In order to make wise decisions, make risk-return analysis, understand aspects of credit management, etc. consumers and investors are needed to be educated about the options available to them.

4. Greater Life Expectancy

Greater life expectancy suggests the need for financial literacy in order to beat inflation, meet medical expenses and maintain financial independence and self-sufficiency.

5. Financial Market Imbalances

There are information imbalances in the financial markets for financial products & services. Sellers like financial institutions, professionals, etc. have an information advantage over the buyers in terms of products' knowledge and understanding. Financial literacy helps in overcoming such information asymmetry in financial markets.

6. Consumer Protection

Consumer protection demands for financial literacy as it makes them aware about risk-return characteristics of financial products & services. It also makes them aware about their legal rights and obligations in using financial products & services. Thus, financial literacy is required so that they can create demand for financial products & services according to their needs and resources.

7. Financial Frauds and Scams

Increase in financial frauds and scams in the market have created need for financial literacy. In order to understand and avoid such frauds and scams individuals must be financially literate.

1.2.3 Advantages of Financial Literacy

Vitt (2004) stated, "Financial literacy plays an essential role in the process of making financial decisions, as it represents a systematic effort aimed at the development of positive knowledge, behavior and attitude."

Some of the arguments in favour of financial literacy are as follows:

- Financial literacy helps individuals in understanding complex financial products & services; making better money management decisions; avoiding frauds; understanding risk-return nature of financial products & services; planning for retirement; evaluating financial policies of the government and understanding financial system and environment of the country.

- Various studies also showed serious consequences of financial illiteracy. Low knowledge about economic concepts makes people to participate in sub optimal financial decisions (Hastings and Mitchell, 2011); less participation in the stock exchange and over indebtedness.

- Financial literacy makes people aware about sources of loan which make them less dependent on expensive debts.

- Financial literacy provides true and simple information regarding finance oriented products & services which helps consumers in comparing and making their buying decisions.

- Financial literacy brings transparency and competency in financial market which ultimately reduces asymmetry and imbalances present between suppliers and clients of finance oriented products & services.

- The level of financial literacy provides insights to government and policy makers about the concerned areas and vulnerable groups of financial literacy that need immediate action. On the basis of financial literacy level, the policymakers can formulate different strategies, programs, policies, etc. according to the need of vulnerable groups.

- Financial literacy promotes savings and investment among individuals which ultimately enhances their financial well being.

- Financially literate individuals play an imperative character in building a strong Gross Domestic Capital Formation that is an important aspect in a country's economic development.

- Financial literacy provides detailed knowledge regarding financial concepts, strategies and education which are crucial for attaining financial growth.

Thus, financial literacy plays significant role in today's complex financial environment. It empowers individuals in handling their finances and enhances their skills. It ensures that financial system is inclusive and individual's financial well being is enhanced.

1.3 Concept of Financial Well Being

Financial well being is a complex, multi-scale and personal concept. The concept has been studied in various subjects like economics, service marketing, consumer behaviour, finance and psychology.

1.3.1 Conceptual Definitions

The concept is in its early stage of development and has been defined by many researchers in different ways.

Hayhoe *et al.* (1990) described, "financial well being as satisfaction feeling of a personwith his financial status".

Porter and Garman (1993) explained, "financial well being as a function of personal characteristics, objective attributes, perceived attributes, and evaluated attributes of the financial domain".

Goldsmith (2000) described "financial well being as financial adequacy and safety of individuals that shields them against risks such as unemployment, illness, bankruptcy, poverty and distress in retirement".

Joo and Grable (2004) stated "financial wellness as a vital state of financial health which is showed by low debt level, active savings and/or retirement plan(s)".

Muleke and Muriithi (2013) explained, “financial well being of an individual as a stateof mind that measures their satisfaction with own financial matters and decisions”.

CFPB (2015) explained it, “a state of being wherein you have control over day-to-day, month-to month finances; have the capacity to absorb financial shock; are on track tomeet your financial goals; and have the financial freedom to make the choices that allow you to enjoy life”.

CFSI (2015) derived, “financial well being as the smooth and effective management of one’s day to day financial life; resilience in the face of inevitable ups and downs; and the capacity to seize opportunities that will lead to future financial security and mobility”.

Bruggen *et al*. (2017) stated, “financial well being as the perception of being able to sustain current and anticipated desired living standards and financial freedom”.

Chapter :- 2

Literature Review

2.1 Introduction

A literature review is a critical analysis and synthesis of existing research literature on a specific topic or research question. It involves identifying, evaluating, and summarizing relevant scholarly articles, books, and other sources to provide a comprehensive understanding of the subject matter.

The purpose of a literature review is to :-

1. **Identify the current state of knowledge**: A literature review helps to determine what is already known about a particular topic, including key concepts, theories, methodologies, and findings.

2. **Evaluate and critique existing research**: It involves assessing the strengths and weaknesses of previous studies, including their methodologies, theoretical frameworks, and empirical evidence.

3. **Identify gaps and inconsistencies:** By examining existing literature, researchers can identify areas where further research is needed or where there are conflicting findings that require clarification.

4. **Provide context for new research**: A literature review helps to situate new research within the broader scholarly conversation, demonstrating how it contributes to existing knowledge and addresses gaps or limitations in previous studies.

2.2 Review of Literature

- **Behrman, J.R., Mitchell, O. S., Soo, C. K., & Bravo, D. (2012).**

This study isolates the causal effects of financial literacy and schooling on wealth accumulation using a new household dataset and an instrumental variables (IV) approach. Financial literacy and schooling attainment are both strongly positively associated with wealth outcomes in linear regression models, whereas the IV estimates reveal even more potent effects of financial literacy.

They also indicate that the schooling effect only becomes positive when interacted with financial literacy. Estimated impacts are substantial enough to imply that investments in financial literacy could have large wealth payoffs.

- **Wagner, Jamie Frances, (2015).**

This study estimates how financial education affects a person's financial literacy score, short-term financial behaviors, and long-term financial behaviors using data from the 2012 National Financial Capability Study (NFCS).The findings suggest that there are benefits to financial education, but the extent of the benefits may depend on the time horizon for changing financial behaviors. These findings will aid financial education programs. Financial education has the most positive relationship with financial literacy and long-term behaviors and a mixed relationship with short-term behaviors. Another key finding from this research is that people with low levels of financial literacy seem to benefit more.

- **Gangwar, Rachna and Singh, Ritvik (2018).**

This study aims to determine characteristics that affect levels of financial literacy in India and the impact of financial literacy on investment behavior. Primary data from 309 respondents across India was collected for the purpose of the study and was analyzed using empirical methods such as ordinary least square (OLS) regression and t-test. It was found that financial literacy among respondents was low and significant differences existed based on sociodemographic and economic factors. Unexpectedly, financial literacy was found to have no effect on investment behavior. To the best of the authors' knowledge, this study is among the first, if not the first, of its kind to be conducted in India. The findings have significant implications for financial education and public policy programs.

- **Jadhav, J. (2020, September).**

A research consists in enhancing better and impactful understanding of individual components of the financial literacy. It is imperative for individuals to be well equipped with the essential financial knowledge and awareness to practice their financial resources in an optimum way. Financial literacy program reach to millions of people need to be re-invented and scaled up to help the conventional supply mechanisms. The study observes the financial literacy of the people by survey developed by the National Institute of Securities Market (NISM). The study will find the level of people about financial literacy with financial attitude, financial behaviour and financial knowledge.

- **Lone, U. M., & Bhat, S. A. (2022).**

The objective of this paper is to explore the impact of financial literacy on financial well-being among the business school faculties. Both the variables (financial literacy and financial well-being) are operationalized as multi-dimensional constructs to undertake the study. Moreover, the paper also endeavored to examine the mediating role of financial self-efficacy between financial literacy and financial well-being. The paper adopts a survey by questionnaire method to gather data from 203 business school faculty members through the simple random sampling (SRS) technique. Confirmatory factor analysis was used for scale validation, and structural equation modeling was used for hypotheses testing. The study found a significantly positive impact of financial literacy as well as its dimensions on financial self-efficacy and financial well-being. It was also found that financial self-efficacy partially mediates the effect of financial literacy on financial well-being.

- **Yakoboski, P. J., & Fuesting, M. (2022, October).**

This report examines financial well-being and financial literacy, and the relationship between the two, among the full-time higher education workforce.This report’s findings are clear that financial well-being among the higher education workforce tends to be better among those with greater financial literacy, highlighting the value of campus programs to improve personal finance knowledge. Debt is a particular point of focus as many individuals report being debt constrained. Savings behavior is also examined, as well as several indicators of financial well-being.

- **Sangeeta, Aggarwal P.K., & Sangal, A. (2022).**

The purpose of this study — is to determine how financial knowledge, attitudes and behaviours (determinants of financial literacy) influence an individual's overall financial well-being. The methodological basis of the study was a survey of 115 respondents, for which a well-structured questionnaire was developed. Smart PLS version 3 software was used to conduct the PLS analysis. The authors applied a multivariate methodology called Structural Equation Modelling (SEM) to integrate characteristics that cannot be seen directly. It is concluded that both financial attitudes and financial behaviour affect financial well-being, with financial behaviour having a greater impact on financial well-being, while financial knowledge does not. The ultimate goal of financial literacy is to increase financial well-being among the population. The results of this study can be used by policy makers, government and educational institutions who should pay more attention to improving the very determinants of financial literacy that affect financial well-being.

- **Bai Roufan. (2023, November 14).**

This study aims to examine the influence of cognitive factors, specifically financial literacy, mental budgeting, and self-control, on subjective financial well being. While there exist multiple determinants of financial well being, this research focuses on these particular cognitive factor.The results indicate that financial literacy, mental budgeting, and self-control exert a favorable and noteworthy influence on an individual's financial well-being. The results indicate that individuals with a greater degree of financial literacy are more prone to achieving superior financial well-being.

- **Rani, M., Siwach, M. (2023).**

The paper aims to understand various concepts and dimensions of financial literacy by using literature-based analysis. The reviews included various parameters, such as the financial literacy of young people, employees, women and college students, and the impact of financial literacy on well-being and investment decisions. Secondary information was gathered from many publications, websites, research papers, and articles. In the context of India, there is still much work to be done in the domain of financial literacy. Numerous studies have revealed low levels of financial literacy among India’s different demographic segments and some studies have revealed moderate levels. Financial literacy is a difficult topic to describe and quantify.

- **Rajesh Mishra, 2023.**

This study is conducted to explore the impact of financial literacy on financial wellbeing of Indian households. Various measures like financial knowledge, financial attitude, and financial behaviour were assessed using survey data of 47,132 Indian households taken from the Financial Inclusion Insights (FII) survey, wave 5, conducted by Intermedia. The results from logistics regression indicate that financial knowledge (objective and subjective), financial attitude and financial behaviour are significant predictor of financial wellbeing. It is evident from the study that both financial attitude and financial behaviour of an individual strongly and positively influence financial wellbeing. Though actual financial knowledge might not influence much financial wellbeing whereas subjective financial knowledge i.e., self-assessed financial knowledge might strongly impact financial wellbeing in case of deviation between actual and self-assessed knowledge. Financial wellbeing significantly varies with age, education, working profile and urban-rural area category while gender attribute does not significantly impact financial wellbeing.

- **Obaid, H. J., Hama, K. N. K., & Yasir, M. H. (2023).**

The aim of this study is to identifying the financial knowledge's role in the achievement of financial satisfaction through financial well-being.The value of the study recommends the needs to increase the awareness and knowledge Financial and conduct future studies could concentrate on concrete, feasible strategies that management might use to enhance workers' financial well-being in line with the recommendations of this study.

Chapter :- 3

Research Methodology

3.1 Introduction

Research methodology refers to the systematic process or approach used by researchers to conduct investigations, gather data, analyze information, and draw conclusions in a structured and organized manner. It involves the principles, techniques, procedures, and tools utilized to design, implement, and evaluate research studies effectively. Research methodology encompasses various elements such as the selection of research design, data collection methods, sampling techniques, data analysis procedures, and interpretation of results. It aims to ensure the reliability, validity, and credibility of research findings by providing a framework for systematic inquiry and rigorous investigation.

3.2 Statement of the problem

In recent years, there has been growing recognition of the importance of financial literacy in promoting individual and household financial well-being. However, despite increased efforts to improve financial education and awareness, many individuals still struggle to manage their finances effectively, leading to various financial challenges and negative outcomes such as debt, financial stress, and inadequate savings. Consequently, there is a need to examine the impact of financial literacy on financial well-being comprehensively.

This study seeks to address the following research questions :-

- What is the level of financial literacy among individuals in the target population?
- How does financial literacy correlate with various aspects of financial well-being, including financial behaviors, financial security, and financial satisfaction?

By investigating these questions, this research aims to contribute to the existing body of knowledge on financial literacy and its implications for individual and household financial well-being. The findings of this study will have significant implications for policymakers, educators, financial institutions, and other stakeholders involved in promoting financial literacy and fostering financial well-being among diverse populations.

3.3 Significance of The Study

The study on the "Impact of Financial Literacy on Financial Well-being" holds significant importance for various stakeholders and for society as a whole due to the following reasons:

- Understanding the relationship between financial literacy and financial well being can empower individuals to make informed financial decisions, leading to improved financial outcomes, reduced financial stress, and enhanced overall well being.

- The findings of this study can inform policymakers and government agencies about the importance of promoting financial literacy initiatives and designing effective policies to improve financial education and awareness. This can contribute to the development of strategies aimed at enhancing financial inclusion and economic stability.

3.4 Objectives of the Study

- To determine the financial literacy level (financial knowledge, financial behaviour and financial attitude) of select individuals.

- To examine the association between age, gender, education, income and other socio demographic variables with the financial literacy level of select individuals.

- To examine the relationship between financial literacy level and financial well being of selected individuals.

3.5 Variables of the study

1. Independent Variable:

Financial Literacy: This variable represents the level of knowledge, understanding, and competency individuals possess regarding financial concepts and principles. It will be measured using a validated financial literacy assessment tool, which may include questions on topics such as budgeting, saving, investing, debt management, and financial planning.

2. Dependent Variables:

Financial Behaviors: This variable refers to the actions and decisions individuals take regarding their finances, including budgeting, saving habits, investment choices, debt management, and spending patterns.

Financial Security: This variable represents the extent to which individuals feel secure and confident in their financial situation, including their ability to meet financial obligations, handle unexpected expenses, and plan for the future.

Financial Satisfaction: This variable reflects individuals' subjective feelings of contentment and fulfillment with their financial circumstances, including their level of satisfaction with their current financial status, income level, and financial achievements.

Overall Financial Well-being: This variable encompasses a comprehensive assessment of individuals' financial health and overall sense of financial well-being, taking into account multiple dimensions such as financial behaviors, financial security, and financial satisfaction.

3. Control Variables:

Demographic Variables: These include factors such as age, gender, marital status, education level, employment status, household income, and geographic location, which may influence both financial literacy and financial well-being.

Socioeconomic Variables: These include factors such as socioeconomic status, household size, household composition, and access to financial resources, which may also impact individuals' financial literacy and financial well-being.

These variables will be systematically measured and analyzed to investigate the relationship between financial literacy and financial well being, while controlling for relevant demographic and socioeconomic factors.

3.6 Unit of the study

The unit of study refers to the entities or individuals that are the focus of the research.

The unit of study in these research is typically individuals or households. These individuals or households will be surveyed to collect data on their financial literacy, financial behaviors, financial security, financial satisfaction, and overall financial well being. The data collected from these units will then be analyzed to understand the relationships between financial literacy and financial outcomes.

3.7 Sampling Technique

Convenience sampling technique was used to carry out the present study.Convenience sampling involves selecting individuals or households who are easily accessible or readily available to participate in the study. While this method is convenient and cost-effective, it may introduce selection bias since the sample may not be representative of the entire population.

3.8 Source of Data

Current study is largely based on primary data. Primary data refers to original data collected firsthand by researchers specifically for their own research purposes. This data is gathered directly from the source through methods such as surveys, interviews, observations, or experiments.

3.9 Data Collection Method

The data is collected through online surveys. Surveys involve administering structured questionnaires to individuals or households to collect data on their financial literacy, financial behaviors, financial security, financial satisfaction, and overall financial well being.

3.10 Data Collection Instrument

Structured questionnaire has been used to collect primary data. Through google forms an electronic version of questionnaire was created. Electronic version was sent to 103 individuals through whatsapp group.

3.11 Limitations of The Study

Sampling Bias: The study's findings may be affected by sampling bias if the sample is not representative of the broader population. For example, if participants with higher levels of financial literacy are more likely to participate in the study, the results may overestimate the relationship between financial literacy and financial well being.

Self-Report Bias: The study relies on self-reported data, which may be subject to bias and inaccuracies. Participants may provide socially desirable responses or overstate their financial literacy or well being, leading to measurement error and potential distortions in the findings.

Measurement Errors: The measurement of financial literacy, financial behaviors, and financial well being may be prone to errors and inconsistencies. The use of self-reported measures or subjective assessments may introduce measurement error and reduce the validity and reliability of the findings.

Response Rate: A low response rate or non-response bias could undermine the representatives and validity of the study's findings. If certain groups of individuals are more likely to participate or if non-respondents differ systematically from respondents, the results may not accurately reflect the population of interest.

Chapter :- 4

Data Analysis

1. Education Qualification :-

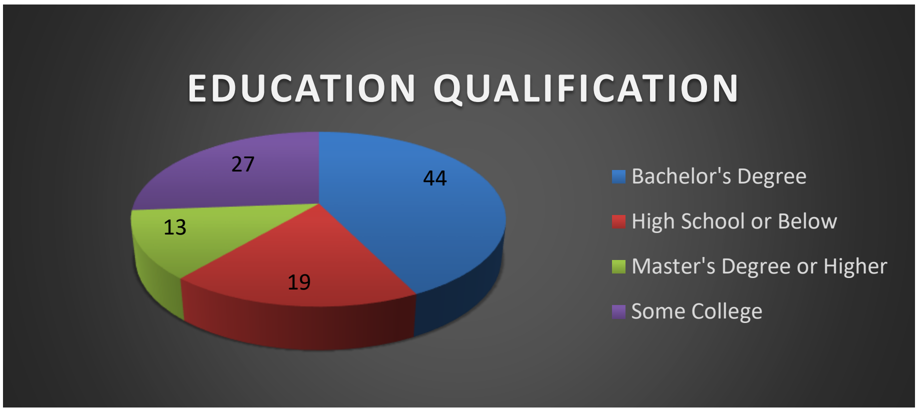

Figure 1 - Education Qualification

The dataset consists of 103 individuals, each categorized into one of four educational levels: bachelor's degree, high school diploma, master's degree, or other. The most common educational attainment among these individuals is a bachelor's degree, with a 44 individuals. Following closely behind, about 19 individuals hold a high school diploma. 13 individuals have achieved a master's degree. Notably, the remaining category labeled "other" encompasses around 27 individuals. This diverse category highlights a range of educational backgrounds beyond the traditional bachelor's, high school, or master's degrees among the individuals surveyed.

2. Employment Status :-

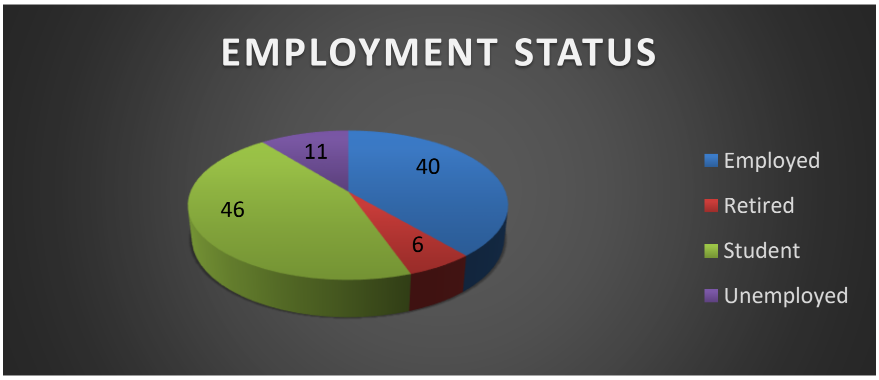

Figure 2

The graph shows how many people are working, retired, studying, or looking for work. About 38 people have jobs . Around 6 people are retired . The biggest group, about 46 people are students focused on learning for their future jobs. Lastly, roughly 11 people (11%) are unemployed and currently looking for work. Each group adds to the variety of employment situations in the dataset.

3. How confident are you in your ability to effectively manage your finances?

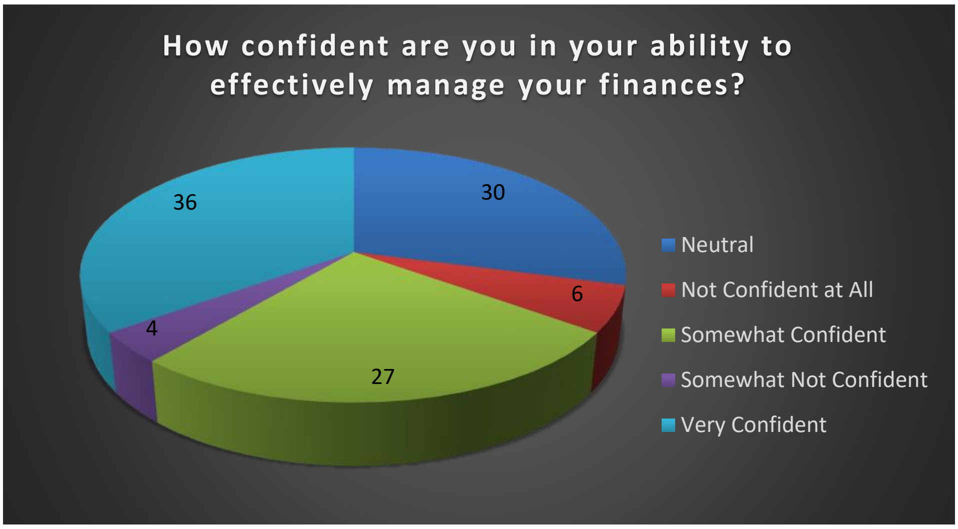

Figure 3

We asked people about their confidence in managing their money effectively. Here's what they said: 30 people felt neutral about it, 6 people were not confident at all, 27 people were somewhat confident, 4 people were somewhat not confident, and 36 people were very confident. That means about 29% of the group felt neutral, 6% were not confident at all, 26% were somewhat confident, 4% were somewhat not confident, and 35% were very confident in managing their finances.

4. Do you understand basic financial concepts such as interest rates, inflation, and compound interest?

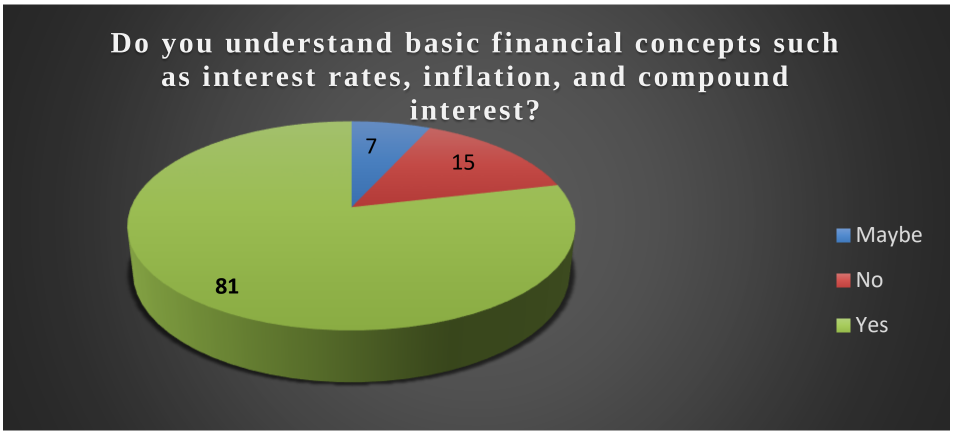

Figure 4

In the above among the 103 respondents, the breakdown of responses was as follows: 7 individuals indicated uncertainty with a "maybe," 15 respondents confessed to not understanding these concepts with a definitive "no," while a significant majority of 81 participants confidently affirmed their comprehension with a "yes." This distribution showcases a spectrum of understanding within our group, with approximately 7% expressing ambiguity, 15% acknowledging a lack of understanding, and an overwhelming 79% demonstrating confidence in their grasp of financial fundamentals.

5. Have you received any formal education or training in personal finance or financial management?

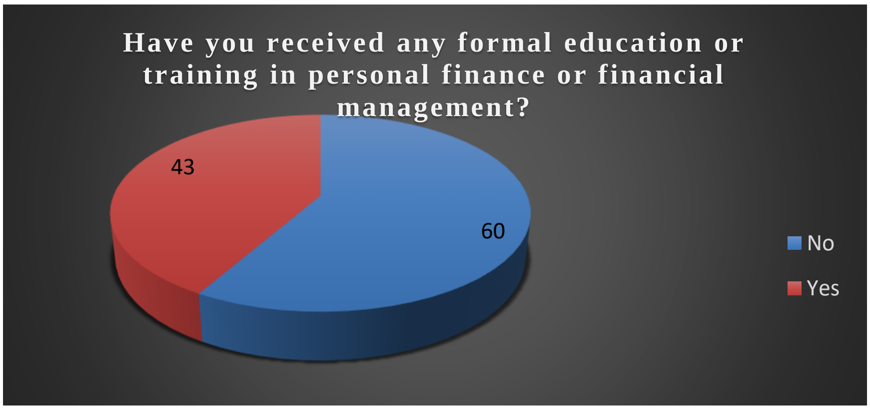

Figure 5

In analyzing the responses to the question "Have you received any formal education or training in personal finance or financial management?" with 43 respondents answering "Yes" and 60 respondents answering "No," it was found that approximately 42% of respondents have received formal education or training in personal finance, while nearly 58% have not.

6. How often do you engage in financial planning activities, such as budgeting and setting financial goals?

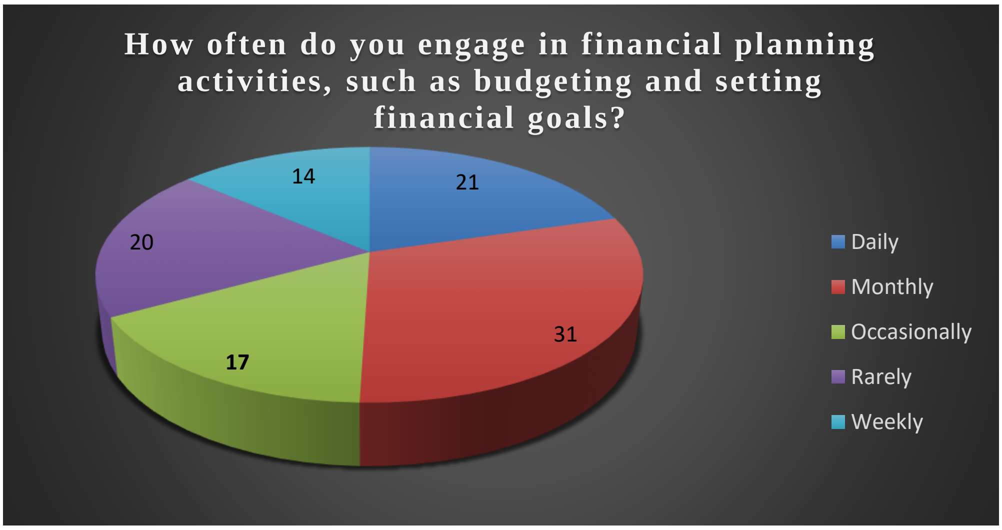

Figure 6

Upon analyzing responses to the question "How often do you engage in financial planning activities, such as budgeting and setting financial goals?" with a total of 103 respondents. The majority, comprising 31 individuals, prefer to engage in financial planning activities monthly, followed by daily planners, with 21 respondents indicating this frequency. Additionally 17 respondents engage in financial planning activities occasionally. Notably, fewer respondents reported engaging in financial planning activities rarely, with approximately 20 individuals, or weekly, with 14 individuals.

7. **How would you rate your knowledge and understanding of investment options and strategies?**

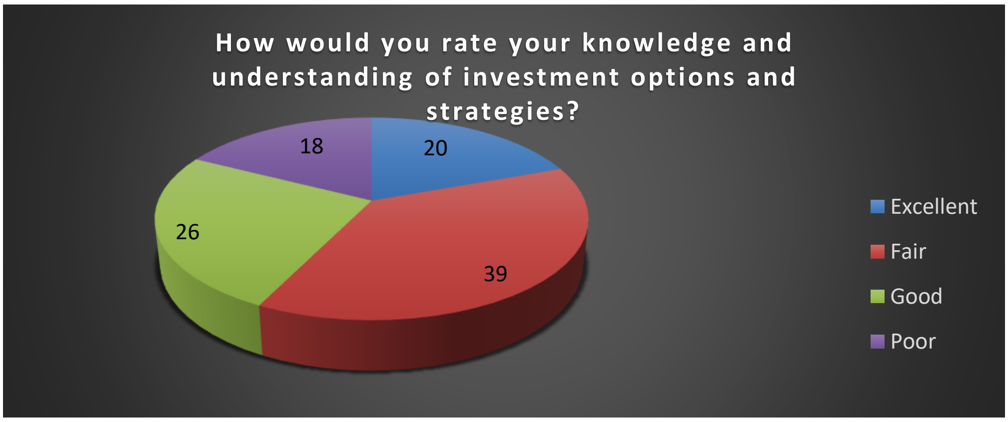

Figure 7

In the above graph out of 103 respondents, 20 said excellent, 39 said fair, 26 said good, and 18 said poor. That means about 19% rated their knowledge as excellent, 38% as fair, 25% as good, and 17% as poor. The most common rating was fair. This shows that while some feel confident in their investment knowledge, many think they have an average understanding. Understanding these ratings can help us focus on areas where people might need more help or education about investments.

8. **How frequently do you track your income and expenses?**

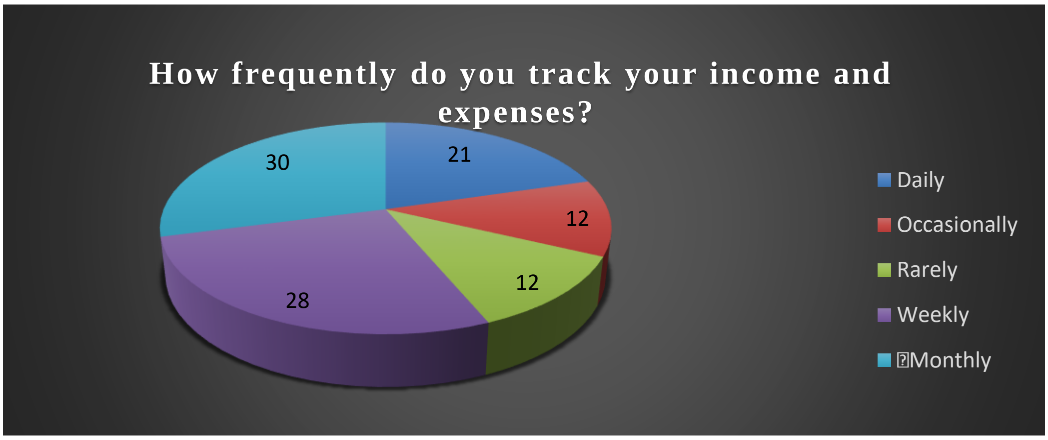

Figure 8

Upon analyzing responses to the question "How frequently do you track your income and expenses?" with a total of 103 respondents. The majority, comprising 30 individuals, prefer to track on a monthly basis, closely followed by weekly trackers, with 28 respondents indicating this preference. A notable portion of respondents also engage in daily tracking, with 21 individuals, indicating a recognition of the importance of closely monitoring finances. However, occasional and rare tracking are less common, with 12 individuals each reporting these frequencies.

9. Do you have a regular savings habit, where you set aside a portion of your income for future needs?

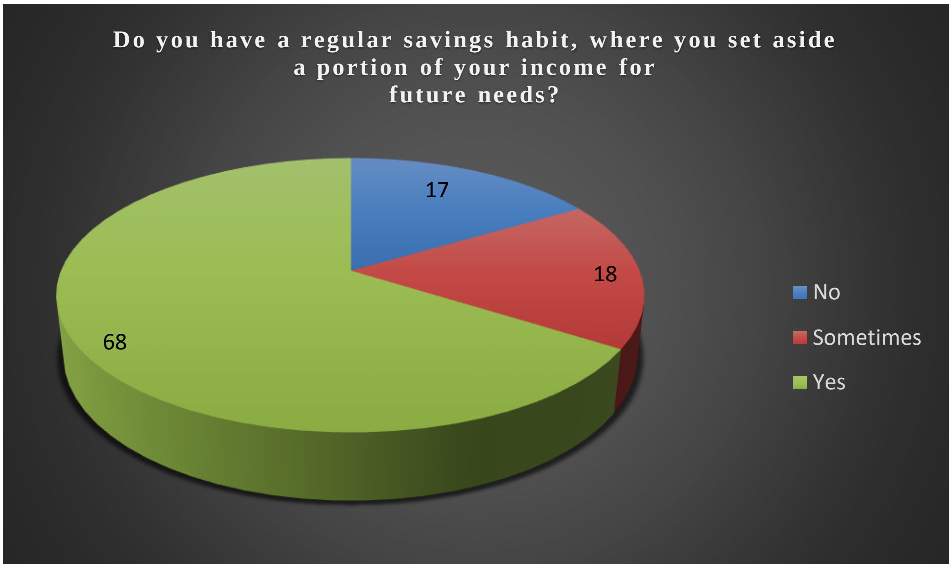

Figure 9

In the above graph out of 103 respondents, 18 said sometimes, 17 said no, and 68 said yes. That means about 17% of the group saves sometimes, 16% don't save regularly, and 65% have a regular savings habit. Most people seem to save money regularly, which is good for their future financial needs.

10. Have you ever invested in stocks, bonds, mutual funds, or other financial instruments?

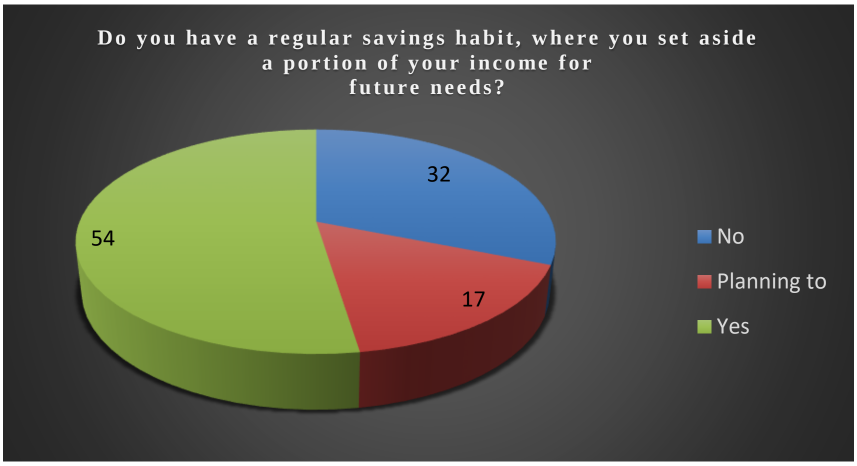

Figure 10

From the above chart out of 103 respondents, 17 said they're planning to, 32 said no, and 54 said yes. That means about 17% of the group is planning to invest, 31% haven't invested yet, and 52% have already invested. Most people in the group have invested in financial instruments, indicating a significant level of participation in the investment market.

11. How often do you use credit cards or borrow money to finance purchases?

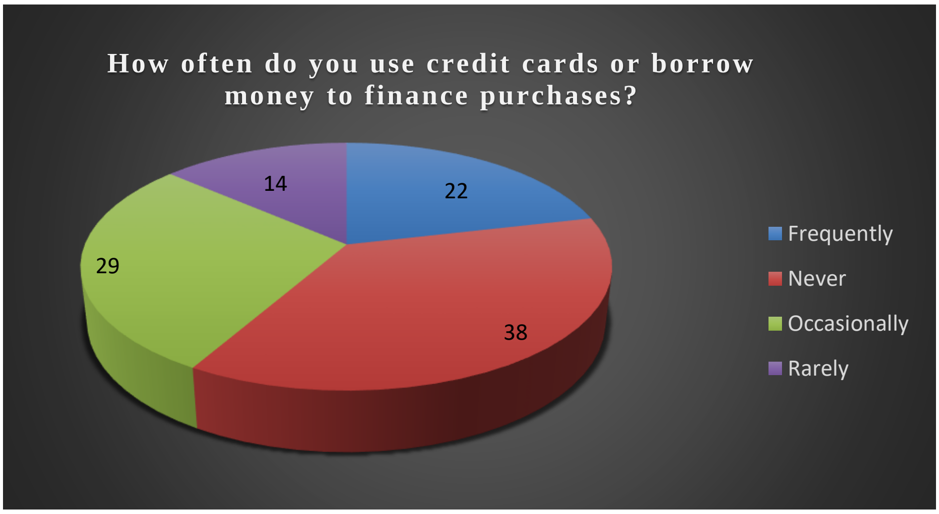

Figure 11

Upon analyzing responses to the question "How often do you use credit cards or borrow money to finance purchases?" with a total of 103 respondents. The majority, comprising 38 individuals, reported never using credit cards or borrowing money for purchases. Among those who do use credit cards or borrow, occasional usage is the most common, with 29 respondents indicating this. This is followed by frequent usage, with 22 individuals, and rare usage, with 14 individuals.

12. Do you have a plan in place to repay any outstanding debts or loans?

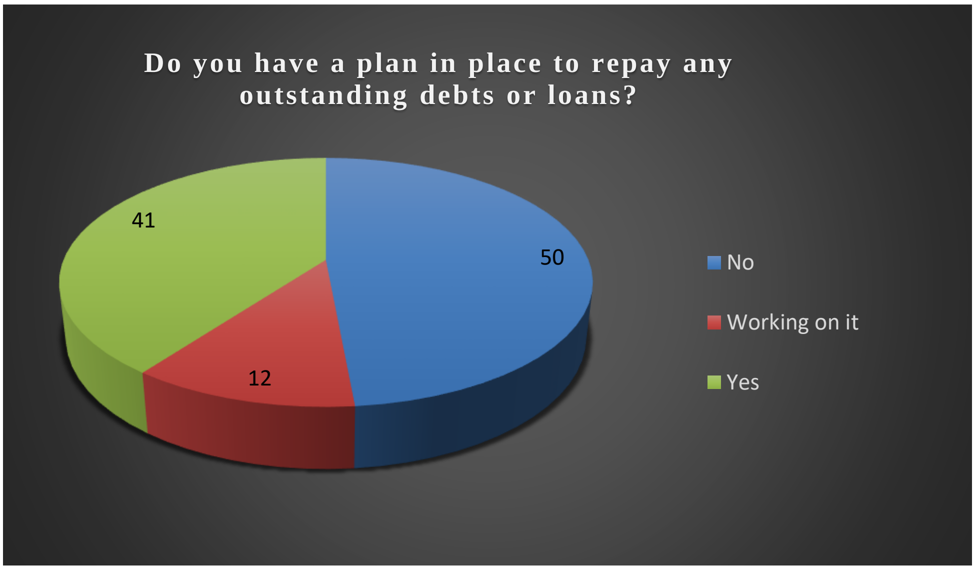

Figure 12

From the above chart out of 103 respondents, 12 said they're working on it, 50 said no, and 41 said yes. That means about 12% of the group is actively working on a plan, 48% haven't made a plan yet, and 40% already have a plan in place. The most common response was "No," indicating that many people haven't developed a strategy to repay their debt.

13. How confident are you in your ability to handle unexpected financial emergencies or expenses?

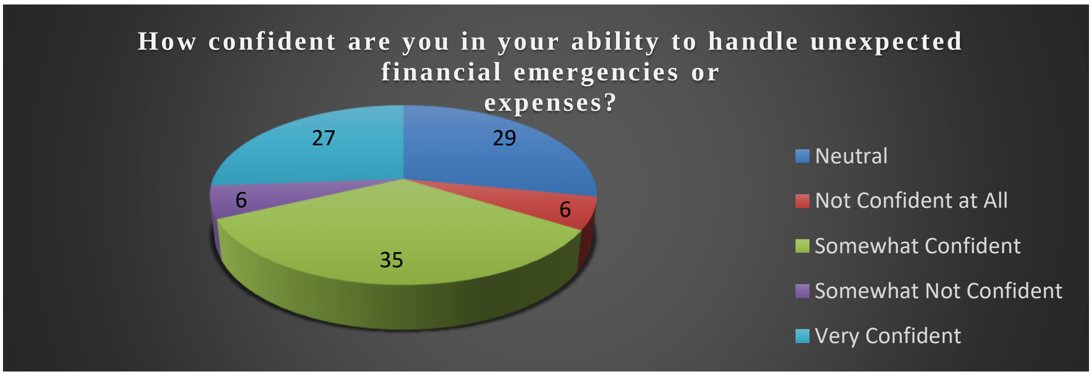

Figure 13

Upon analyzing responses to the question "How confident are you in your ability to handle unexpected financial emergencies or expenses?" with a total of 103 respondents. The majority, totaling 35 individuals, feel somewhat confident, while about 29 respondents express a neutral stance about their ability to manage such situations. A notable portion, comprising around 27 individuals, also express feeling very confident. However, a smaller percentage, consisting of 6 individuals each, feel somewhat not confident or not confident at all.

14. Do you have adequate savings or insurance coverage to protect against unforeseen events such as job loss or medical expenses?

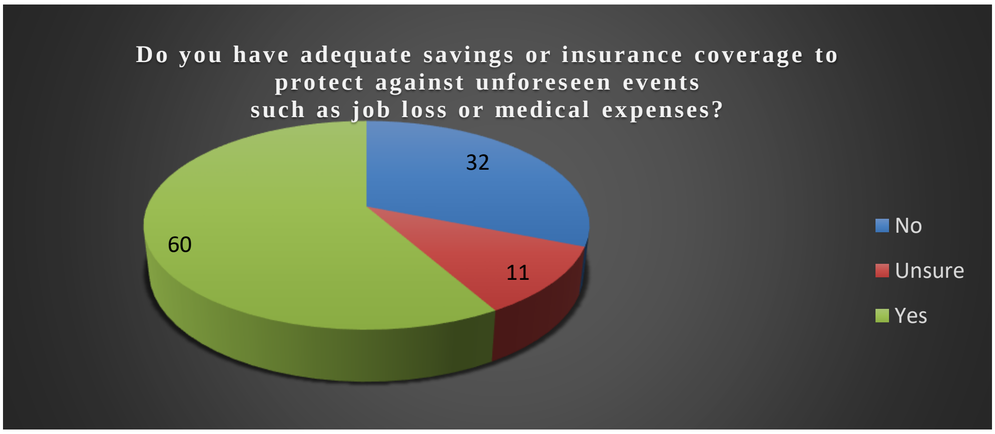

Figure 14

From the above graph out of 103 respondents, 11 said they're unsure, 32 said no, and 60 said yes. That means about 11% of the group isn't sure, 31% don't have enough coverage, and 58% feel they're adequately protected. The most common response was "Yes," showing that many people in the group feel they have sufficient financial safety nets in place.

15. Are you currently saving for retirement or future financial goals?

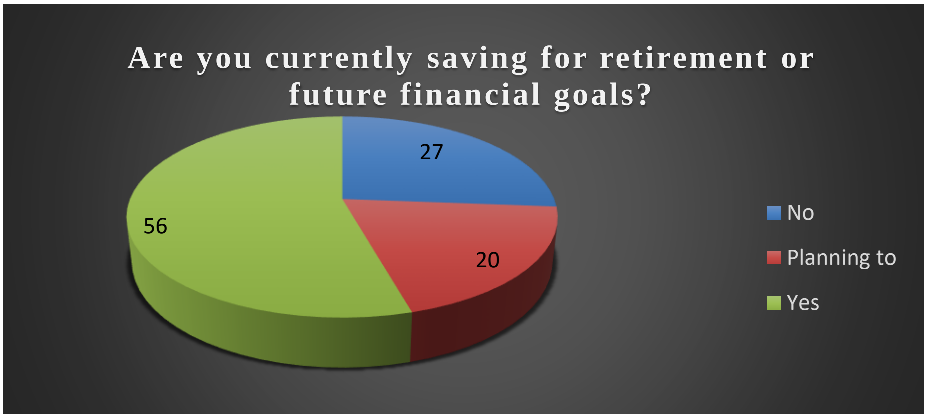

Figure 15

From the above graph out of 103 respondents, 20 said they're planning to, 27 said no, and 56 said yes. That means about 20% of the group is planning to save, 26% aren't saving yet, and 54% are already saving. The most common response was "Yes," showing that a majority of people in the group are actively saving for their future financial security.

16. How would you rate your level of financial stability and security compared to others in your age group or income bracket?

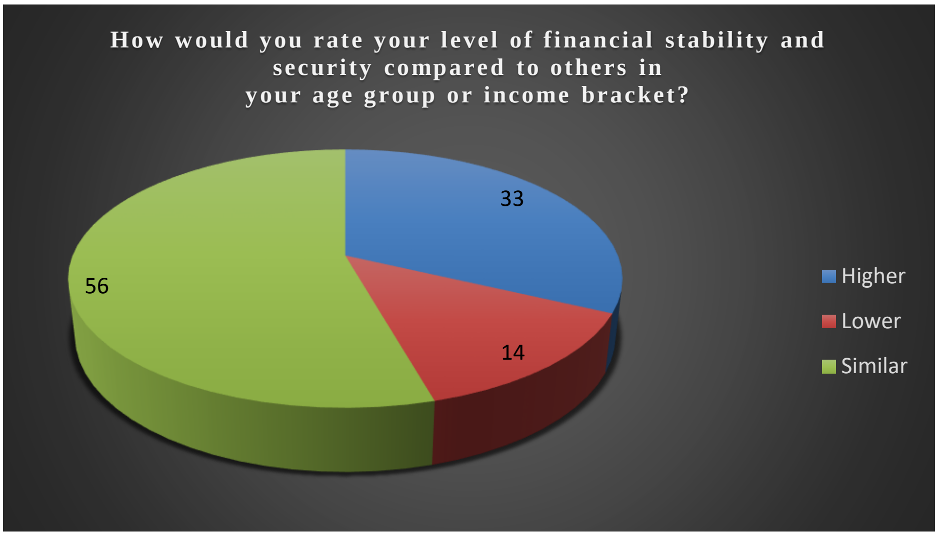

Figure 16

In the above chart, based on responses from 103 respondents, it was discovered that the majority, comprising about 56 individuals, felt their financial situation was similar to their peers'. About 33 respondents reported feeling more financially stable compared to others, while approximately 14 individuals felt less secure financially. These findings indicate a range of perceptions regarding financial stability among respondents, with some feeling confident, others feeling less secure, and the majority perceiving their situation as comparable to their peers.

17. Do you worry about your financial situation and future financial prospects?

Figure 17

When examining responses to the question, it becomes evident that a considerable majority of respondents, accounting for approximately 73 individuals out of 103, express concerns about their financial situation and future financial prospects. Specifically, 36 respondents indicate that they worry sometimes, while 37 admit to worrying often. Conversely, about 30 individuals, approximately 29% of respondents, report rarely or never worrying about their financial situation, with 21 stating they rarely worry and 9 indicating they never do.

18. Overall, how satisfied are you with your current financial situation?

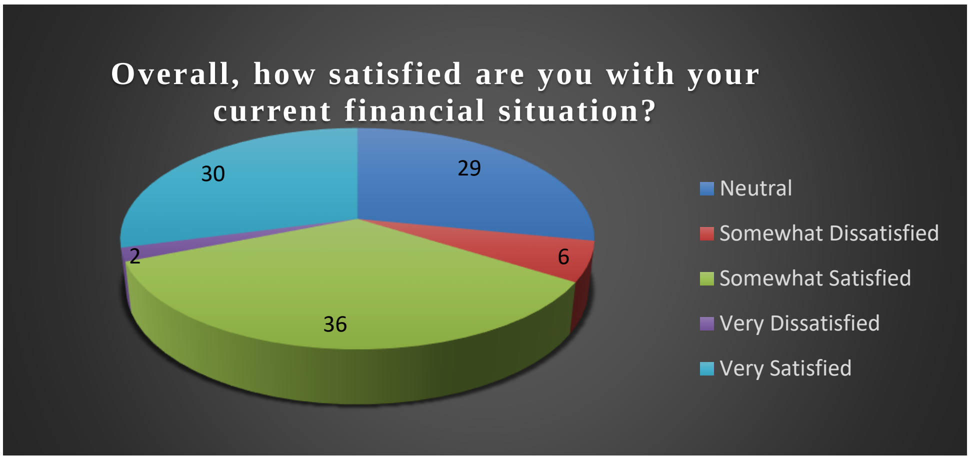

Figure 18

In the provided chart, out of a total of 103 respondents. Many of the respondents, totalling 66 individuals, expressed satisfaction with their current financial situation. Among them, 36 reported feeling somewhat satisfied, while about 30 felt very satisfied. However, there were also some who indicated varying degrees of dissatisfaction, with 6 feeling somewhat dissatisfied and only about 2 feeling very dissatisfied and about 30 felt neutral.

19. Are you able to meet your financial obligations and cover your expenses comfortably?

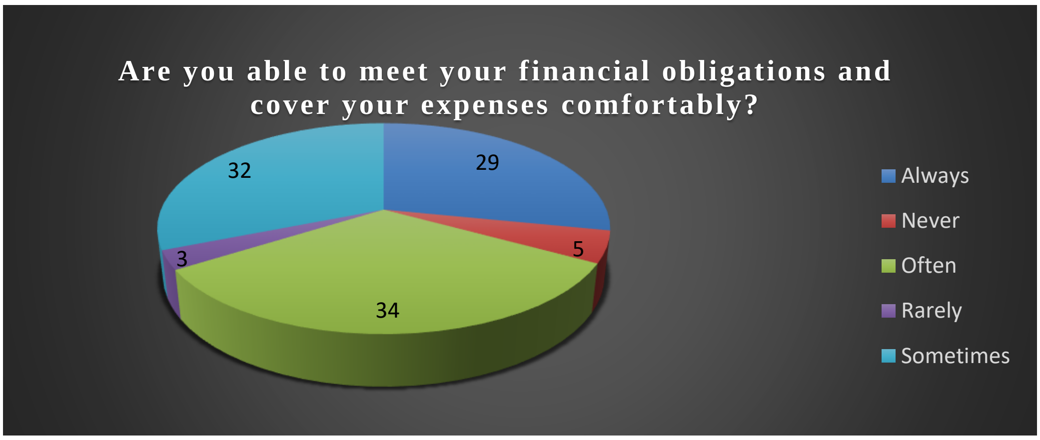

Figure 19

Out of 103 respondents in the chart. A combined total of 63 individuals indicated a level of comfort in meeting their financial obligations, with 29 stating they always feel comfortable covering their expenses, and 34 reporting that they often can do so. However, a significant portion, comprising 36 individuals, expressed occasional difficulty in meeting financial obligations. Among them, around 32 stated they sometimes struggle, while about 5 reported never being able to cover their expenses comfortably.

20. How would you rate your level of financial happiness and contentment?

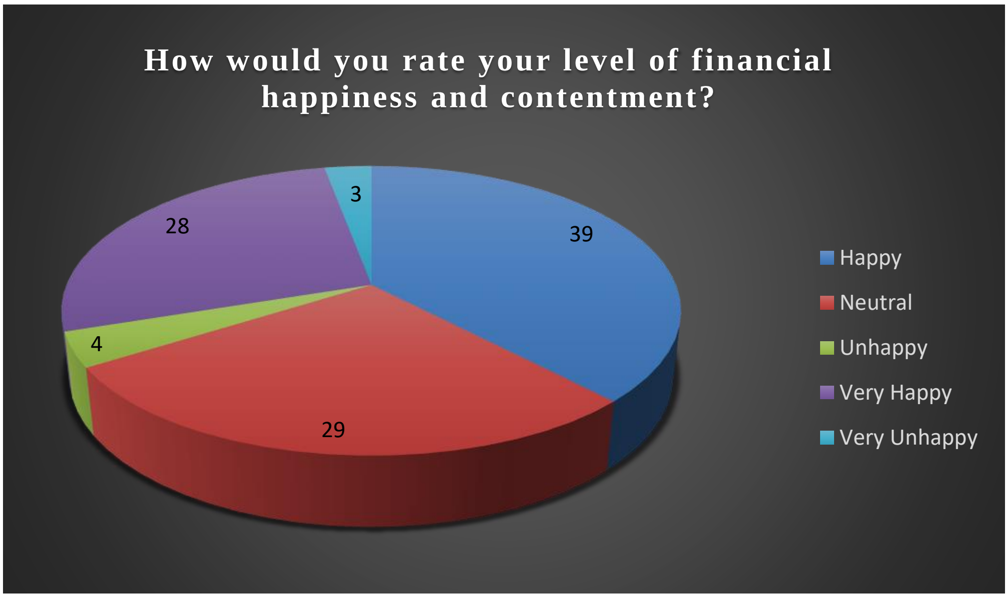

Figure 20

In the above chart out of 103respondents 67 respondents which comprising about 65% of the total, reported feeling either happy or very happy with their financial situation and level of contentment. Specifically, 28 stated they were happy, 39 reported feeling very happy. On the other hand, around 33 expressed feelings of neutrality or unhappiness, with 29 feeling neutral, 4 feeling unhappy, and 3 feeling very unhappy.

21. Do you feel that you have achieved your financial goals and aspirations?

Figure 21

In the provided chart, based on responses from 103 respondents. 43 individuals stated that they feel they have achieved their financial goals. About 36 respondents reported feeling that they have not achieved their financial goals. Additionally 24 individuals stated that they have partially achieved their financial goals.

22. On a scale of 1 to 10, how would you rate your overall financial well being?

Figure 22

In the above chart responses varied across the scale, reflecting diverse perceptions of overall financial well-being among 103 respondents. 64 of the respondents rated their financial well-being between scale 5 to scale 8, indicating a moderate to high level of satisfaction. Conversely, 31 of respondents rated their financial well-being below scale 5, indicating lower levels of satisfaction. The highest number of respondents 19 rated their financial well-being as scale 10, indicating the highest level of satisfaction, while the lowest number of respondents 4 rated their financial well-being as scale 1 or scale 9.

23. How do you perceive your financial situation compared to a year ago?

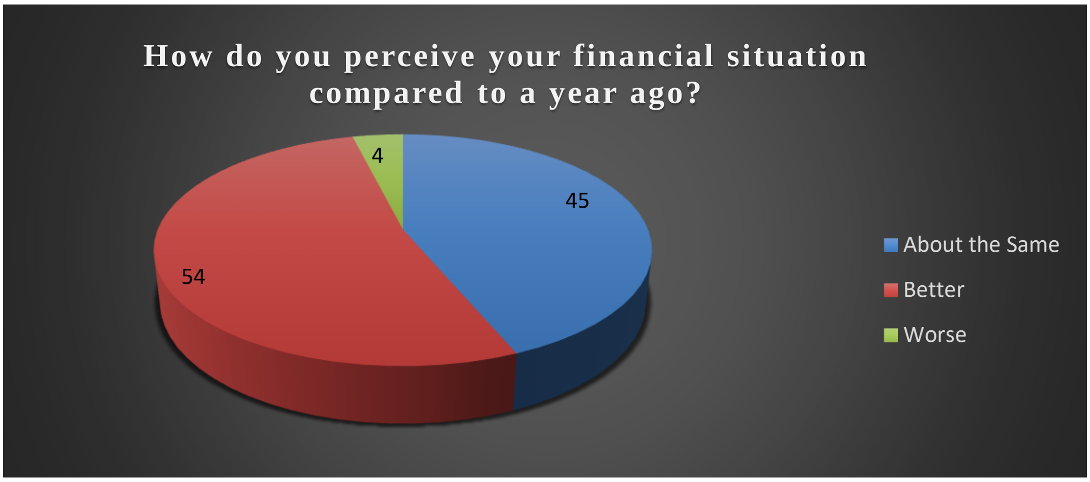

Figure 23

In the provided chart, which surveyed 103 respondents. The majority of respondents, approximately 54 individuals, reported that their financial situation is better now compared to a year ago. About 45 respondents mentioned that their financial situation remains the same as it was a year ago, indicating stability for a considerable segment of the respondents. However, a smaller group, comprising 4 individuals, expressed that their financial situation has worsened over the past year.

24. Are you optimistic about your financial future and prospects for achieving financial success?

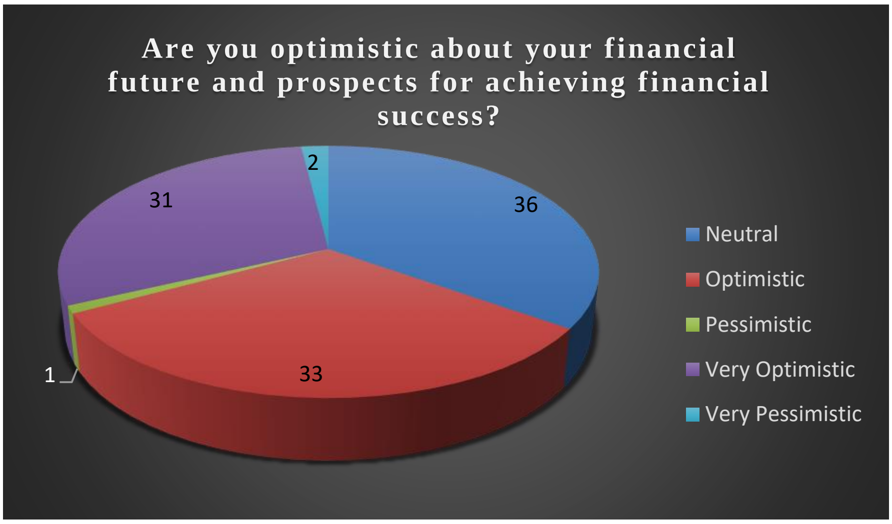

Figure 24

In the provided chart, out of a total of 103 respondents, 64 express optimism or very optimism about their financial future and prospects for achieving financial success. Conversely, a smaller group of about 3 respondents express feelings of pessimism or very pessimism about their financial future. Despite this, 36 respondents feel either neutral about their financial prospects. These numbers reflect the sentiments of the surveyed individuals towards their financial outlook, with a majority leaning towards optimism, a minority expressing pessimism, and a significant portion feeling neutral or positive.

Findings :-

- The dataset of 103 individuals reveals that approximately 43% hold a bachelor's degree, 18% possess a high school diploma, 13% have a master's degree, and 26% fall under the category of "other," showcasing diverse educational backgrounds.
- In the graph, approximately 39% are employed, 6% are retired, 45% are students, and 11% are unemployed, indicating diverse job statuses within the group.
- Among respondents: 29% felt neutral, 6% were not confident at all, 26% were somewhat confident, 4% were somewhat not confident, and 35% were very confident in managing their finances.
- Among 103 respondents, 7 expressed uncertainty, 15 admitted to not understanding financial concepts, while 81 confidently affirmed their comprehension, showcasing varied understanding: 7% uncertain, 15% lack understanding, and 79% demonstrate confidence in financial fundamentals.
- Approximately 42% of respondents have received formal education or training in personal finance, while nearly 58% have not, based on 103 total respondents' answers. These findings suggest that a significant portion of the surveyed individuals have not received formal education or training in personal finance.
- The majority of respondents prefer monthly engagement in financial planning activities 30.10%.This indicates a common preference for monthly financial review and goal setting.
- The majority of respondents prefer to track their income and expenses on a monthly basis 29.13%.This suggests a regular monitoring habits among respondents.
- The majority of respondents prefer to track their income and expenses on a monthly basis 29.13%.This suggests a prevalence of regular monitoring habits among respondents.
- Most respondents 65% have a regular habit of saving money. However, a notable portion save only sometimes 17% or don't save regularly 16%.
- A majority of respondents 52% have already invested in financial instrument . About 17% are planning to invest in the future. Opportunities exist to support those who haven't yet invested in understanding investment options.

- The majority of respondents 36.89%reported never using credit cards or borrowing money for purchases. Occasional usage is the most common 28.16%.Indicates a cautious approach to financing purchases among respondents.
- A significant portion of respondents 48% haven't made a plan for debt repayment yet 12% are actively working on a plan.
- The majority of respondents feel somewhat confident 34% or neutral 28% about handling unexpected financial emergencies.5.83% feel not confident at all.
- A majority of respondents 58% feel they're adequately protected against unexpected events.11% are unsure and 31% don't have enough coverage. Emphasizes the importance of financial preparedness for unforeseen circumstances.
- A majority of respondents (54%) are actively saving for retirement or future financial goals.26% aren't saving yet.
- About 54% of respondents feel their financial situation is similar to their peers.32% feel more financially stable compared to others.
- A significant majority of respondents (71%) express concerns about their financial situation.35.92% admit to worrying often.Indicates prevalent financial concerns among respondents.
- Approximately 63% of respondents are satisfied with their current financial situation. Understanding dissatisfaction among a smaller portion.
- A combined total of 61.24% of respondents stated they can meet their financial obligations always or often. Indicates generally stable financial situations for most respondents.
- Approximately 65% of respondents reported feeling happy or very happy with their financial situation.
- About 42% of respondents feel they have achieved their financial goals.35% feel they have not achieved their financial goals.
- Approximately half of respondents rated their financial well-being between scale 5 to scale 8.
- About 52% of respondents perceive their financial situation as better compared to a year ago. Highlights perceived improvements in financial situations.
- A significant majority of respondents 64% express optimism about their financial future. Indicates a prevailing positive outlook among surveyed individuals.

Conclusion :-

Based on the comprehensive analysis of various financial aspects obtained from the data, it's evident that financial literacy plays a crucial role in shaping individuals' financial well-being. The data highlights many factors, including income, education level, employment status, savings habits, investment knowledge, and perceptions of financial stability, which collectively contribute to overall financial well being.

The data reveals how demographic factors like age, gender, and education level intersect with financial literacy. Younger individuals may have different financial priorities, such as education expenses or starting their careers, compared to older individuals who may focus more on retirement planning. Similarly, educational attainment can influence financial knowledge and decision-making.

There's a range of financial knowledge and confidence levels among respondents. While some feel well-equipped to manage their finances and understand concepts like investments and debt, others may lack confidence in these areas. Targeted financial education programs can address these gaps and empower individuals to make informed decisions.

The data highlights various financial behaviors and habits, such as savings, investment, budgeting, and debt management. Some respondents demonstrate positive habits like regular savings and proactive debt repayment, while others may struggle with financial planning or emergency preparedness. Encouraging good financial habits through education and support can lead to better long-term financial outcomes.

Perceptions of financial well-being vary among respondents. While many feel satisfied and optimistic about their financial future, others express concerns or dissatisfaction. Understanding these perceptions can provide insights into underlying challenges, such as income disparities or economic uncertainties, and inform strategies to promote greater financial security and well-being for all individuals.

Overall, the findings underscore the significance of financial literacy as a key determinant of financial well-being. Enhancing financial literacy through targeted education initiatives, accessible resources, and supportive environments can empower individuals to make informed financial decisions, build financial resilience, and achieve their financial goals. By investing in financial education and promoting financial literacy at all levels, policymakers, educators, and financial institutions can contribute to improving financial well-being and fostering economic prosperity for individuals and communities alike.

Recommendation :-

For a research study on impact of financial literacy on financial well being here are some ideal recommendations that could guide future research endeavors and practical applications.

- Evaluate the effectiveness of financial education programs or interventions on improving financial literacy and subsequent financial well-being outcomes.
- Suggest considering longitudinal studies to explore the causal relationship between financial literacy and financial well-being over time.
- Encourage researchers to explore whether the effects of financial literacy on financial well-being vary across different demographic groups (e.g., age, gender, ethnicity) and life stages (e.g., young adults, retirees).
- .Other socio demographic variables like family income, parents' education, peer's influence etc. could be incorporated into the future research which may deliver an increasingly viable research that was produced in the current study.
- Encourage researchers to use diverse samples that represent different demographic groups to ensure the findings are applicable across various populations.

By implementing these recommendations, future research can further advance our understanding of financial literacy and its impact on financial well being.

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Annexure :-

Questionnaire

Declaration

Dear Respondent,

I am Pulkit Agarwal, a student at SDJ International College, Palsana, affiliated with Veer Narmad South Gujarat University, Surat. I am currently conducting research for my Winter Project, with a specific focus on Impact Of Financial Literacy On Financial Well Being. I assure you that the data collected will be kept highly confidential and will only be used for the defined purpose of my Winter Project Research. Completing this questionnaire should not take more than five minutes, and I would greatly appreciate it if you could spare some time to provide your valuable opinions. Thank you in anticipation.

1. Demographic profile

Age group:

☐ 18-24

☐ 25-34

☐ 35-44

☐ 45-54

☐ 55+

Gender

☐ Male

☐ Female

☐ Other

Qualification:

☐ High School or Below

☐ Some College

☐ Bachelor's Degree

☐ Master's Degree or Higher

Employment Status:

☐ Employed

☐ Unemployed

☐ Student

☐ Retired

☐ Other

2. Financial Literacy:

How confident are you in your ability to effectively manage your finances?

☐ Very Confident

☐ Somewhat Confident

☐ Neutral

☐ Somewhat Not Confident

☐ Not Confident at All

Do you understand basic financial concepts such as interest rates, inflation, and compound interest?

☐ Yes

☐ No

☐ Unsure

Have you received any formal education or training in personal finance or financial management?

☐ Yes

☐ No

How often do you engage in financial planning activities, such as budgeting and setting financial goals?

☐ Daily

☐ Weekly

☐ Monthly

☐ Occasionally

☐ Rarely

How would you rate your knowledge and understanding of investment options and strategies?

☐ Excellent

☐ Good

☐ Fair

☐ Poor

3. Financial Behaviors:

. How frequently do you track your income and expenses?

☐ Daily

☐ Weekly

☐ Monthly

☐ Occasionally

☐ Rarely

Do you have a regular savings habit, where you set aside a portion of your income for future needs?

☐ Yes

☐ No

☐ Sometimes

Have you ever invested in stocks, bonds, mutual funds, or other financial instruments?

☐ Yes

☐ No

☐ Planning to

How often do you use credit cards or borrow money to finance purchases?

☐ Frequently

☐ Occasionally

☐ Rarely

☐ Never

Do you have a plan in place to repay any outstanding debts or loans?

☐ Yes

☐ No

☐ Working on it

4. Financial Security:

How confident are you in your ability to handle unexpected financial emergencies or expenses?

☐ - Very Confident

☐ - Somewhat Confident

☐ - Neutral

☐ - Somewhat Not Confident

☐ - Not Confident at All

Do you have adequate savings or insurance coverage to protect against unforeseen events such as job loss or medical expenses?

☐ Yes

☐ No

☐ Unsure

Are you currently saving for retirement or future financial goals?

☐ Yes

☐ No

☐ Planning to

How would you rate your level of financial stability and security compared to others in your age group or income bracket?

☐ Higher

☐ Similar

☐ Lower

Do you worry about your financial situation and future financial prospects?

☐ Yes, Often

☐ Sometimes

☐ Rarely

☐ Never

5. Financial Satisfaction:

Overall, how satisfied are you with your current financial situation?

☐ - Very Satisfied

☐ - Somewhat Satisfied

☐ - Neutral

☐ - Somewhat Dissatisfied

☐ - Very Dissatisfied

Are you able to meet your financial obligations and cover your expenses comfortably?

☐ Always

☐ Often

☐ Sometimes

☐ Rarely

☐ Never

How would you rate your level of financial happiness and contentment?

☐ Very Happy

☐ Happy

☐ Neutral

☐ Unhappy

☐ Very Unhappy

Do you feel that you have achieved your financial goals and aspirations?

☐ Yes

☐ No

☐ Partially

6. Overall Financial Well being:

On a scale of 1 to 10, how would you rate your overall financial well being?

- 1 (Poor) to 10 (Excellent)

How do you perceive your financial situation compared to a year ago?

☐ Better

☐ About the Same

☐ Worse

Are you optimistic about your financial future and prospects for achieving financial success?

☐ Very Optimistic

☐ Optimistic

☐ Neutral

☐ Pessimistic

☐ Very Pessimistic