



## A REVIEW PAPER ON FINANCIAL LITERACY

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**Abstract:**

*This paper is covering about financial literacy, financial knowledge, financial skills, financial attitude as well as financial behavior. The basics of financial literacy and awareness level about financial literacy we will cover into this research paper with the help of secondary data. Financial literacy is a combination of awareness level among people about financial literacy and it's conceptual knowledge, their financial behavior and attitude of individuals towards sound financial decisions. Researcher review various studies on Basic and Advanced financial literacy awareness level to identify research gap. After reviewing secondary data researcher found a research gap that people able to take financial decisions if they have knowledge about financial literacy.*

**Keywords-** *Financial literacy, Awareness level*

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**Introduction:**

Financial literacy is helping for achieving individual dream of financial stability. Rapid growth of the economy generates huge money that creates pool for people to earn, spend and enjoy. Now a days saving, and investment trend is rapidly changing. Various initiatives taken by government authorities for spreading awareness and knowledge about financial literacy at a significant level. These initiatives help to create awareness among people.

Financial skills mean knowledge about financial terms. Financial attitude means having positive attitude towards investment made. Financial behavior means implementing financial knowledge and financial skills to take financial decisions. Awareness level about financial literacy is further divided into two sub components Basic and Advanced Financial literacy.

**Basic financial literacy :**

1. It means people having knowledge about basic financial terms, financial skills that help them to take financial decisions which having low risks.
2. Basic financial literacy includes knowledge about concepts like saving, inflation, investment, debts, budgeting, insurance, banking, and many more simple terms.
3. Basic Financial literacy helps to understand importance of financial planning and its management.

**Advanced Financial Literacy :**

1. Advanced financial literacy means people having knowledge about advanced financial terms and financial skills that helps them create strong and good investment portfolios to achieve their financial goals.

2. It Includes knowledge about management of risks and planning of expenses and income, Taxation planning, retirement planning etc.
3. Advanced financial literacy helps to understand various financial statements and investment strategies to take financial decisions.

**Research Methodology:**

Secondary Data used for this study which includes Books, Research Papers articles published in newspapers etc.

**Review of Literature:**

A study denoted that measuring of individual levels of financial literacy along with finding out relationships between financial literacy and their financial behaviour. according to researcher of cited research paper asked 20 questions on basic concepts like relationship of money with time, questions based on stock markets, inflation etc received result that 80% of respondents were aware about some of the above basic literacy related concepts. For analyzing financial behaviour in response of 22 questions result is their financial behaviour is divided into 25%, 48.2% and 26.8% at three levels which are low, moderately positive, and highly desirable behavior respectively. Various behavior factors includes management of debts, personal financial management skills along with overall behavior. Finding of this study is showing sign of positiveness between basic, advanced financial literacy and their financial behaviour.(Sudeshna & Balakrishnan, n.d.)

A Study denoted that a survey conducted on students going to the private schools in Bangalore city to ascertain their knowledge about various financial concepts and financial literacy. 151 respondents selected for survey by researcher Manan mittal. Questions asked by researcher Manan mittal in a result 88.7% of the students wish to learn more about this concept. This shows the willingness of this young generation. In response of RTI filled by Manan in year

2022 to the authority National Council of Educational Research and Training confirmed that at a school level in subjects like economics and business studies students learn about basics of banking and insurance related concepts. However, they also mentioned that as per New Education Policy 2020 national curriculum is being to developed. (Mittal, 2022)

A Study denoted that a survey conducted in the state of Haryana by collecting response of 500 people. In response received it is being observed that one third of the population among responses having high level of financial literacy. In result found that 57% respondents lacking somewhere in positive financial attitude. Sample demographics of respondents which includes responses from rural and urban areas with different age groups along with their education, income and occupation level is vary in nature (Choudhary & Kamboj, 2017).

Study denoted that survey conducted in Shanghai on financial literacy found that 2.55 is level of financial literacy on a scale of 5 which is significantly low. Selected sample for study having different age groups with different occupations and genders. Level of income and educational level are not same in the case of selected samples for study. (Yuan & Yang, 2014)

A Study denoted that survey conducted for salaried employees of Himachal Pradesh wherein multistage sampling method used. Three districts have been selected out of twelve for sampling. Questions asked on areas related with financial numeracy, risks, return to the sample of 516 respondents. 68.8 % Male and 31.2% Female are percentages of respondents. Some of them are graduates or having higher qualification. Results of study are 58.30% is overall financial literacy level. There is significant difference in between financial literacy among genders. Education and income or earnings related with level of financial literacy. Employees from rural areas are less financially literate

in comparison with urban areas. (Bhushan & Medury, 2014)

A Study denoted that survey conducted for working females in Delhi. In that survey there is 600 questionnaires has been distributed with the help of e-mail and in response result is showing that there is necessity to develop financial literacy among them. Their financial literacy score is 5.24 wherein a maximum score of 9 was considered for checking financial literacy (Gupta & Madan, n.d.)

A Study denoted that 153 observed data for lecturers in Palembang they are skilled into applying steps of debt management and financial planning. Lecturers were aware about concept and importance of insurance but unable to select right one. As per study lecturers know significance of pension fund but not yet optimized. In result observed that there is significant connection in between financial planning, advanced and basic financial literacy. (Soejono & Mendari, 2020)

A Study denoted that how financial literacy among salaried persons is affecting investment preferences in a result it is found that respondents having low levels of financial literacy they choose safer investments options compared to more risky investments options having chances of higher returns. As per study it concluded that selecting safer investments or risky investments options is dependent on level of financial literacy. (Bhushan, 2014)

#### **Conclusion: -**

Researcher is concluding his remarks by reviewing the literature including research papers, news articles and books as below.

1. Awareness about Basic financial literacy is found reasonable compared with level of awareness about advanced financial literacy.
2. The study revealed that there is a willingness among youth to learn more about financial literacy.

3. Awareness level of financial literacy in rural and urban areas irrespective of respondents age, gender, their income level, educational qualifications, there is a need to raise awareness level about advanced financial literacy.
4. A low level of financial literacy results in selecting safer and less risky investment options and vice versa.
5. The study signifies the importance of awareness about financial literacy, financial planning, retirement planning and proper debt management.

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