



# A Study on Financial Literacy Among Academicians (A Case Study of Bengaluru City)

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## Abstract

Financial literacy plays an important role in the socio-economic development of a country besides political and legal. Women plays an important role in the economic development of the country. The growth of the development of any country depends on its financial system. For achieving the goal of the financial system, there is one accurate solution which is financial literacy. Recently, there has been a rise in the number of people who simply do not possess the adequate amount of financial literacy that is required in order to make sound financial decisions especially related with academicians. Therefore, the purpose of this research is to study level of financial literacy that Academicians have as well as to evaluate the various sources through which this financial information can be obtained. The objective of the study is to find out the level of awareness and perception of Academicians. The study used descriptive research design. A sample of 100 Academicians from different educational institution were randomly taken from the Bengaluru city. Both Primary and Secondary sources were used within the study. Data collected were analyzed by using frequency and percentages and findings are interpreted accordingly.

**Keywords:** Financial literacy, Women, Financial Decisions ,Economic Development, Growth

## I. Introduction

Financial literacy is about education and understanding of various financial areas including topics related to managing personal finance, money and investment. Financial literacy in general related to managing personal budgets, taking proper and efficient decisions related to one's own finances such as investment, purchasing or investing in real estate, education for their children and saving for future. It is also related to knowledge about calculating simple and compound interest, managing their debts, techniques related to savings and spending and proper utilisation of their money. The lack of financial literacy may lead to making poor financial choices that can have negative consequences on the financial wellbeing of an individual. Financial literacy is a way through which individuals can improve their knowledge related to various concepts in finance, financial markets and financial products such as shares, bonds and mutual funds and take proper decision to improve their financial status and to avoid financial instability. Financial literacy is a combination of awareness, attitude and information about financial products and services through which one can take proper and God decisions related to finance.

Financial literacy indicates awareness of financial products. Financial literacy depends on how one manages his own money and how efficiently utilises financial resources for the growth and welfare of oneself, his business and family as a whole. Financial literacy as a way to acquire full knowledge and understanding on various concepts of finance such as how much to save from your earning, how to prepare budget for future and daily expenditure, investing confidently for making good decisions in the financial markets to manage personal financial resources effectively.

Financial literacy is the education and understanding of knowing how money is made, spent and saved, as well as the skills and ability. Financial Literacy can be defined as the ability to comprehend basic financial concepts and having the knowledge and skills required to make informed and effective financial planning, decisions using the financial resources that are available at our disposal. It is about knowing how one can generate, spend, invest and save money. It is the capability to handle your finances well by making the optimum use of the available financial products and resources to give you maximum amount of benefit.

Financial literacy has become one of the most significant topic for most of the world today as it is directly proportional to the economic growth of a country. It is distressing to know that the financial literacy rate in India is lagging behind other countries. According to a global survey, India comprises of almost 20% of the world's population, however, 76% of its adult population is not even abreast of the basic financial concepts. The survey reports that Financial Literacy in India has been significantly poor compared to the rest of the world.



## Review of Literature

- **Naidoo (2014)**, has shown that males and females behave differently in many of their decision-making processes, but this dissertation will focus mainly on the differences in investing behaviours. Because males are generally overconfident and more likely to take risks, they partake more often in competitive types of activities such as trading. Because men overtrade, they incur friction costs which decreases their return. Hence research has concluded that, on a risk-adjusted basis, females are better investors than males. Female fund managers took fewer risks than males, followed less extreme investment styles and traded less because they were not as overconfident as their male counterparts. Female fund managers spread out their risk among more stocks and that, as the fund's management composition changed from female to male, fund performance increased.
- **Sharma & Dixit (2017)**, in their paper tried to explore the relationship between demographic factors and financial literacy among people in Mumbai City. The type of research was exploratory and the methodology adopted by them was survey through questionnaire. The sample size was 250. Again, the analysis was done on the basis of scores and chi-square was used to draw analysis and conclusion. They found that there is not a significant relationship between gender and literacy rate, but there exists a significant relationship between age, educational qualification and literacy rate. Also, there isn't significant relationship between income and financial literacy.
- **Subodh Kumar, Amit Kumar Gandhi (2017)**, Main focus of the study is on financial literacy among members of financial literacy and counselling centres and to examine how well equipped they are to make financial decisions. It also concentrates on their interest in gaining financial management related information. Survey method was adopted to collect primary information from the members of financial literacy and credit counselling centres.

- **Anshika, Dr. AnjuSingla (2017)**, said that the growth of financial system of an economy depends on the financial literacy. With increasing financial products and services, changes in market system financial literacy plays a vital role. In case of India financial literacy level is very low 24 percent compared to other countries in year 2015. Low level of financial literacy leads to less economic growth of the country.

### Objectives of the Study

- To study the financial behaviour among the Academicians.
- To understand the sources of financial literacy.
- To understand Academicians attitude towards investment behaviour.

### Research Methodology

The study is used descriptive research. It describes the situation or phenomenon. Survey method used in the study to collect responses from Academicians from different educational institution. The data for the study been collected from both primary and secondary sources. Primary Data was collected by using questionnaire technique. The questionnaire was collected on 100 respondents belonging to Bengaluru city. The sample was selected by using random sampling technique from the population belonging to different demographic profile like gender, age and income level. Secondary data was collected through internet, website, research journals and published books etc.

### Data Analysis and Interpretation

The data collected from various respondents to analysis and interpret the conclusion. The data collected have been presented in the form of tables. A brief description of analysis and interpretation are given below:

**Table 1: Financial Literacy of Academicians on the basis of Gender.**

Sl. No	Gender	No. of Respondents	Percentage
1	Male	63	63
2	Female	37	37
Total		100	100

*(Source: Primary Data)*

### Interpretation:

As per the above table, it can be observed that, among all the respondents the level of awareness about finance is 63% respondents are male and 37% respondents were female.

**Table 2: Financial Literacy of Academicians on the basis of Age.**

Sl. No	Age	No. of Respondents	Percentage
1	25 – 40 Years	36	36
2	40 – 60 Years	57	57
3	Above 60 Years	07	07
Total		100	100

(Source: Primary Data)

**Interpretation:**

From the above table, it is observed that among all the respondents the level of Financial Literacy is 36% are 25 - 40 years of age group, 57% respondents belong to 40 – 60 years of age group and 7% of the respondents fall in the above 60 years of age group.

**Table 3: Financial Literacy of Academicians on the basis of Education.**

Sl. No	Education	No. of Respondents	Percentage
1	Master Degree Holders or PG	58	58
2	Above Master Degree Holders	42	42
Total		100	100

(Source: Primary Data)

**Interpretation:**

From the above table, it can be observed that among all the respondents the level of Financial Literacy, 58% respondents belong to Master Degree Holders or PG, 42% of the respondents belong to above Master Degree Holders or PG.

**Table 4: Financial Literacy of Academicians on the basis of Occupation.**

Sl. No	Occupation	No. of Respondents	Percentage
1	Academicians from Government Institutions	34	34
2	Academicians from Private Institutions	66	66
Total		100	100

(Source: Primary Data)

**Interpretation:**

From the above table, it is observed that among all respondents the level of Financial literacy is 34% belong to Academicians from Government Institutions, 66% respondents are belonging to Academicians from Private Institutions.

**Table 5: Financial Literacy of Academicians on the basis of satisfaction level of their investment's decisions.**

Sl. No	Response	No. of Respondents	Percentage
1	Highly Satisfied	20	20
2	Satisfied	56	56
3	Dissatisfied	6	6
4	Highly Dissatisfied	4	4
5	Neither Satisfied nor Dissatisfied	14	14
Total		100	100

(Source: Primary Data)

**Interpretation:**

From the above table, it is observed that among all the majority of the respondents 20% and 56% of the respondents are satisfied with regard their investment's decisions. Respondents i.e., 6% and 4% of respondents are Dissatisfied and 14% of the respondents are Neither Satisfied nor Dissatisfied with regard to their investment's decisions.

**Table 7: Financial Literacy of Academicians on Choosing their Financial tools to invest.**

Sl. No	Response	No. of Respondents	Percentage
1	Bank FD and RD	28	28
2	Mutual Funds	40	40
3	Stocks	8	8
4	Government Securities	16	16
5	Others	8	8
Total		100	100

(Source: Primary Data)

**Interpretation:**

The above table show that among all the respondents 28% are choose their financial tools to invest in Bank FD and RD and 40% are Mutual Funds, 8% of the respondents are Stocks, 16% of the respondents Government Securities and 8% are choose their financial tools to invest in others.

**Table 6: Financial Literacy on Initiatives to Create awareness among Academicians regarding investment.**

Sl. No	Sources	No. of Respondents	Percentage
1	Workshops	18	18
2	Training	27	27
3	Advertisement	25	25
4	Investors	22	22
5	Meeting	03	03
Total		100	100

(Source: Primary Data)

### Interpretation:

According to the above table, it is observed that majority of the respondents 18% are get sources from Workshop and 27% from training and also 25% from Advertising and 22% and 3% get sources from Investors and by meeting.

## II. Findings of the study

From the above data analysis and interpretations, following are the findings of the study:

- Majority of the respondents on financial literacy on the basis of age is from male category i.e., 63%.
- Most of the respondents on Financial Literacy falls in the age group of 40 – 60 years i.e., 57%.
- Most of the respondents (i.e., 58%) are Master Degree Holders of having Financial Literacy of Academicians on the basis of Education.
- Most of the respondents (i.e., 66%) are private institution employees are having Financial Literacy of Academicians on the basis of Occupation.
- Among all the respondents, majority of the respondents (i.e., 56%) are satisfied with Financial Literacy of Academicians on their investment's decisions.
- Among all the respondents, 40% of the respondents have choose their financial tools to invest.
- Most of the respondents feel that through Investors help, Training, workshop and Advertising helps to get Financial Literacy of Academicians regarding their investment.



### III. Conclusion

From this research we found out about the financial literacy among various demographics like age, gender and occupation of Academicians. Our questions were directed at academicians to know about their level of knowledge, their sources of financial literacy and their thought on measures taken on their investment. We found out that majority of the academicians did invest their money but not all had financial knowledge. We gave our respondents to fill questionnaire and based on their response we judged whether they were financially knowledgeable. It was seen that among all different age groups men had more financial knowledge as compared to women under academicians. It can also be seen that the traditional methods of spreading awareness about financial knowledge is not very effective. Our research clearly shows that the Mutual funds was one of the most widely accepted and invested from academicians. Related authorities need to take more initiatives to spread awareness about financial knowledge.

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