



Financial Literacy And Financial Planning Among Higher Secondary Teachers: A Study With Special Reference To Educational Institutions In Karur City, Tamil Nadu

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Abstract: Teachers are some of the most influential people in our society. By having fiscal knowledge and managing particular finances duly, they can become a part of the model for their scholars and help them to develop as fiscally and socially responsible citizens. Unfortunately, numerous teachers do not know how to manage their finances. There's a belief that teachers of specialized education do not have sufficient fiscal knowledge in situations. In this connection, an attempt is made to find out the situations of knowledge about fiscal knowledge, in particular fiscal planning, among the school education teachers. This study is conducted as a sample study in a historically reputed quarter, i.e., Karur city of Tamil Nadu State, with the help of a structured schedule. The study set up that teachers are moderately financially literate and fully included in terms of access but unevenly included in terms of usage of advanced products. Financial literacy emerges as the strongest determinant of financial inclusion, with higher literacy levels enabling teachers to move beyond basic banking into savings, insurance, and investments. The results suggest that improving financial literacy among school teachers could significantly strengthen their financial planning practices, contributing to both personal and professional well-being.

Index Terms - Financial Literacy, Financial Planning, Teachers of Higher secondary Education

I. INTRODUCTION

Financial planning and financial literacy are essential life skills for every individual, including school teachers, who often serve as role models and educators in society. Financial literacy refers to the knowledge and ability to manage money effectively, while financial planning is the practical application of this knowledge to achieve personal and professional goals. For school teachers, financial literacy is particularly important as it helps them manage their income, savings, investments, retirement plans, and unexpected expenses with confidence.

Since teachers usually work in structured academic environments with fixed salaries, effective financial planning allows them to balance current needs with future aspirations, such as funding children's education, purchasing property, or preparing for retirement. Moreover, financially literate teachers are better equipped to guide students, as they can demonstrate the importance of responsible money management in real life. In an era of rising living costs and increasing financial complexities, enhancing the financial literacy of teachers ensures their own economic security while also enabling them to influence the younger generation positively. Thus, financial planning and literacy are not only tools for personal well-being but also contribute to the overall academic and social environment in which teachers operate.

1.1. Financial Literacy

Financial literacy is about knowing how to understand and use different financial skills, like managing your money, making a budget, saving money, investing, and handling debts. It's not just about learning what financial words mean, but also about using that knowledge in everyday situations to make smart choices. A person who understands money well can create a budget, keep track of spending, save money regularly, use credit in a smart way, and plan for future goals through investing. It helps people stay away from debt problems, get ready for unexpected situations, and build a solid financial future. Knowing how interest rates work can help people make smarter choices when taking out loans or saving money. Also, learning about investments and insurance can help protect and build up their wealth over time. Financial literacy helps people join the formal financial system, which makes the economy more inclusive. It leads them to use safe and official financial methods instead of risky or informal ones. Governments, schools, and workplaces are focusing more on teaching people about money management to help reduce unfair differences and create more stable and healthy economies. Financial literacy means making good decisions with your money now so you can stay stable and achieve success later. It serves as a base for both individual happiness and the country's economic progress.

1.2. Personal Financial Planning

Personal financial planning is the process of managing one's financial resources in a structured and goal-oriented manner to achieve both short-term and long-term objectives. It involves assessing income, expenses, savings, investments, and potential risks to create a roadmap for financial stability and growth. A key aspect of personal financial planning is budgeting, which helps individuals allocate money efficiently for daily needs while setting aside funds for emergencies and future goals. It also includes planning for retirement, education, home ownership, and other life aspirations by identifying appropriate savings and investment strategies. Risk management through insurance and prudent borrowing are also important components, ensuring that unexpected events do not derail financial security. Effective financial planning requires continuous monitoring and adjustments as life circumstances, market conditions, or personal priorities change. For example, a young professional may focus on reducing debt and building savings, while someone nearing retirement may prioritize preserving wealth and ensuring a steady income. Overall, personal financial planning empowers individuals to make informed choices, reduce financial stress, and achieve a sense of control over their future. It is not limited to the wealthy but is essential for everyone who wants to use money wisely and build a secure and prosperous life.

II. REVIEW OF LITERATURE

1. Lusardi & Mitchell (2014) frame financial literacy as human capital that directly affects economic welfare and decision-making. Their review synthesizes theoretical models and empirical evidence linking literacy to better retirement planning, debt management, and investment behavior, arguing that gaps in financial knowledge produce measurable welfare losses and justify policy interventions. The paper is foundational for treating financial education as a policy lever to improve individual outcomes.

2. Atkinson & Messy (OECD/INFE, 2012) develop measurement tools and report cross-country pilot results showing wide variation in financial knowledge, attitudes, and behaviors. Their work establishes a standardized approach for assessing financial literacy across populations and demonstrates that measurement is a prerequisite for designing targeted inclusion programs. The OECD follow-ups further discuss how education can support inclusion.

3. The World Bank's Global Findex (Demirgüç-Kunt et al., 2017/2018) provides the most widely used empirical snapshot of financial inclusion worldwide, documenting account ownership, payment use, and digital finance uptake. The database shows that while access has expanded, meaningful usage and resilience (savings, credit, insurance) remain uneven—highlighting demand-side gaps where financial literacy matters. Findex evidence is frequently used to link literacy deficits with low uptake or limited use of formal services.

4. OECD policy analyses (Atkinson & Messy; Promoting Financial Inclusion through Financial Education) emphasize that financial education is a demand-side complement to supply-side inclusion measures (like branch expansion or digital platforms). They argue that without literacy, newly extended services may be underused or misused; thus, coordinated education and consumer-protection policies improve outcomes. This strand shifts the debate from access alone to access + capability.

5. Empirical reviews (Mitchell et al., 2015) compile evidence on links between literacy and financial outcomes—showing robust associations with retirement saving, credit choices, and portfolio diversification—but also warn about measurement, endogeneity, and heterogeneity across countries and subgroups. They call for careful experimental/causal work to separate literacy effects from correlated traits (education, numeracy). This methodological critique shaped subsequent randomized and quasi-experimental studies.

6. Research mapping and scientometric studies (Khan, 2022) at the intersection of literacy and inclusion reveal that the literature has expanded rapidly, with clusters around measurement, program evaluation, fintech, and vulnerability (women, rural households). Khan documents growing attention to behavioral measures and the moderating role of social networks, suggesting more nuanced pathways from knowledge to formal-service uptake.

7. Studies focused on developing countries synthesize evidence that financial literacy programs can increase account use and basic financial behaviors, but effects are often small, short-lived, or conditional on product design and delivery mode (in-person vs. digital). Reviews emphasize context: literacy interventions work better when paired with accessible, relevant financial products and consumer protections. This conditionality underlines why inclusion policy must be multi-pronged.

8. Literature on fintech and inclusion (Global Findex and related analyses) highlights digital payments and mobile money as major drivers of recent inclusion gains, and it interrogates whether financial literacy keeps pace with technological change. Researchers show that digital channels lower access costs but raise new capability needs (privacy, scam awareness, digital numeracy), so literacy interventions must evolve to cover digital financial skills.

9. Recent syntheses call attention to equity: women, youth, and low-income households systematically score lower on literacy measures and remain less included. The literature recommends targeted curricula, gender-sensitive delivery, and school-based programs to build capabilities early—backed by evidence that early interventions correlate with better financial behaviors later. This equity lens is central to contemporary policy design.

III. RESEARCH GAP

The review of existing studies shows that a lot of research has been done on financial literacy and financial education, and how important they are for helping individuals achieve better financial health. There are not many studies that look at how financial literacy and financial planning relate to teachers in higher secondary education. No studies were found that compare financial literacy and personal financial planning among teachers working in higher secondary school education. Since teachers in higher secondary education are some of the most influential people in society, having knowledge about money and managing personal finances helps them teach students to become responsible citizens in both financial and social aspects. Some people think that teachers in higher secondary education, especially those who teach non-technical subjects, are more financially knowledgeable than those who teach technical subjects, and that they are better at planning their money wisely. So, we try to look into how much financial knowledge people have and how that affects their ability to plan their money.

3.1. OBJECTIVES OF THE STUDY

1. To study the levels of financial knowledge among higher secondary education teachers.
2. To study how the financial knowledge enhances their personal financial planning.

3.1.1. Hypothesis : Based on the above objectives, the following hypothesis are framed:

Null Hypothesis (H_0): There is no significant relationship between the level of financial knowledge of higher secondary education teachers and their personal financial planning practices.

Alternative Hypothesis (H_1): Higher secondary education teachers with higher levels of financial knowledge are more likely to engage in effective personal financial planning.

3.2. RESEARCH METHODOLOGY

A descriptive and analytical research design was used to achieve the study's goal. The population for this study includes teachers working in the higher secondary school education. They include government, government aided, and private schools that provide school education in Karur city. The total number of populations in these schools is around 300. This study chooses 200 higher education school teachers using stratified random sampling. To collect the relevant information from the respondents, a survey method was used with a structured questionnaire. The financial literacy level is measured among school teachers of higher secondary education in terms of a) demographics, b) financial literacy test includes knowledge, behavior, attitude and c) Financial Inclusion Indicators (bank accounts, savings, insurance, credit, investments). The responses were measured by taking Likert five-point scale, while tabulating the data 'strongly disagree' option was assigned a weight of one and 'strongly agree' was assigned a weight of five. Further, study used the Pearson-product moment correlation coefficient to test the significant relationship between financial literacy of teaching community in higher secondary education and components of personal financial planning.

IV. DATA ANALYSIS

4.1 The study sought to determine the respondent's demographic information and this included gender, age and Monthly Income

Table 4.1 : Demographic Profile of Respondents (n=200)

Variable	Category	Frequency	Percentage
Gender	Male	112	56%
	Female	88	44%
Age	Below 40 years	72	36%
	40–50 years	88	44%
	Above 50 years	40	20%
Monthly Income	Below ₹60,000	50	25%
	₹60,000–₹1,00,000	102	51%
	Above ₹1,00,000	48	24%

The demographic analysis revealed that the sample of 200 teachers was fairly balanced in gender distribution (56% male, 44% female), with the majority in the 40–50 years age group (44%). This age group typically represents mid-career professionals, where financial responsibilities such as education expenses, home loans, and retirement planning are most relevant. Monthly income levels showed that over half (51%) of the respondents earned between ₹60,000 and ₹1,00,000, suggesting a middle-income professional group. These demographics provide context: teachers have relatively stable earnings, but financial planning needs vary by age and income level. The balanced distribution strengthens the representativeness of the findings.

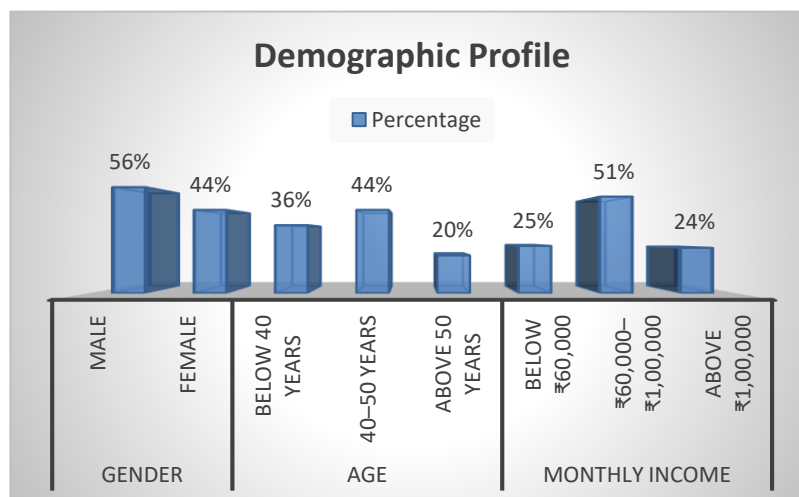


Figure 4.1: Demographic Profile of Respondents

4.2. The study sought to determine the respondent's Literacy level

Table 4.2: Levels of Financial Literacy

Literacy Level	Range (Score %)	Frequency	Percentage
Low	<40%	42	21%
Moderate	40–70%	108	54%
High	>70%	50	25%

Mean Financial Literacy Score: 58.4% (SD = 12.6)

The analysis of financial literacy scores indicated that only 25% of teachers achieved a high level of financial literacy (>70%), while the majority (54%) fell into the moderate category, and 21% scored low. The mean score of 58.4% (SD = 12.6) reflects a moderate understanding of financial concepts. This result suggests that while teachers have general awareness of budgeting and saving, there are noticeable gaps in advanced financial knowledge such as investments, retirement planning, and risk management. Given their educational background, this finding highlights a paradox: academic expertise does not automatically translate into financial capability.

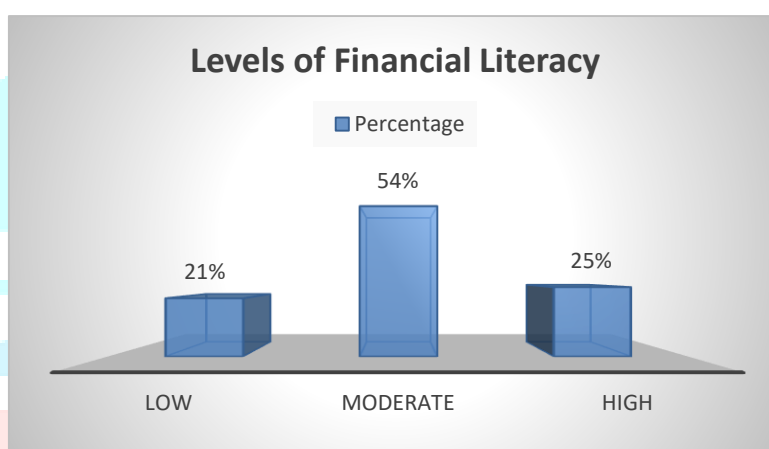


Figure 4. 2: Levels of Financial Literacy

4.3. The study sought to determine the respondent's financial product

Table 4.3: Indicators of Financial Inclusion

Financial Product	Usage (%)
Bank Account	100%
Savings (Recurring/FD)	76%
Insurance	68%
Credit (Loans/Cards)	62%
Investments (Stocks/Mutual Funds)	54%

The data on financial inclusion revealed universal access to basic banking services, with 100% of respondents holding a bank account. However, deeper forms of inclusion, such as savings accounts (76%), insurance policies (68%), credit products (62%), and investments (54%), showed lower usage rates. This suggests that while access to financial services is not a barrier for teachers, active and meaningful engagement with financial products remains uneven. In particular, investment participation being just above half highlights a need for stronger financial planning habits. This uneven distribution underscores the importance of literacy in promoting usage beyond mere access.

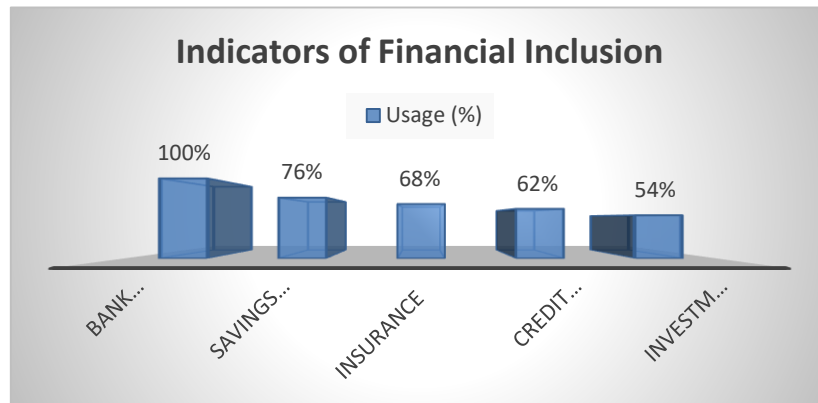


Figure 4.3: Indicators of Financial Inclusion

Correlation Analysis

Table 4.4: Correlation between Financial Literacy and Financial Inclusion

Variables	r-value	p-value
Financial Literacy ↔ Savings	0.482	<0.01
Financial Literacy ↔ Insurance	0.459	<0.01
Financial Literacy ↔ Investments	0.512	<0.01
Financial Literacy ↔ Credit	0.218	<0.05

Teachers with higher literacy are significantly more likely to use savings, insurance, and investment products. The Pearson correlation coefficients demonstrated a positive and statistically significant relationship between financial literacy and the use of savings ($r = 0.482$), insurance ($r = 0.459$), and investments ($r = 0.512$), all at the 1% level of significance. This means teachers with higher literacy scores are substantially more likely to engage in long-term savings, purchase insurance, and invest in financial markets. The relatively weaker correlation with credit ($r = 0.218$, $p < 0.05$) indicates that while literacy influences borrowing behavior, its effect is less pronounced—possibly because borrowing decisions are shaped more by immediate financial need than by knowledge. Overall, the correlations confirm that literacy plays a critical role in enhancing financial inclusion.

Regression Analysis

Table 4. 5: Regression Model Predicting Financial Inclusion

Predictor	β (Beta)	t-value	p-value
Financial Literacy Score	0.531	7.84	<0.001
Income Level	0.314	5.62	<0.01
Age	0.142	2.11	<0.05

Model Summary: $R^2 = 0.42$, $F = 34.56$, $p < 0.001$

Financial literacy is the strongest predictor of financial inclusion, even after controlling for income and age. The regression model further reinforced the importance of financial literacy as a predictor of financial inclusion. The standardized beta coefficient for financial literacy ($\beta = 0.531$, $p < 0.001$) was the strongest among all predictors, suggesting that higher literacy levels lead to significantly greater engagement with financial products. Income level ($\beta = 0.314$, $p < 0.01$) also played an important role, confirming that higher earnings facilitate greater participation in financial markets. Age ($\beta = 0.142$, $p < 0.05$) had a smaller but still significant effect, indicating that financial inclusion tends to increase with age, likely due to accumulated responsibilities and financial awareness. The model's R^2 value of 0.42 indicates that 42% of the variation in financial inclusion is explained by these predictors, which is substantial in social science research. This confirms that while demographic factors matter, financial literacy is the most critical driver of inclusion.

V. RESULTS AND ANALYSIS

Taken together, the data show that teachers working in higher secondary school education are moderately financially literate and fully included in terms of access but unevenly included in terms of usage of advanced products. Financial literacy emerges as the strongest determinant of financial inclusion, with higher literacy levels enabling teachers to move beyond basic banking into savings, insurance, and investments. The results suggest that improving financial literacy among teachers working in higher secondary school education could significantly strengthen their financial planning practices, contributing to both personal and professional well-being.

VI. CONCLUSION

The present study set out to examine the relationship between financial literacy and financial inclusion among teachers working in higher secondary school education, with specific attention to how their financial knowledge influences personal financial planning. The findings offer valuable insights into both the opportunities and challenges faced by academic professionals in managing their financial well-being. The demographic analysis indicated that teachers, as a professional group, enjoy stable income levels and fall primarily within the mid-career age bracket. Despite this stability, the assessment of financial literacy revealed only moderate levels of financial knowledge, with a considerable proportion of respondents unable to achieve high literacy scores. This highlights that higher educational qualifications and intellectual expertise do not necessarily translate into strong financial capability.

With respect to financial inclusion, the study found universal access to banking services but uneven participation in advanced financial products such as insurance, credit, and investments. This suggests that access alone is insufficient; meaningful usage depends on knowledge and confidence in financial decision-making. The correlation and regression analyses confirmed that financial literacy is a significant determinant of financial inclusion, surpassing demographic variables such as age and income. Teachers with higher literacy levels were more likely to engage in savings, insurance, and investment activities, thereby demonstrating stronger personal financial planning practices. These findings reinforce global evidence that financial literacy not only promotes access but also ensures responsible and effective utilization of financial services.

Overall, the study underscores the urgent need to strengthen financial literacy initiatives tailored to higher secondary education faculty. Doing so would not only enhance their personal financial security but also position them as role models who can indirectly influence students' financial awareness and behavior. By integrating structured financial education into faculty development programs and institutional workshops, department can contribute to building a financially literate academic community that is better equipped to navigate an increasingly complex financial environment.

In conclusion, financial literacy is both a personal necessity and a professional responsibility for higher education school teachers. Enhancing it is essential not only for improving financial inclusion but also for fostering sustainable financial well-being within the academic sector and beyond.

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