



To Understand The Level Of Financial Literacy Among Adults In Mumbai

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Abstract

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. Therefore, the purpose of this research is to study the amount of financial literacy that Mumbaikars have as well as to evaluate the various sources through which this financial information can be obtained. Using survey filled by 165 respondents across Mumbai, this study analysed the behaviour and attitude of people in Mumbai towards financial literacy. The results proved that in multiple instances where people chose to invest money, not everyone had any sort of proper financial knowledge. Also, comparatively men had more financial knowledge. The study definitively answers the question regarding literacy levels and how it affects the financial behaviour of a person. However, further studies are needed to establish causal relationships and develop methods to make financial literacy more accessible.

Key words: Financial Literacy, Financial Behaviour, Financial Knowledge, Insurance, Investment.

4.1. Introduction

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.

In India, Financial Literacy has still not become the top most priority unlike other developed nations in the world . Lack of basic financial knowledge always results in poor investments and financial decisions. That's why most people in our country invest in short-term plans and physical assets in order to achieve their personal goals which in turn gives only short-term benefits and does not aid in the economic development of the country. According to a global survey, about an astounding amount of 76% of Indian adults do not understand basic financial concepts and are unfortunately financially illiterate in today's time. The survey confirms the financial literacy rate in India has been consistently meagre as compared to the rest of the world. It is indeed high time for a developing country like India to realize the importance of financial literacy as such poor financial literacy rate can be an important factor to be a major downfall to India's dream of becoming an economic superpower in the coming years. Hence, we need to put our best foot forward in improving our financial knowledge.

4.2 Literature review

Objective 1- To study the financial behaviour among the diverse demographics

- (Gonzalez & Berggren, 2010) stated in his research that out of 59 respondents, 13.6% of the male students have answered that they never invest any money in the financial market; for the same question approximately 37% of the female students have never invested in the financial market. We can conclude that males invest more frequently in the financial market than woman. When looking at risk aversion, we can conclude that women show an inclination towards being more risk averse than men. This supports the general view that men take more risk and that women are more risk averse.
- (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.
- (Agarwalla, Barua, Jacob, & Varma, 2013) stated in their research that the Indian youth believes strongly in setting financial goal. Indians resort on using their own savings in time of difficulty rather than borrowing. Indians are highly disciplined in dealing with household finances and carefully evaluate all financial products. Gender showed significant difference in financial behaviour with women showing inferior financial behaviour to men. 50% of respondents showed a positive financial attitude towards financial planning and did not show a high propensity to consume. Gender, family income and decision making by self affects the financial behaviour. Unlike gender affecting

financial knowledge or behaviour, women showed superior financial attitude as compared to men.

- (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.

Objective 2- To analyse the breadth of view that people have with regards to financial concept

- (Bahadur, 2015) in their research assessed the two pillars of the economy; financial literacy and financial inclusion and its current scenario as well as common people prospective and about financial instruments. Data collected from 202 Mumbai and Thane Districts Individuals. It is found that level of financial literacy is very low and suggested to encourage financial literacy from school level, National level programs and seep effort to the grass root level.
- (Agarwalla, Barua, Jacob, & Varma, 2013) stated in their research that only about 24% respondents showed high financial knowledge and only one-third of respondents understood the concept of inflation. Family income showed significant positive influence on financial knowledge. Also women showed significantly less financial knowledge as compared to men. It was found that living in a joint family negatively influenced the financial knowledge

Objective 3- To understand the sources of financial literacy

- (Kumari, 2017) in their study indicated that RBI, SEBI, and IRDA have been working actively towards promoting financial literacy. The paper had implications for the policy makers in identifying the growing need for financial awareness and developing suitable financial literacy programmes.

- (Aggarwal & Gupta, 2014) observed that the level of education and discipline a positive influence on financial literacy. Males were found to have relatively greater levels of financial awareness as compared to females. Certain Demographic factors such as education levels and levels of discipline have been found to have an instrumental impact on general financial awareness. There is a need to imbibe personal financial knowledge at an early age. Greater discussions between parents, educators, financial institutions and policy makers needs to be adopted to develop an effective and collaborative national financial education framework.

Objective 4- To understand people's attitude towards integrating insurance and investment

- (Connor, 1995) This research paper consists of a study of 154 MBA students that proves that attraction to insurance is not just explained by risk reduction or expected utility theory. The research paper suggests that people are attracted to insurance because of its investment appeal. In this research paper, the researcher collects both quantitative and qualitative data by asking questions with regards to insurance and gambling frame in order to gauge the thinking and mindset of the subjects.

This paper helps us prove that even though you get lower returns when you integrate insurance with investment, people still prefer this option over the other investment opportunities.

However, this research was conducted among MBA students who have a background in finance with some level of financial literacy. The gap which we found in the research paper is that the same finding cannot be applied to the general public. To fill the above-mentioned gap we are widening our scope of the study to the general public (adults of Mumbai). This will help us

understand their perspective towards integrating investment and insurance. It will also help us to understand the difference in perception of people who are financially literate v/s those who are not.

4.2. Problem Definition

A research problem is a situation or an obstacle which requires a solution to handle it or needs to be dealt with. This is that aspect of research that states “why the research is being undertaken?”

It is usually used to find a solution to a problem. Research problem usually starts with some kind of ambiguous and unstructured thinking. Thus it requires to be gone through some kind of refinement. A research problem may be undertaken due to developments within or outside an organization. This may be done at an organization, group, or individual level. A research problem comprises of a study population (people, communities, groups, organizations, etc) and a study area (problem, phenomena, program). For study population, the information is collected from such individuals. The study area gives us information that needs to be collected to find out answers to a research question.

Research Problem: To understand the level of financial literacy among adults in Mumbai

4.3. Study Objectives

Research objectives describe concisely what the research is trying to achieve. They are similar to research questions except that they are statements that explain what information the researcher wants to study about the research problem. It usually begins with words such as ‘to study’, ‘to analyse’, ‘to understand’, ‘to evaluate’. Research objectives tend to be more specific as compared to research problem which covers an umbrella issue. A research problem can have multiple research objectives. Research Objectives are always presented in a logical order. Setting good objectives can help us achieve organizational goals.

Objectives of our study:

- 1) To study the financial behaviour among the diverse demographics.
- 2) To understand the knowledge that people have with regards to financial concepts.
- 3) To understand the sources of financial literacy.
- 4) To understand people's attitude towards integrating insurance and investment.

5. Research Methodology

5.1. Research Design

A research design is a set of strategies and procedures utilised in grouping and analysing measures of variables that are mentioned in the research problem. The design of a study defines the study type that is descriptive, correlational, explanatory and exploratory. And, if applicable, the method through which the data is collected and an applied math analysis set up. To put it differently, a research design is a blueprint that has been created to hunt down answers to research queries. Research design is that aspect of research that covers data collection method, data collection instruments and various statistical tools to be used.

Types of researches are:

1. Descriptive analysis: This type of research is outlined as a research technique that describes the characteristics of the population or development that is being studied. This method focuses a lot of on the “what” of the analysis subject instead of the “why” of the analysis subject. In different words, descriptive analysis primarily focuses on describing the character of a demographic section, while not really thinking about “why” a particular development happens.

It is also additionally known as observational research method due to the fact that none of the variables that form part of the research study are influenced in any capacity. Some distinctive characteristics of descriptive analysis are:

a. Quantitative research: Descriptive analysis uses quantitative research technique that makes an attempt to gather quantitative data to be used for applied math analysis of the population sample. It is a popular tool that allows to collect and describe the nature of the selected demographic segment. Moreover, quantitative data makes it easier to analyse the data and draw conclusions for the same.

b. Uncontrolled variables: In descriptive analysis, none of the variables are influenced in any manner.

In descriptive analysis data is typically collected through a survey. Here respondents answer through surveys or questionnaires, or polls. This appears to be a popular research tool to gather feedback from respondents. Therefore if someone wants to collect good quality data, they ought to have smart survey questions that ought to be a balanced mixture of open-ended as well as close ended-questions. The survey technique can be conducted either on-line or offline or both which makes it the go-to choice for descriptive analysis wherever the sample size is extraordinarily massive. Survey is typically conducted through:

a. Cross sectional studies:

- Single cross sectional: In these studies, a sample of the population is selected and data is collected from them only once at a particular period of time.
- Multi cross sectional: In these studies data is collected from multiple sample groups from the population only once at a particular period of time.
- Cohort analysis: In these studies different sample groups of the same population are studied over a period of time. Usually these are before after studies.

b. Longitudinal studies: Here studies are carried out with the help of panel data. Sample group is selected such that it represents the population and data is collected from them multiple times over a period of time.

2) Correlational research: In this research the researcher aims to study the relationship between two variables that is, independent and dependent variable. The researcher can control and manipulate the independent variable in order to see its effects on the dependent variable.

3) Explanatory research: These types of researches answer the question to why does a situation or a phenomenon exist.

4) Exploratory research: These types of researches are undertaken when the situation or problem is new and vague and no past data is available for the same. Normally seen more in terms of pilot studies or feasibility studies.

For the purpose of this research we have chosen descriptive research type and in it, multiple cross sectional study. This is an academic research and the data collected is only true for a limited period of time. Here, we try to measure and find out the level of financial literacy and its sources rather than why financial literacy is important or any other why related question. Descriptive research is an appropriate choice because we aim to identify characteristics, frequencies, trends, correlations, and categories. The study is cross sectional due to the reason that we have collected data from multiple people belonging to the age group of 18-45 years old and then further bifurcated them on the basis of their gender. The study area for this research is Mumbai, however data has been collected from various corners of the city such as Malad, Andheri, Ghatkopar, Byculla and Bhayandar

5.2. Data Collection Methods

Data collection is a course of collecting information from all the relevant sources at our disposal to find answers to the research problem, analyse the given situation using the research objectives and then drawing conclusions. Data collection methods can be divided into the following types: secondary methods of data collection and primary methods of data collection.

Primary data is the first hand data that is collected by the researcher for the purpose of the research work in question. It primarily helps to reduce the chance of bias and reduce credibility issues and accuracy issues. We can make use of quantitative and qualitative data. Secondary data is the data which has been collected by someone else apart from the researcher and for the purpose other than research work in question.

In our study, we have used primary data collection methods. We have conducted a quantitative research through the use of an online survey. Survey is a method of collecting data which comprises of pre-defined questions and using survey we already have the population from whom we can collect the data. Our survey included questionnaires with closed-ended questions. It was a structured questionnaire. Close ended questions are those questions that have pre-defined answers. The reason for using close ended questions was that it makes it easier for our respondents to answer the questions and is less time consuming. Moreover, it makes it easier to analyse the data on the part of the researcher and it becomes easy to draw conclusions. The answers given by the respondents were analyzed by using descriptive statistics and which mainly included the use of measures of central tendency that is mean, median, mode and standard deviation.

The survey was circulated to people of different demographics around different areas in Mumbai to get in-depth knowledge about the levels of financial literacy. It was done through the internet with the help of a google form which was circulated to our sample (adults).

5.3. Sampling Design

A general rule of the thumb is to always try and use the largest sample possible for a research. The larger the sample the more representative it is going to be and reduces the variation and reduces chances of errors. Smaller samples turn out less accurate results due to the fact that the end results would not be the true representation of the entire population. In this study a convenience sample of 165 respondents has been recorded.

A research population is a large assortment of people or individuals that are the focus of a research problem. It's for the advantage of the population that these researches are undertaken. But because of the massive sizes of the populations, researchers typically cannot check each individual because it becomes extremely expensive and time-consuming. This is why researchers generally depend on sampling techniques. All people belonging to a particular population typically have a binding characteristic or attribute.

The target population here are Mumbaikars belonging to the age group of 18-45 years old who are further differentiated based on their gender. We have chosen this target population because we only aim towards finding results that are applicable in Mumbai and on its diverse population.

Sampling takes on two forms: Probability sampling and non-probability sampling:

1. Probability sampling technique
2. Non-probability sampling technique

Probability sampling relies on the particular indisputable fact that each person in the population has an equal likelihood of being selected. For example, if there was a population of one hundred people, everybody would have odds of one out of one hundred of being chosen. With non-probability sampling, the probability is not at all equal. For example, a personal might have a way higher likelihood of being chosen if they live near the researcher or have personal contact.

Non-probability sampling is a type of technique wherein the probability of any the members of the population being selected for a sample cannot be calculated. For this particular research study

we have made use of Non-Probability sampling because there was no database used by us to select our sample and the probability of these samples being selected was also not known.

We have made use of Convenience sampling since it makes it easier for us to collect and analyse the data easily. Moreover, making use of google forms to collect the data made the data collecting process very inexpensive. the samples were selected at our own convenience

5.4. Data analysis

To understand the sources of financial literacy in India.

Descriptive research is used to describe the characteristics of the situation. Its used to find out how do people get their financial information from, what initiatives should be recommended to create awareness among women regarding investments and which government initiatives are people aware about. Survey was used as the data collection method. In survey questionnaire is the method through which this research was carried out. Google forms was used for the respondents to answer the questionnaire. Survey was used to collect quantitative data. Descriptive research requires quantitative data and hence questionnaire was used to collect the same. The respondents answered the questions which gave information such as where they get their financial information from initiatives which should be recommended to create awareness and which governments initiatives are the respondents currently aware about. Mode was used as a central tendency to get information about the most preferred alternative. Mode is a set of values that recur the greatest number of times. Mode is very useful for qualitative data as it is used in ungrouped data and discrete frequency distribution. Graphical data can also be used in mode.

6. Findings

6.1: To study the financial behaviour among the diverse demographics.

6.1.1 Table showing percentage of people investing

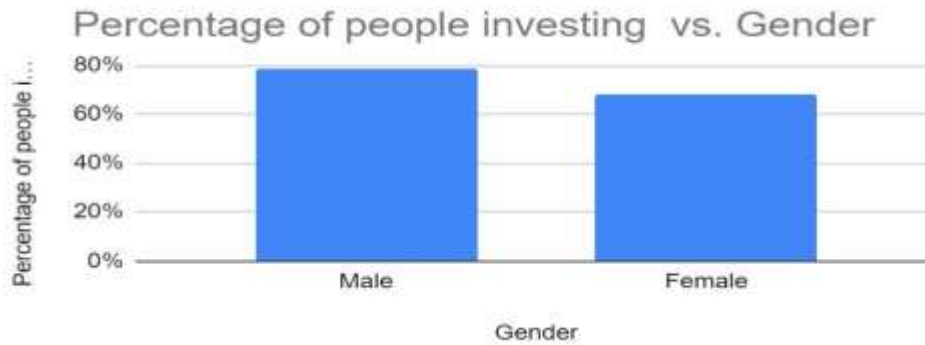
Age	frequency	percentage of people investing
18-21	60	55%
22-30	37	86%
31-45	44	86%
45+	24	83%

Source: Primary Data

Sample size: 165 Respondents

Table 6.1.1 shows that the maximum percentage of people investing in any kind of financial instrument is majorly between the age group of 22-30 and 31-45. 86% of people in both the age groups invest equally. The reason why these age groups invest is because of the higher income level. People between these age groups are the working population having secured jobs. Having experience and knowledge about the corporate world than young adults, these people tend to invest more. Out of these people who invest, majority invest on a monthly basis which can be inferred through the most common reason that the people who work receive their salaries on a monthly basis.

Chart 6.1.1 Percentage of people investing v/s Gender.



Source: Primary Data

Sample size: 165 Respondents

From chart 6.1.1 it has been shown that the male gender tends to invest more than the female gender. Men tend to be more interested in the topic of investing rather than women yet young women are interested to invest but they still lag behind their male counterparts. According to several surveys conducted around the world. Women tend to be less confident when it comes to managing money and they tend to seek help from males to help them out with understanding the financial concepts. Women also focus on having long-term goals so they really don't trade that often and they rarely trade on short-term basis. Women are more likely to also avoid risk and do not really believe in investing that often. (Amy Livingston, n.d.)

Table6.1.2 Financial tools to invest in

Age Group	18-21	22-30	31-45	45+
Bank FD and RD	14	17	28	11
Mutual Funds	17	23	25	14
Stocks	21	20	18	11
Government Securities	4	7	10	6
Others	4	4	10	3

Source: Primary Data

Sample Size:165 Respondent

Table 6.1.2 tells us about the financial tool that people are more likely to invest in. people between the age group of 18-21 invest more in stocks. The reason for the same is because these people are more likely to take risk and they look for more short-term returns rather than long term goals. However, the working age population right from the age of 22-45 are not likely to take higher risks and look for long term return thus they are more likely to invest in a less risk financial product such as Mutual Funds. Government securities, however, across all age groups remains to be the least likely financial product to invest in. That is because Government securities do not give greater returns and people across all age groups require returns that are greater than the returns government securities can give despite them being so secured.

Table 6.1.3. To study the financial behaviour among the diverse demographics:

	18-21		22-30		31-45		45+	
	Male	Female	Male	Female	Male	Female	Male	Female
Keeping tracks of finances	3.55	3.54	3.52	3.57	3.53	3.54	3.5	3.48
Paying bills on time	4.23	4.21	4.22	4.15	4.23	4.23	4.23	4.22
Comparison shop or buy on sale	3.55	3.57	3.54	3.46	3.56	3.57	3.54	3.52
Feel Secure in current financial position	3.66	3.63	3.65	3.7	3.65	3.65	3.66	3.6

Source: Primary Data

Sample Size: 165 Respondents

Anyone who lives from pay check to pay check knows how important it is to maintain a budget as well as to keep a proper record of their expenses in order for it to last the entire month. Table 6.1.4 clearly indicates that people belonging to the age groups of 22-30 year old as well as 31-45 year old are conscious about their budget and regularly keep track of their expenses. This is due to the fact that most people in these groups have been working for a very long time or have just joined the workforce therefore receiving a salary in turn becoming responsible for their own expenses. This factor alone makes them aware of how much and where they spend their money as well as the importance and value of money. However when it comes to the 18-21 year old age group, almost everyone here is a student who is directly dependent on their parents or relatives for their daily expenses. The fact that they do not work for the money they receive and have no other source

of income directly affects their attitude towards savings and recording their expenditure so as to be able to live off of their limited budget.

Of the total responses recorded from men most confessed they would usually pay their bills on time. However, even though most of the women who responded said they did the same, they still fell short. Due to the fact that in most of the Indian households there exists a hierarchy wherein men are in charge and are expected to take care of the finances and even though women contribute towards the finances and are an active part of the workforce they tend to handover this responsibility to the head of the house. Another factor that affects this statistics is the fact that women do not usually possess the information or resources to be able to pay their bills. The general misconception that women should stay at home and take care of their children rather than be in charge and pay their own bills means that most weren't actually taught how to do so.

Table number 6.1.4 shows that both males and females belonging to all kinds of different age groups are more inclined towards comparing and then buying products. This indicated that people in general are more price conscious when it comes to purchasing and give preference to finding products that are ideal for them at the lowest price possible rather than having to spend a higher amount of money in the short term.

With only a slight deviation in females belonging to the age group of 21-30 with their scale being slightly higher, rest everyone has a similar score. However due to the fact that this is a sensitive question and many people would prefer to give answers that reflects either negatively or positively on their financial status, these averages seem to be influenced by psychological factors.

6.2- To understand the amount of knowledge, people have in regards to financial concepts.

For better or worse, money touches all areas of life. It is the need of the hour to have certain amount of minimum knowledge about some financial concepts to be able to effectively manage your money. We have asked certain specific questions to gain insights about the amount of knowledge people have regarding certain financial concepts. While analysing the answers to these questions, we have considered that if a person answers 6 or more out of 10 questions correctly, then he is said to have adequate knowledge about the general financial concepts.

We asked various varied questions to get to know about respondent’s financial knowledge. Questions relating to payback period, normal borrowing patterns, bank loans, annuity and various other instruments like bonds and mutual funds are asked. We have made it a point to ask normal financial questions which relate to the basics and not the ones needed for working of a business.

Moreover we have divided our study population into two vivid groups, i.e. male and female for easy understanding and analysis of the objective. The table 6.2.1. depicts the knowledge on percentage basis.

Table 6.2.1. Percentage of Financial Knowledge on the basis of gender and age

	18-21		22-30		31-45		45+	
	Male	Female	Male	Female	Male	Female	Male	Female
Percentage of people scoring 6 or higher	37.50%	25%	25%	0%	38%	7%	29%	10%

Source: Primary Data

Sample size: 165 Respondents

In India, it is stereotyped that men indulge themselves more into handling the household finances like investing the savings into various financial instruments like mutual funds and fixed deposits. But it is not only stereotyped, but actually proven through our survey. It can be inferred from the Table 6.2.1 that generally men tend to have more knowledge about financial concepts as compared to women, be it men of any age group. And it is not any financial knowledge needed for going about with a business but basic financial knowledge needed for everyday use and handling individual finances.

(Berggren & Gonzalez, 2010) also proves the fact that gender has an effect on financial decisions. It is proved that women approach financial decisions in a more conservative manner as compared to the men and the men invest more frequently in the financial market.

Also, it is stated that females are more risk averse than men which supports the general view that men take more risks than women.

This is also shown through the help of our survey. The answers to our questionnaire depicts that 37.5 % of the male have basic financial knowledge as compared to 25% females belonging to the age group of 18-21. Females belonging to the age group of 22-30 have negligible financial knowledge as compared to their male counterparts. These are women who are generally married and have a household to run. We can infer that married females generally depend on their male counterparts, i.e. their husbands to do all the financial decision making. Hence the males have more financial knowledge than females as they indulge in it more than women.

The margin of knowledge percentage in the age group of 30-45 years is very high. It inclines towards males having more knowledge with a percentage of 38% as compared to females who have a 7% basic financial knowledge percentage. The same goes with the age group of 45+ where males win over their female counterparts with a percentage of 29% and 10% respectively.

6.3: To understand the sources of financial literacy in India.

The majority of the population gets its financial information from family and colleagues. Respondents trust their family and friends and ask them questions about the same. Table 6.3.1 shows that the majority of the population don't prefer to get their financial information from journals. Journals have lost their relevance compared to the internet in today's age. People can digitally obtain any info in a quick span of time. The age group falling in the bracket of 18-21 and 31-45 rely majorly on the internet to get their financial information. Internet is very relevant in today's and the youth rely on it to get information about any topic.

People falling in the age group of 22-30 and 45+ rely on their family and colleagues to get financial information. People in the age group 22-30 have started earning and have a new source of income. They are new to the world of finance and hence rely on their family and colleagues for obtaining financial information. Government schemes are the second most least preferred option among all age groups. The government is not very rigorous in helping people get their financial information.

Table 6.3.1 showing sources of awareness for investment

	18-21	22-30	31-45	45+
Organization reports	9	5	4	6
Agents and advisors	12	14	20	12
Family and colleagues	36	25	26	14
Internet	39	18	26	9
Journal	6	7	1	2
Government schemes	8	6	5	3
Education	12	9	4	3

Source: Primary data

Sample size:165 Respondents

Table6.3.2: Initiatives to Create awareness among women regarding investment

Sources	Workshops	Training	Advertisement	Investors Meeting
Percentage	30%	24%	38%	8%

Source: Primary Data

Sample size:165 Respondents

According to Economic Times only 33% of Indian women take independent investment decisions. We found out that advertisements is the best-recommended method among respondents to create awareness among women regarding investments. Advertisements attract attention and hence a large population of women can easily be aware of investments. Advertisements provide entertainment along with information due to which it is very popular. Workshops are also very effective to create awareness as women can also ask questions regarding investments. Investor’s meet is the least recommended method to create awareness among women regarding investments.

According to Rockies Venture Club, there aren’t any women across the table in an investors meet and hence the existing women also feel lonely. (-, 2019) (Granger, 2012)

Table 6.3.3: Government Initiatives People are aware about

	18-21	22-30	31-45	45+
Visit SEBI	20	7	7	4
IRDA awareness program	17	9	11	3
Annual IRDA Seminar	13	7	1	3
RBIQ	9	7	4	4
SEBI helpline	28	7	6	3
Mutual funds sahi hai	45	23	28	17
None of the above	9	6	13	2

Source: Primary Data

Sample Size; 165 Respondents

According to table 6.3.3 the majority of the 165 respondents are most aware about the ‘mutual funds sahi hai’ initiative taken by the government. According to CafeMutual, the campaign has featured in multiple languages across different media channels such as TV, online platforms, print, radio, hoardings and other media. This is the reason because of which people are most aware about this initiative. The initiative is credited for creating awareness about mutual funds and encouraging investors to move from physical assets to mutual funds.

Annual IRDA seminar and RBIQ are the government initiatives respondents are least aware about. However IRDA awareness program is very much effective compared to the seminar programs. People belonging to the age bracket of 18-21 responded that RBIQ is the government initiative

they are least aware about. People belonging to the age group of 22-30 are least aware about visit SEBI, SEBI helpline and annual IRDA seminar initiatives.

People falling in the age bracket of 31-45 are least aware about the annual IRDA seminar. Age group of 45+ are least aware about SEBI helpline, IRDA awareness program and annual IRDA seminar program. (Rege, 2018)

6.4 Perspective of people on integrating insurance with investment.

It's been an age long debated topic of whether one should mix insurance with investment. In order to get to the crux of the topic we started with asking the respondents some basic questions. The table 6.4.1 shows that what percentage of people has a life insurance; the same has been filtered on the basis of age.

Table 6.4.1 percentage of people having life insurance categorized into age groups.

Age	18-21	22-30	31-45	45+
Percentage of people with life insurance	67%	76%	77%	83%

Source: Primary data

Sample size:165 Respondents

The table 6.4.1 shows us a directly proportional relationship between age and the percentage of people having a life insurance. Our data contradicts the data found by that in a (Singh, 2019).

Bloomberg collected data from the Handbook of Indian Insurance Statistics 2016-17, it stated that 75% of Indians do not have a life insurance. We, on the other hand, found high percentage of people having life insurance in all the categories. The basic reason for this contradiction can be that our study was conducted in Mumbai which is the financial capital of the country and the level of financial literacy is higher as compared to the other parts of the country.

Mr. Damodiwala once in an interview said, “*Mixing insurance with investment is a common mistake that I find in many investors.*” Our research shows that people are aware of that fact and 48% (table 6.4.2) of the people in our study have a term plan.

Table 6.4.2 percentage of people with the following types of insurances.

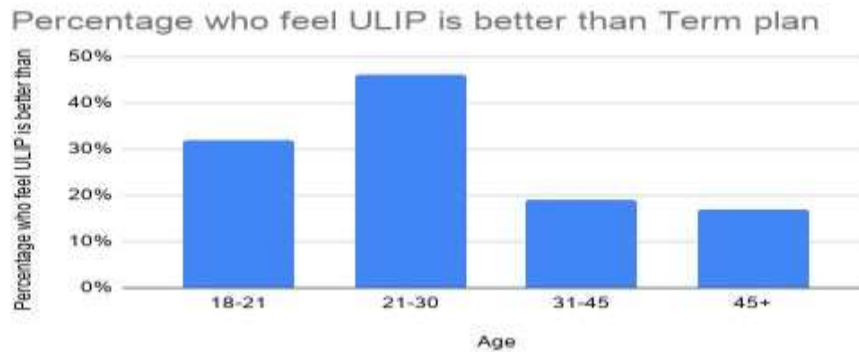
Type of Insurance	Percentage
ULIP	11%
Term Plan	48%
Money back plan	17%
Endowment Plan	7%
Others	16%

Source: Primary data

Sample Size: 165 Respondents

In sought for a direct comparison, we found that 46% of the people in the age category of 21-30 believed that ULIP was a better option than term (Chart 6.4.1). This difference in opinion is because of lack of financial literacy in that age group. In our findings for objective 2 it is seen that the level of financial knowledge is lowest in the age group of 21-30 and hence it verifies why most of them believe that ULIP is a better as compared to a term plan.

Chart6.4.1 Percentage who feel ULIP is better than Term Plan.



Source: Primary Data

SampleSource:Size:Primary165RespondentsSource

Table 6.4.3 shows data in accordance with the previous table. On the likert scale (3 being the neutral point) we can see that mostly all the people from the all age categories are neutral to the statement. This further proves that there is a lack of knowledge and awareness among people regarding the benefits of not integrating insurance with investment. The neutral approach of people shows us that they are easily amiable and hence they fall into the trap of the insurance advisors who pitch plans that integrate the both.

Table 6.4.3 Mean on the basis of Awareness and Knowledge.

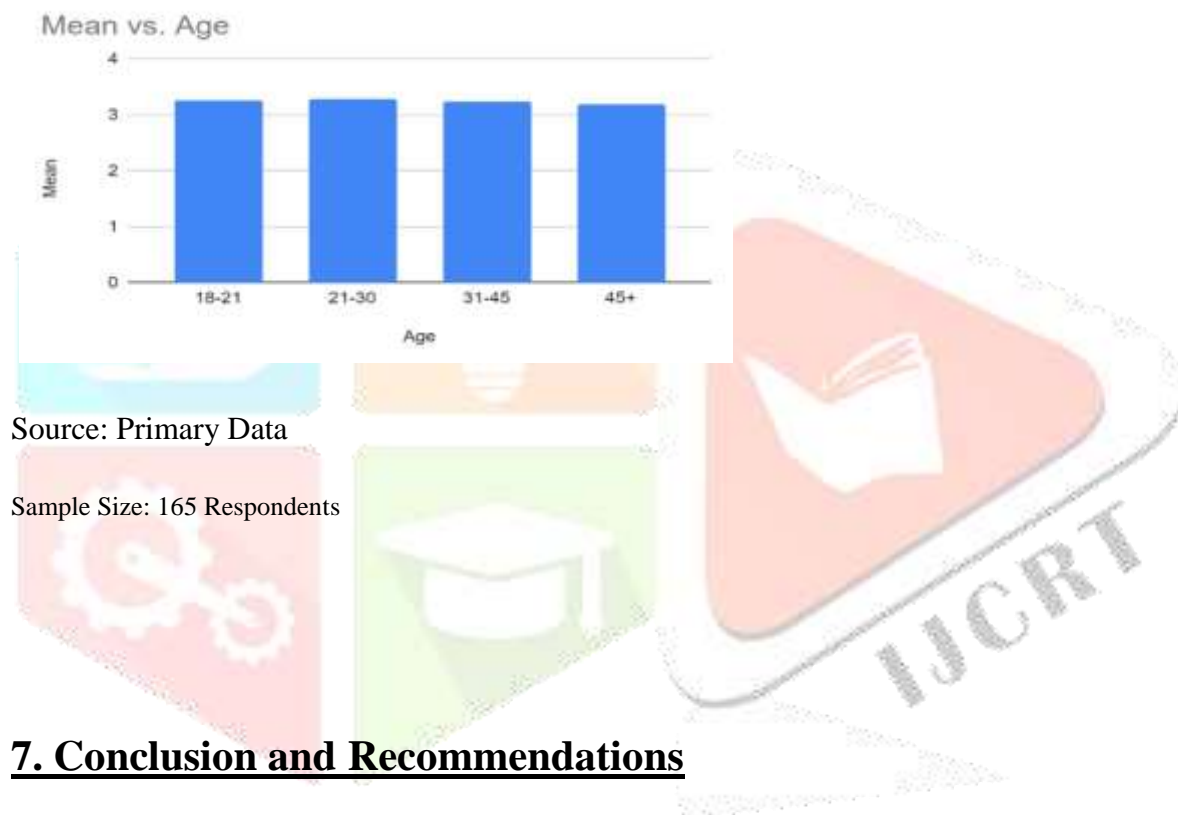
Age	Mean
18-21	3.25
21-30	3.29
31-45	3.23
45+	3.2

Source: Primary Data

Sample size: 165 Respondents

As given in chart (6.4.2) we can see that all the bars are almost at the same level however the highest mean is for the age group of 21-30. This information is in sync with the previous findings as 21-30 age group has the lowest financial knowledge due to which they prefer ULIP over term which in turn results in their mean being higher in table 6.4.4

Chart 6.4.2 Mixing investment with Insurance being a good idea.



7. Conclusion and Recommendations

From our research we found out about the financial behaviour among various demographics like age and gender. Our questions were directed at people to know about their level of knowledge, their sources of financial literacy and their thought on integrating insurance with investment. We found out that majority of the people did invest their money but not all had financial knowledge. We gave our respondents a test and based on their score 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. 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 sahi hai” campaign was one of the most widely accepted and remembered campaign to spread awareness about financial knowledge.

For the last objective of our research, we found that even though majority of the people had a term life insurance plan they were still neutral regarding the idea of mixing insurance with investment. This contradiction persists because of lack of awareness and financial knowledge.

Our recommendation would be to spread awareness regarding financial knowledge through modern mediums such as social media, television and movies as they are more widely accepted by the people.

Financial education can be made a subject in schools and colleges to inculcate the basics right from the beginning.

There could be separated campaign or programs specially targeted towards women because though they are becoming a part of the workforce they still have very little financial knowledge.

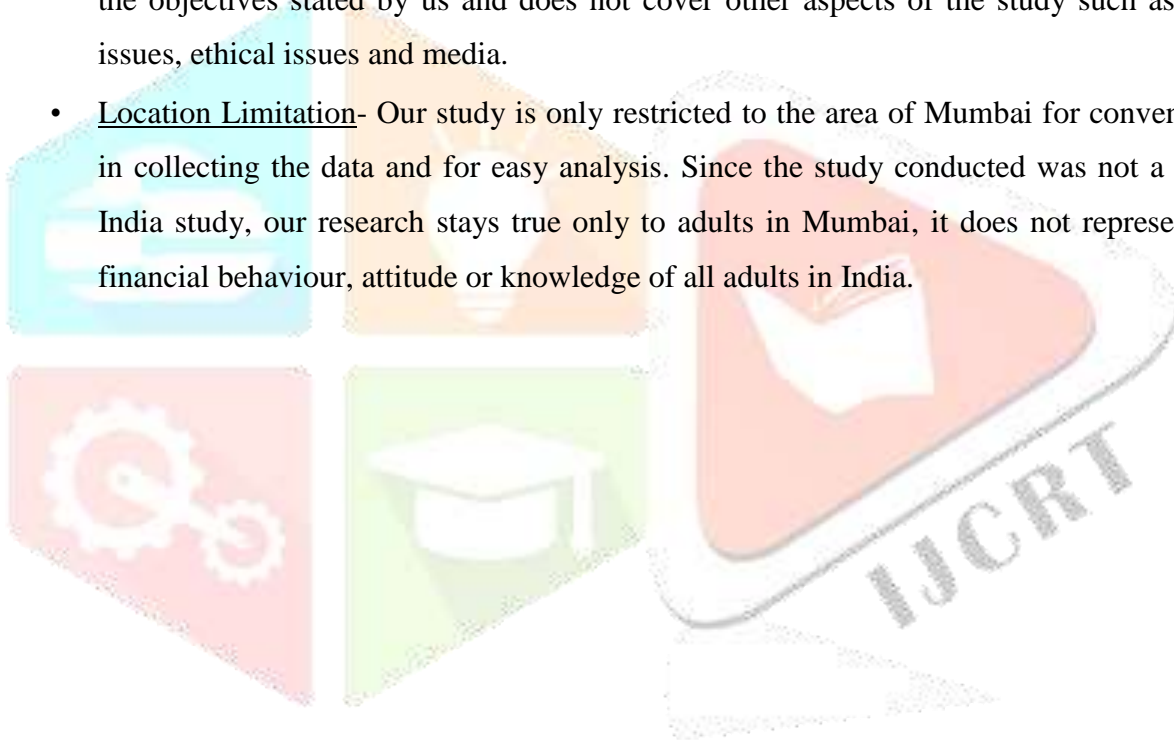
8.Limitations of the study

The findings found by us is not completely accurate and fool proof, it comprises of certain limitations. Certain limitations of the study were:

- **Sampling** – The study done by us is not a census study but a sampling study. We selected a sample of the population that is only adults from Mumbai. The sample selected by us may not necessarily be the true representation of the population. We also used non-probability sampling and in that we used convenience sampling thus that factor also

increases the bias. Moreover, the people's willingness to fill the google form may also affect the result.

- Cross Sectional study- Our study holds true only for this particular period of time that is March,2020. It might not be exactly similar in a future period. The findings of the research could change in the future due to change in some external or internal factors. Since the descriptive research conducted was not a longitudinal study which involves collecting data from the sample multiple times at multiple periods of time. Hence our data holds true only for March 2020.
- Objective Limitation- The questions asked by us do not necessarily cover the all the details of our objectives. Moreover, our entire study covers only the aspects relating to the objectives stated by us and does not cover other aspects of the study such as legal issues, ethical issues and media.
- Location Limitation- Our study is only restricted to the area of Mumbai for convenience in collecting the data and for easy analysis. Since the study conducted was not a PAN-India study, our research stays true only to adults in Mumbai, it does not represent the financial behaviour, attitude or knowledge of all adults in India.



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APPENDIX-1

Research project			
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