



Awareness and impact of financial literacy among secondary School students

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Abstract

Sustainable Educational Practices involves developing life-skills including leadership, communication, collaboration, cooperation and management; all of which are extremely important for personal development of students. Financial literacy involves an individual's ability to interpret and understand basic financial concepts and apply that knowledge to make informed decisions related to finance in their day to day activities as also applicable as lifelong learners. There are many benefits to being financially literate which definitely brings more development, innovation through use of more technologies and more economic and social prosperity. The key role students would be playing at saving, managing pocket money, understanding the power of compounding, retirement planning, accumulating wealth, and avoiding debt. Financially literate students are able to understand better, macroeconomic problems and make informed decisions related to fiscal and monetary policies, scope and limitations of new start-ups and how to take calculated risks. Hence based on the research, we would like to bring the awareness and impact of financial literacy to secondary school students (age 12+) which was not included in any of the Education Policy nor NEP 2020.

Keywords: Financial Literacy, awareness & impact, experimental research, NEP 2020, inference.

Introduction

Sustainability means what we do; we must be able to do forever. Sustainable development means developing individuals without hampering the future generation. Financial literacy involves an individual's ability to interpret and understand basic financial concepts and apply that knowledge in daily life. That means 'the ability to make informed decisions and to take effective judgments regarding the use and management of money or finances.

There could be three primary benefits to being financially literate. Financial literacy plays a key role in preventing individuals from becoming involved with fraudulent financial transactions or engaging in financially destructive behavior. Financial literacy is also advantageous for wealth preservation. Many studies show that people who are more financially literate tend to be better at retirement planning, accumulating wealth, and avoiding debt. In fact, people who develop financial plans tend to be 10 to 15 percent wealthier than those who do not¹. Finally, a financially literate person is more able to understand macroeconomic problems and make informed decisions related to fiscal and monetary policies than a person that has not undergone financial education. It is important not only for personal financial management, but also to prevent macroeconomic disasters like the recent global financial crisis from reoccurring. Thus, financial literacy is an important step towards long term financial stability of the country².

Socio-economic independence depends on higher level of financial literacy cum financial choice, where budgeting skills, credit analysis etc are important parameters. Initially maintaining a saving bank account was considered financial knowledge but nowadays it became more complex. Consumers have to differentiate between a wide range of financial products and services available offline and even in online platform. Greenspan³ also have similar opinion.

According to a recent international assessment by U.S. Financial Literacy and Education Commission (Report 2019)⁴, 20% U.S. high school students failed to exceed a baseline level of financial proficiency. Based on a recent study of 11,000 high schools, only 16 percent of high school students were required to take financial education. Therefore, there is an increasing need that people should be more financially literate and this has increased the responsibility of education institutions of different level to facilitate the efforts to promote financial literacy across the country.

Literature Review: "Best Practices for Financial Literacy and Education at Institutions of Higher Education" by U.S. Financial Literacy and Education Commission⁴ emphasizes best practices for institutions of higher education regarding methods of teaching financial literacy and providing information to assist students with borrowing decisions. This report recommends the adoption by financial education practitioners of the Consumer Financial Protection Bureau's (CFPB) "Five Principles of Effective Financial Education" are know the individuals and

families to be served, provide actionable, relevant and timely information, improve key financial skills, build on motivation and make it easy to make good decisions and follow through.

To develop standards for professional educators, provide ongoing support, evaluate for impact could be evaluated for their programs for impact and develop a culture of continuous improvement by establishing methodologies, procedures, reporting, and metrics for measuring program effectiveness.

Cude J. Brenda⁵, University of Georgia, The US and others worked on College Students and Financial Literacy: The study emphasised that parents play a key role in their children's financial understanding. What They Know and What We Need to Learn, where she explained in multi-state research project how qualitative data helps researchers to check overall financial management practices along with quantitative data for college students.

As a suggestion putted forward by the researchers were that 'financial fitness quiz' should be initiated by the future researcher with the help of a scale of financial management options available to college students and would be used as risk management tool in the college campus. It would be applicable also for financial professional and as well as for educators.

Financial Literacy of Korean High School Students presented to South Korea's Gyeongin National University of Education by Hahn Jinsoo⁶, investigated the effects of socio-economic status and how economic and financial attitude on financial behavior expands due to financial literacy using structural equation models. The common and different findings are applied as in descriptive statistics and in simple regression models.

Shah Kamini⁷ researched on "A study on Women Empowerment through Financial Literacy", University News 57(10) March 11-17, 2019 emphasis on financial behavior and financial knowledge. She said, "re-examination of the key component of financial literacy among women is necessary due to the fact that financial knowledge represents responsible financial behavior and financial behavior is the result of financial knowledge" and recommended for including financial education or money management subject in primary and secondary school students.

P. Balasudari⁸ on Financial inclusion and literacy of tribal households in Nilgiris district revealed that financial literacy relating to the available financial products and its benefits are the felt need of the hour for the benefit of weaker sections as well as sustainable development of the nation. Hence, there is an imperative need to impart financial literacy to the weaker sections of society. As the first step, weaker sections must get awareness on i. basic formal available financial products ii. Available value added services and iii. Extent of financial literacy to formulate policy measures for financial inclusion of the weaker section. It is also to be assessed whether the weaker

sections of society acquire knowledge on various financial aspects when they avail services.

Pandey Sandeep⁹ on a study of awareness of working women on financial literacy and financial planning in Mumbai region stated that to improve understanding regarding women awareness and financial Planning. To know why there is absence of right kind of financial acumen among responded women and its implication regarding financial Planning. To assist various banking and financial sectors to develop a suitable financial Education plan regarding women.

S. Vidya¹⁰ on financial literacy and its impact on financial well-being: an analytical study of millennial in Tamil Nadu examined to assess the impact of financial literacy on financial attitude, financial well-being and financial attitude of millennial in Tamil Nadu. Researchers found and established that Financial Behaviors are the strongest influencing factors that predict Financial Well-being of millennial. This study provides information which could benefit the readers of all walks of life for a better understanding of implications of financial education to improve financial wellbeing.

Researchers mentioned financial literacy is an important component of economic and financial stability both for the individual and as well as for the economy. Different financial platform and variety of products and services emphasis the growing concerns about the level of financial literacy of citizens of many countries. Increasing and improving Financial Literacy is a challenging issue for the Government of any country has also attracted the attention of researchers.

The results of this research and those presented and discussed in this thesis could be useful in helping Government and Policy makers understand how financial literacy can apply their financial knowledge and skills to manage their finance today and in the foreseeable future. This would create a better financial environment, which in turn increases satisfaction and improves their financial security and wellbeing in the future.

Research Problem: Awareness and impact of Financial Literacy among Secondary School Students

Methodology

Objectives of the Study: Depending on the research questions below, this paper seeks to achieve the following objectives. i. To implement the Financial literacy programme. ii. To identify the pre-test scores of Secondary School Students, iii. To identify the post-test scores of Secondary School Students, iv. To compare pre-test and post-test scores of Secondary School Students.

Hypothesis of study: i. H_0 : There is no significant difference between pre test and post test scores of Secondary School Students.

Research Design and Data Collection: By using an experimental research method in one of the Cambridge Assessment International Education schools in standard VII, single group design with Pre-test, then using the content developed by RBI¹¹, planning the lessons, execution with bank visit and finally Post-test. From the test results, we will find mean, median, mode, Standard Deviation, t-test, P-test and finally inferences.

Results and discussion

After pre-test we have plan lesson and systematically implemented the steps of the experiment over a period of a quarter along with bank visit and have listed the finding below:

Table-1: Individual scores of the sample in Pre-test & Post-test.

Sl No	Pre-Test Score	Post-Test Score
1	14	16
2	6	13
3	16	15
4	10	11
5	2	15
6	6	18
7	13	16
8	12	16
9	13	15
10	11	13
11	11	17
12	13	16
13	10	14
14	13	12
15	14	16
16	16	18
17	7	14
18	9	14
19	12	14
20	12	14
21	19	14
22	15	18
23	13	19
24	10	11
25	17	18
26	8	15
27	12	16

Table-2: Results of the Tests.

Group	Pre-Test	Post-Test
N	27	27
Mean	11.62	15.11
Median	12	15
Mode	13	16
Variance	13.8575	4.4871
SD	3.72257	2.1183
Skewness	-0.505926	-0.130779
Kurtosis	0.665906	-0.401143

Unequal Variance: DF: 40
 95% confidence Interval for the Difference (-4.5031, -1.1969)
 Test Statistics t=-3.4845
 Population 1 #Population 2: P-Value = 0.0012
 Population 1 < Population 2: P- Value= 0.9994
 Population 1 >Population 2: P- Value= 0.0006

Equal Variances: Pooled DF: 52.
 Pooled Standard Deviation: 3.005
 95% confidence Interval for the Difference (-4.4912, -1.2088)
 Test Statistics t=-3.4847
 Population 1 # Population 2: P-Value = 0.001
 Population 1 < Population 2: P- Value= 0.9995
 Population 1 >Population 2: P- Value= 0.0005

Hence null hypothesis (H₀) is rejected and alternative hypothesis (H₁) is accepted. Here, it leads towards Type I error and known as alpha. The probability of Type I error is usually determined in advance and is understood as the level of significance of testing the hypothesis. If type I error is fixed at 5 per cent, it means that there are about 5 chances in 100 that we will reject Ho when Ho is true. We can control Type I error just by fixing it at a lower level.

There is a significant difference between pre-test and post test scores of Secondary School Students. Hence null hypothesis is rejected and alternative hypothesis is accepted and it is statistically significant.

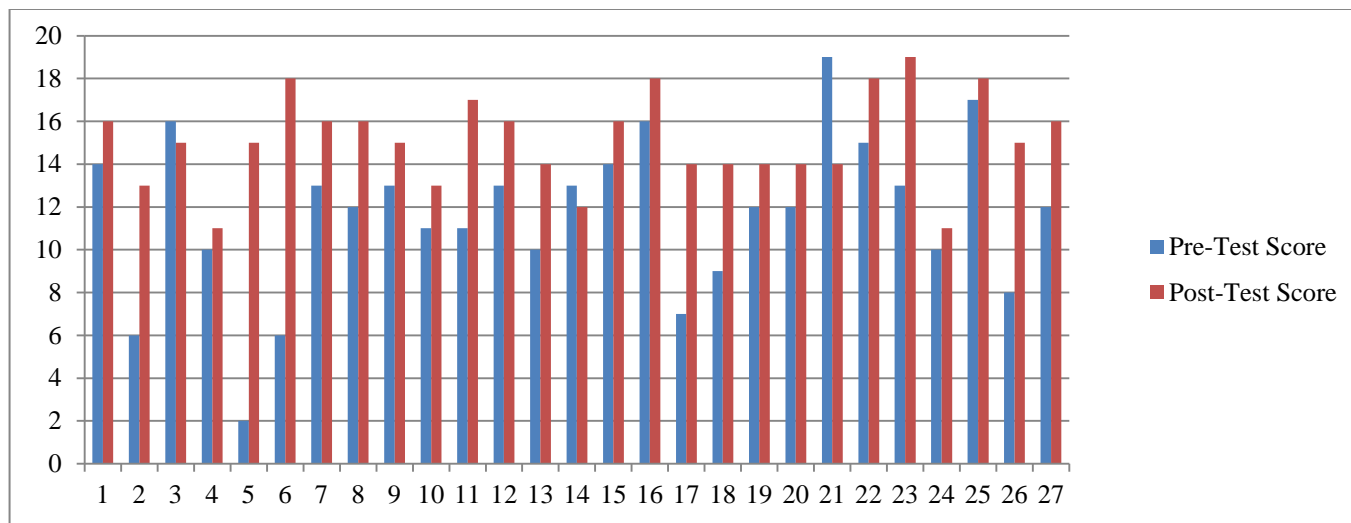


Figure-1: Scores in Pre-Test and Post Test.

Significance of the Study: This study could bring out the impact of financial literacy in students daily life as lifelong learners and also provide food for thoughts to parents, schools, policy makers and researchers. This study aims to clarify the awareness and impact of financial literacy in secondary school leads to more scope and further studies for future researchers and practitioners can use the information to identify and assist students at differing financial literacy levels. With the increased interest in the financial literacy level in high school, college, university students this study will add to the body of knowledge and lead to continued research on the university student population by providing a reference point for future researchers. Introduction to basics of money, savings, wants vs. needs, budgeting, expenses; savings could be used in lower secondary level with relevant daily examples¹². In due course of time creating a budget geared towards long-term saving, investing in companies or buying stocks or power of compounding and visit to a bank for functioning could be introduced. The importance of handling and managing money should be useful and valuable.

It will benefit school administrators, Principals, teachers and police makers for making use of this research and implement it for betterment of the society and nation as well.

Scope and limitations of the study: The study is limited to a selected number of school students and only for specific standards in secondary school level. The subject area we are studying and discussing includes general personal finance knowledge, knowledge of savings and borrowing, knowledge of banks, insurance and knowledge of investment.

Time is a major factor; as a research of this kind requires enough time in gathering of data, implementation, distribution, collection and analysis of questionnaires.

Secondary school level, in our case lower secondary standard school students of a specific school could be considered and

number of variables made the research specific and could be one of the limitations. Even it was not gender specific.

Suggestions for Future Studies: The suggestions putted by researcher as follows: i. A study of awareness and impact of financial literacy among primary school students for urban and rural areas, ii. A study of awareness and impact of financial literacy among middle school students for urban and rural areas, iii. A study of awareness and impact of financial literacy among high school students for urban and rural areas, iv. A study of awareness and impact of financial literacy among college school students for urban and rural areas v. A study of awareness and impact of financial literacy among post graduate students for urban and rural areas.

Suggestions for Teachers: Teachers handing the course need to be trained, regarding the effective use of course content, teaching methodology, collaborative learning, group work, appropriate use of assessment tools, grading and record-keeping to benefit their students. Also arrange Bank Visit to know more about banking in daily life.

Suggestions for Parents: Parents should take opinion from students (as their family members) for financial decisions. If required, parents should provide basic details of the financial products to provide inputs and required literature to them. They can have healthy discussions at home and can have bank visits as and when required. Students should get inspiration to know about a few financial products and knowledge from home.

Suggestions for Policy Makers: Policy makers and curriculum developers should introduce financial literacy as per classes, so that students will be able to take calculated risks and better informed decisions for financial products and make their life happier.

Conclusion

Hence in this experimental research researchers concluded that with great potential and for stable economic growth and prosperity of the young economy (like India) we need to emphasize Financial Literacy which should start from school level and leads towards financial freedom. It also includes informed judgments and better effective decision making skills. More correlation, developmental variables etc need further studies and give more wings to researcher and policy makers.

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