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An Empirical Study on Financial Literacy Among Management Studies Students with Special Reference to KSR Educational Institutions, Tiruchengode

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Abstract

The study, "An Empirical Study on Financial Literacy among Management Students with Special Reference to KSR Educational Institution, Tiruchengode", examines the financial literacy levels of management students and the factors influencing their financial knowledge and decision-making. Using stratified random sampling, data have been collected through questionnaires and secondary sources. The analysis, primarily through correlation techniques, explored the relationship between financial literacy and factors such as age, gender, socio-economic status, and prior education. The study also assessed the influence of digital tools and technologies on students' financial behaviour. The findings highlight the need for targeted financial education programs within academic curricula to better prepare students for effective financial decision-making in their personal and professional lives.

Keywords: Digital Tools, Financial Education, Financial Literacy, Management Students, Socio-economic Factor

1. Introduction

Financial literacy is increasingly vital for individuals, especially management students, in navigating today's complex financial landscape marked by rapid technological and structural changes. It encompasses skills beyond budgeting and saving, including investing, borrowing, tax planning, insurance, and understanding financial instruments like stocks, mutual funds, and digital assets. For management students, strong financial literacy is crucial not only for personal well-being but also for future professional roles involving financial decision-making. Despite its importance, many students lack even basic financial knowledge, leading to poor financial choices, debt, and vulnerability to fraud. In India, where digital financial tools are rapidly growing, this gap is particularly concerning. This study focuses on assessing the financial literacy of management students at KSR Educational Institutions, Tiruchengode, exploring factors like age, gender, background, and exposure to financial education, as well as the role of technology and external influences such as family, peers, and media. A mixed-methods approach, including surveys, interviews, and curriculum analysis, has been used to assess students' knowledge, behaviour, and attitudes towards finance. The study also evaluates the effectiveness of current educational methods and recommends improvements like interactive learning, real-life case studies, workshops, and collaborations with financial institutions. The findings aim to support curriculum reforms and national policies to enhance financial literacy education, aligning with India's digital transformation and broader global efforts. Ultimately, the goal is to prepare future managers who can make informed financial decisions, foster economic inclusion, and contribute to sustainable growth at both organisational and national levels.

2. Review of Literature

Bhatia and Nair[1] in their study explored how parental involvement affected students' financial behaviour

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and literacy levels. The study found that students who received financial guidance from their parents exhibited more responsible financial habits, such as budgeting and saving.

Chopra and Tiwari[2] focused on the role of financial literacy in influencing students' understanding and purchase of insurance products. The study highlighted that students with higher financial knowledge were more likely to invest in health and life insurance policies, recognising their long-term benefits.

Das and Roy[3] investigated the impact of hands-on learning approaches, such as financial simulations and real-life budgeting exercises, on students' financial decision-making skills. The findings suggested that experiential learning significantly improved financial literacy retention and practical application.

Kumar and Das[4] focused on how financial literacy influences students' adoption and use of fintech solutions such as mobile wallets, peer-to-peer lending, and automated savings apps. The research found a strong correlation between digital financial literacy and fintech adoption, highlighting the need for educational institutions to incorporate fintech education in their curriculum.

While financial literacy is increasingly important, existing research largely overlooks management students who need specialised financial skills for their careers. Key gaps include the lack of a comprehensive financial literacy framework tailored to them, limited studies on how financial knowledge impacts career readiness, entrepreneurship, and workplace decisions, and minimal research on their preparedness to use emerging financial technologies. Behavioural finance, socioeconomic and cultural influences, gender disparities, and the effects of financial misinformation through social media are also underexplored. Additionally, little research exists on how financial literacy helps management students during economic crises. Addressing these gaps can lead to more practical and effective financial education for future business leaders.

3. Statement of the Problem

Management students often lack adequate financial literacy, leading to poor financial decisions and difficulty managing personal finances. Limited research exists on the factors influencing their financial literacy, such as digital platforms, socioeconomic background, and education methods. This study aims to assess their financial literacy levels, identify key influencing factors, and understand how financial literacy affects their financial behaviour, to enhance financial education and prepare students for better financial decision-making.

4. Objectives of the Study

- To identify the financial literacy of the respondents
- To understand the relationship between use of financial tools and confidence on gender
- To analyse the relationship between financial knowledge and understanding on awareness of risks and benefits on financial tools.

5. Research Methodology

Stratified random sampling is used in this study to ensure an accurate representation of the population. The total population was 612, and a 10% sample size of 61 students is selected. The population is divided into strata based on academic specialisation, with the researcher specifically focusing on finance students. From this stratum, 61 students are randomly chosen to ensure the sample accurately reflected the characteristics and opinions of finance students. This method helps to improve the precision and representativeness of the study.

Correlation and regression are statistical methods used to examine relationships between variables. Correlation measures the strength and direction of a linear relationship but does not establish causation. In contrast, regression is used to predict the value of a dependent variable based on one or more independent variables, offering insights into both the strength and influence of these relationships. While correlation identifies associations, regression provides a deeper understanding of causality and prediction.

6. Analysis and Discussion

6.1 Relationship Between Use of Tools and Confidence by Gender

Null Hypothesis (H_0): No main or interaction effect of financial tool use and confidence on gender.

The results of Table 1 show that there are no significant differences between genders in the use of online financial tools or financial confidence, with p-values well above 0.05. The results indicate that gender does not influence

digital financial behaviours or confidence levels. Both males and females show similar adoption and confidence in using financial tools. As a result, there is insufficient evidence to reject the null hypothesis, confirming that financial behaviours are gender-neutral within the sample studied.

6.2 Relationship Between Financial Knowledge and Financial Understanding

Null Hypothesis (H_o): There is no significant relationship between an individual's knowledge of basic financial concepts and their understanding of financial topics such as savings, investments, and budgeting.

The relationship between financial knowledge and financial understanding has been analysed with Correlation Analysis, and the results are shown in Table 2.

The correlation analysis in Table 2 reveals a strong positive relationship between financial knowledge and understanding ($r = 0.584$, $p < 0.01$), showing that increased knowledge enhances the ability to apply financial concepts. This underscores the importance of financial education that blends theory with practical application to improve financial skills, confidence, and independence. The findings can help educators and policymakers develop more effective financial literacy programs.

6.3 Relationship Between Financial Knowledge and Understanding, and Awareness of Risks and Benefits of Investing in Stocks or Mutual Funds

Tables 3, 4 and 5 highlight the relationship between financial knowledge and understanding and awareness of risks and benefits of investing in stocks or mutual funds.

Null Hypothesis (H_o): There is no significant relationship between financial knowledge and understanding and an individual's awareness of the risks and benefits of investing in stocks or mutual funds.

The Table 3,4 and 5 show a significant model ($p < 0.001$, $R^2 = 0.246$), indicating that 24.6% of the variation in students' belief in financial literacy is explained by the independent variables. Learning methods significantly impact beliefs ($p = 0.026$), while influence sources like parents or peers have a weaker, non-significant effect ($p = 0.092$). The findings highlight that how students learning are more important than who influences them, reinforcing the need for structured, high-quality financial education to strengthen positive beliefs about financial literacy.

Table 1. Relationship between use of tools and confidence on gender

Tests of Between-Subjects Effects					
Dependent Variable: Gender					
Source	**Type III Sum of Squares**	**df**	**Mean Square**	**F**	**p-Values**
Corrected Model	2.33	13	.17	.66	.78
Intercept	51.35	1	51.35	189.8	.00
How often do you use online financial tools or apps for managing your money?	1.39	4	.34	1.28	.28
How confident are you in making financial decisions on your own?	1.16	3	.38	1.42	.24
How often do you use online financial tools or apps for managing your money?* How confident are you in making financial decisions on your own?	.36	6	.06	.22	.96
Error	12.71	47	.27		
Total	142.00	61			
Corrected Total	15.04	60			
a.R Squared= .155(Adjusted R Squared=-.079)					

*Source: Primary data

Table 2. Relationship between financial knowledge and financial understanding

Correlations				
			How would you rate your knowledge of basic financial concepts (e.g., savings, Interest rates?	How would you rate your understanding of basic financial concepts (e.g., savings, investments, Budgeting)?
How would you rate your	Pearson		1	.58**
knowledge of basic	Correlation			
financial concepts, e.g.,	p-value			.00
Savings, interest rates?				
	N		61	61
How would you rate your	Pearson		.58**	1
an understanding of basic	Correlation			
financial concepts, e.g.,	p-value		.00	
Savings, investments, and budgeting?				
	N		61	61
**. Correlation is significant at the 0.01 level (2-tailed).				

Source: Primary data

Table 3. Relationship between financial knowledge and understanding, and awareness of risks and benefits of investing in stocks or mutual funds

Descriptive Statistics			
	Mean	Standard Deviation	N
Are you aware of the risks and benefits of investing in stocks or mutual funds?	2.08	.80	61
How would you rate your knowledge of basic financial concepts (e.g., savings, interest rates)?	2.20	.74	61
How would you rate your understanding of basic financial concepts (e.g., savings, investments, budgeting)?	2.10	.87	61

Source: Primary data

Table 4. Model summary

Model Summary				
Model	R	R Square	Adjusted R-Square	Standard Error of the Estimate
1	.50	.25	.23	.70
a. Predictors: (Constant), How would you rate your understanding of basic financial concepts (e.g., savings, investments, budgeting)? How would you rate your knowledge of basic financial concepts (e.g., savings, interest rates)?				

Source: Primary data

7. Key Findings

The study found that most management students have average financial literacy but lack knowledge in advanced areas like investment risks, retirement planning, and mutual funds. Two-way ANOVA showed no significant differences on gender. Regression analysis revealed financial understanding, not just factual knowledge, predicts awareness of investment risks. Learning methods significantly influence beliefs about financial literacy's

Table 5. Coefficients

Coefficients[a]						
Model B		Unstandardized Coefficients		Standardized Coefficients		
		StandardError	Beta	t	p-values	
1	(Constant)	.94	.29		3.23	.00
	How would you rate your knowledge of basic financial concepts (e.g., savings, interest rates)?	.16	.14	.15	1.12	.26
	How would you rate your understanding of basic financial concepts (e.g., savings, investments, budgeting)?	.36	.12	.39	2.85	.00
a. Dependent Variable: Are you aware of the risks and benefits of investing in stocks or mutual funds?						

Source: Primary data

importance. Use of online financial tools showed no impact on confidence or gender differences. A strong correlation (r = 0.584) exists between financial knowledge and understanding. However, frequent use of digital tools does not increase confidence. Overall, the study highlights the need for improved financial education focused on deepening understanding and enhancing learning methods to better prepare students for financial decision-making.

8. Suggestions

- To improve financial literacy among management students, institutions should integrate it as a mandatory part of the curriculum, combining theory with practical activities like simulations, case studies, and investment games.
- Training on digital financial tools and collaborations with fintech firms and financial institutions for workshops can enhance learning.
- Regular financial wellness seminars on loans, credit, investments, taxes, and insurance are recommended.
- Initiatives like budgeting challenges and peer-led learning circles can encourage responsible financial behaviour.
- Special programs should support rural and economically weaker students.
- Behavioural finance education and peer mentorship can further strengthen practical understanding.
- Financial literacy should also start at the school level through partnerships with bodies like RBI, SEBI, and NGOs, offering certifications.
- Ongoing monitoring and feedback will ensure the curriculum remains relevant and effective.

9. Conclusion

The study on financial literacy among management students at KSR Educational Institutions highlights the importance of financial knowledge for future business professionals. Using correlation and regression, the research assessed financial knowledge, digital tool usage, behavioural factors, and demographic influences. It is found that gender do not significantly affect financial literacy, but a strong understanding of financial concepts improves awareness of investment risks. Effective learning methods significantly shape students' attitudes toward financial literacy. Despite the availability of digital tools, students show only moderate confidence and usage, revealing a gap between knowledge and practical application. Behavioural factors like overconfidence and procrastination also influence financial decisions. Additionally, students lack awareness of government and institutional financial literacy initiatives. The study recommends integrating practical, engaging financial education, including simulations, gamified platforms, and peer-led workshops, into the management curriculum. Such efforts will better prepare students to manage personal finances and make informed financial decisions professionally. Ultimately, improving financial literacy supports both individual empowerment and broader economic stability.

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