Nanotechnology Perceptions
ISSN 1660-6795
www.nano-ntp.com

A Study on Financial Literacy among Millennials and Gen Z's

Sri Pavani Balivada[1,2], Dr M. Uma Devi[1]

[1]*Department of Commerce and Management Studies, AU College of Arts and Commerce, Andhra University, India*
[2]*Department of Management Sciences, VNR Vignana Jyothi Institute of Engineering and Technology, India*
Email: sri.pavani3@gmail.com

Background/ Objectives: Financial literacy is nothing but handling money properly. Many people have poor money management. Even adults face difficulties in handling money. This is due to the absence of knowledge and understanding capability of financial concepts. Financial literacy for people is necessary and inevitable. Financial activities are vital to achieving economic growth at the individual and national levels. Financial literacy is one of the most important and is considered one of the prime concerns of the world. This study tries to shed some light on financial education, and literacy and also tries to find the literacy level of the age group of Millennials and Gen Z's.
Methods and Analysis: For this study, the researcher collected data from 91 respondents using a structured questionnaire. The data is evaluated and interpreted using SPSS (Statistical Package for Social Sciences).
Findings: According to the results found in the study, the knowledge about financial markets and products is average for both millennials and Genz. By investigating the financial behaviour of respondents individuals of the age group between 15 and 40 years, it was revealed that a maximum of the respondents showed a fair knowledge of their financial aspects. In terms of investment behaviour majority of the sample is invested in all types of financial products and their age, and education significantly affect financial behaviour and retirement planning.
Applications/ Improvements: This study can create financial awareness among the millennials and GenZ's regarding investment and financial products. It also creates awareness about the need for and necessity of financial education. There is a future scope of research on financial literacy and inclusion among various age groups and various literacy programs.

Keywords: Financial literacy, Millennial, Gen Z, Financial Behaviour, Financial products.

1. Introduction

"Financial education needs to become part of our national curriculum and scoring system so that it's not only just the rich kids that learn about money. It's all of us"– David Batch

The Major problem that is faced by today's generation is a lack of financial education. Financial education is one of the literacy skills to understand the mechanism of money and the capability to apply financial concepts, and available financial products in their day-to-day life while preparing their financial aspects and budgets [1].There are several financial products and services available like shares, mutual funds, bonds and debentures, pension funds, gold etc., but the selection of such products in our portfolio is the major difficulty that was faced by the People. Many make bad choices. So, it is essential to have such knowledge among the youth [2]. It helps to avoid mistakes while investing and also provides financial support during any emergencies and uncertainties.

1.1Elements of Financial Behaviour

The major elements of financial behaviour are

- Financial Knowledge
- Financial Skills
- Financial attitudes
- Financial Behaviour

Financial Knowledge means understanding and recognising financial concepts procedures and also solving financial problems. It helps the individual to save money, spend the money, plan, and budget for decision-making[3].

Financial skill means the expertise to use the information and understanding to mitigate the unexpected problem and to convert it into an advantage. It helps the individual to earn money, manage money, invest money and borrow money.

Financial attitude means the enthusiasm for application of the information and monetary skills in innumerable financial conditions. It develops a sense of worthiness and helps to continue the learning process also creates empathy and compassion for others.

Financial behaviour deals with behaviour in certain definite conditions in available financial markets. It enacts the habit of saving, budgeting, prioritizing etc.

Table 1. Elements - Financial Literacy

Financial Literacy			
Financial Knowledge	Financial skills	Financial attitudes	Financial Behaviour
It is to know the financial theories and methods to solve the financial problems.	To understand and manage the uncertain conditions. It helps the individual to earn, spend and borrow the money.	The enthusiasm to apply the information and monetary skills in different financial conditions.	Behaviour in certain definite conditions in the available financial market.

Source: Derived and adapted from Beata Świecka's[3] work

Several researchers have studied Financial Literacy and inclusion some of them are Suhaag D. Maheria, (2023) In his study he conceptualizes various concepts of financial literacy and compares with the neighbouring countries and reveals India beats Nepal, Bangladesh, and Afghanistan but behind the countries Srilanka, Pakistan, Bhutan, Myanmar, and China. This study also reflects the statistics on the extent of financial literacy among the Indian states. The highest financial literacy states are Goa, Delhi, and Chandigarh. The lowest are Odisha, Chhattisgarh and Sikkim [2].

Jyoti Prakash Rath and Samira Patra, (2023) in their study they focused on India's Present position of economic status, level of financial literacy, its importance, and well-being. Researchers also advised the critical necessity of financial literacy among individuals and the requirement to recognize the benefits of government-provided financial services and financial institutions providing services regularly [4].

Rahul Singh Gautam et al, (2022) in their study they examined financial literacy and inclusion on rural development areas. They took secondary data from 2018 to 2020 from 29 states and two union territories for three fiscal years. They suggested banks and governments should pay more attention to expanding financial literacy for socio-economic development [5].

Antony &Joseph, (2021) According to their study financial literacy is important since it provides an opportunity to know and use financial services and implement them to make the right choices with their money. To increase the level of financial inclusion among individuals through the effective delivery mechanism of financial products with financial counselling [6].

Thavva, (2021)found that 64% of the sample have a practicable financial literacy. 80 % of the sample have a basic understanding and idea about some financial concepts like credit cards, interest rates, and simple interest. Only 50% of the sample have some basic idea about advanced topics like stocks, bonds, risk, return, stock market movements, etc., The knowledge about these financial aspects will lead to favourable financial behaviour[7].

Haridhya P.K and Jaya Prakash Reddy (2020) from their enlightening research highlighted the importance part of financial knowledge, and literacy on individuals and also the nation's development. Our country has aggressively focused on improving financial inclusion and literacy among the people of the country. Researchers also aimed to study the regulatory body which enhances financial literacy and conclude some results from the available financial information from the articles, newspapers books, regulatory documents etc.[8-9].

1.2Need and importance of the study

Traditional finance theories reveal that investors behave rationally. They should have financial knowledge about financial markets and financial products. If they have such knowledge they behave rationally. However modern theories of finance reveal that investors are irrational. They are influenced by many factors internally and externally[13]. At that point, Financial literacy is one of the major problems faced bythe young generation. To overcome that, financial literacy is important [10-14]. Providing financial education is one of the global policies. It is an essential element of financial empowerment among individuals. Also, it is essential for the global stability of the financial system [15-18]. This study provides some insights about awareness, financial education importance and financial stability.

1.3 Scope of the study

The current research study was managed and aimed at the age group 15- 40. The study is confined to financial behaviour and knowledge.

1.4 Objectives of the study

1. To assess the level of Financial Knowledge among millennials and Genz's

2. To find effect of Demographic factors on financial literacy among Millennial's and Genz's
3. To analyze the effect of age on retirement planning.
4. To give suggestions if any.

2. Methodology

2.1 Research Design

The study is conducted partly descriptive and partly inferential.

2.2 Population and sample

The researcher for the present study the population that was taken were the individual people whose age is among 15 years to 40 years (Millennials and Generation Z).The sample considered in the study was collected using convenience sampling and snowball technique. The sample respondents are asked to recommend their family and friends and so on until the study gets the desired samples.

2.3 Data Collection

This research was based on both the Primary sources of data and the secondary sources of data. The primary source of data was aimed to collect through a well-structured questionnaire from individuals between the ages of 15 to 40 years. The present questionnaire consists of three parts: The first part is all about the collection of Demographic information, the second part aims to measure Investment behaviour and the last part covers the financial behaviour of the sample respondents.

2.4 Hypotheses

The following are null hypotheses that have been framed

H_{01}: There is no relation between the age and the financial behaviour.

H_{02}: There is no significant association between education and financial behaviour.

H_{03}: There is no significant relation between age and retirement planning.

3. Results and Discussion

3.1Demographic profile of the sample respondents

Table 2. Demographic profiles of the respondents

Demography	Variables	Frequency	Percentage
Gender	Male	55	60.4
	Female	36	39.6
	Total	91	100
Age	15-23 years	24	26.4

	24-32 years	46	50.5
	33-40 years	21	23.1
	Total	91	100
Education	Intermediate	7	7.7
	Graduate	60	65.9
	PostGraduate	22	24.2
	Ph.D.	2	2.2
	Total	91	100
Income	Up to Rs.10000	16	17.6
	Rs.10001-20000	6	6.6
	Rs.20001-40000	12	13.2
	Rs.40000-60000	16	17.6
	Above Rs. 60000	41	45.1
	Total	91	100
Occupation	Salaried	68	74.7
	Student	16	17.6
	Housewife	1	1.1
	Self Employed	6	6.6
	Total	91	100

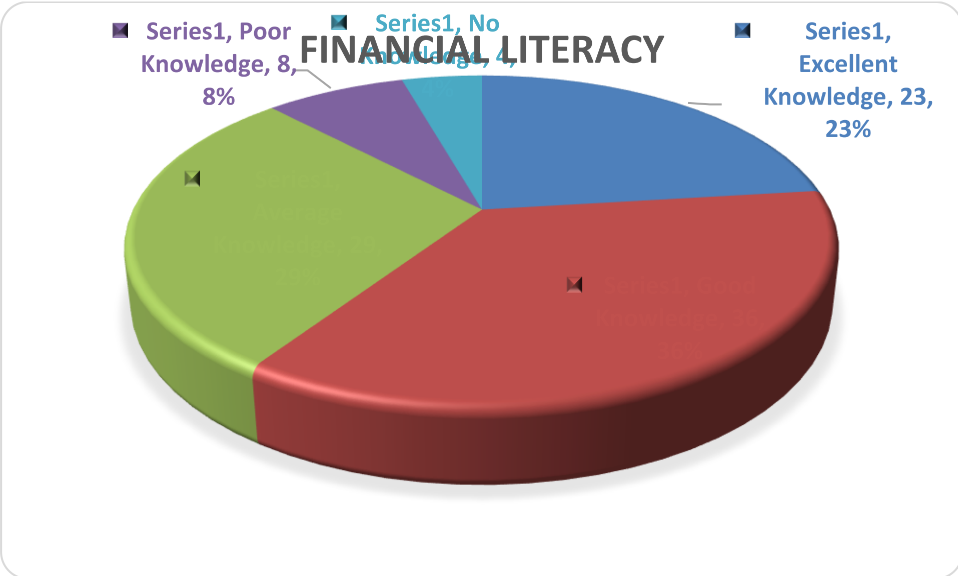
Source: Primary source of data

Here, it was observed that the table describes the demographic profiles of the respondents. It provides the information 60.4% of the sample respondents are male and 39.6% of the sample are female. In the case of the age group, 50.5% are 24-32 years of age followed by 15- 23 of 26.4%.

In education profile terms, Graduates are nearly three-fourths of the sample respondents with 65.9 % followed by 22% postgraduates. Most of the respondents belong to the above ₹ 60000 income level. The maximum number in the sample is salaried.

3.2 Financial Literacy

Financial Literacy among the respondents is as follows. Most of the respondents 36% have good literacy about financial products, followed by average knowledge with 29%.



Source: Primary data

Figure 1: Financial Literacy

3.3 Effect of Demographic profile on financial behaviour

3.3.1Correlation between age and financial behaviour

H_{01}: There is no significant relation between age and financial behaviour.

Table 3. Descriptive Statistics

	Mean	Std. Deviation	N
Age	1.9670	.70633	91
FB	3.5714	.91042	91

Source:Primary data

Table 3.1. Correlations

		Age	FB
Age	Pearson Correlation	1	.190
	Sig. (2-tailed)		.047
	N	91	91
FB	Pearson Correlation	.190	1
	Sig. (2-tailed)	.047	
	N	91	91

Source:Primary data

The above tabular form indicates the relation between the age and financial behaviour of the respondents analysed in terms of correlation based on 91 respondents. The above tabular also indicates the Pearson's correlation coefficient at a 0.05 significant level. The coefficient is positively co-related. In this case, the null hypothesis of the study has been rejected. It shows that financial behaviour is significantly influenced by age.

Further study is carried out by cross-tabulation and regression analysis.

3.3.2 Education*Financial behaviour Cross tabulation

Table 4. Crosstab of Education and Financial Behaviour

			FB					
			Never	Rarely	Sometimes	Usually	Always	Total
Education	Intermediate	Count	3	0	0	3	1	7
		Expected Count	.5	1.2	1.2	2.0	2.2	7.0
	Graduate	Count	3	11	8	18	20	60
		Expected Count	4.0	9.9	10.5	17.1	18.5	60.0
	Post Graduate	Count	0	4	7	4	7	22
		Expected Count	1.5	3.6	3.9	6.3	6.8	22.0
	Ph.D.	Count	0	0	1	1	0	2
		Expected Count	.1	.3	.4	.6	.6	2.0
Total		Count	6	15	16	26	28	91
		Expected Count	6.0	15.0	16.0	26.0	28.0	91.0

Source: Primary data

H_{02}: There is no significant association between education and financial behaviour.

Table 5. Chi-Square Tests (Education*Financial behaviour Cross tabulation)

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	26.065[a]	12	.011
Likelihood Ratio	22.493	12	.032
Linear-by-Linear Association	.577	1	.448
N of Valid Cases	91		

a. 14 cells (70.0%) have an expected count of less than 5. The minimum expected count is 13.

b. Source: Primary data

According to the table results p-value obtained from the table is 0.011, less than 0.05. Hence the study rejects the null hypotheses and it was found a significant association between education and financial behaviour.

3.3.3 Regression Analysis between Age and Retirement Planning

H_{03}: There is no significant relation between age and retirement planning.

Table 6. Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.235[a]	.055	.045	1.42467

Source: Primary data

Table 7. ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	10.544	1	10.544	5.195	.025[b]
	Residual	180.643	89	2.030		
	Total	191.187	90			

Dependent Variable: Retirement plan

Source: Primary data

Table 8. Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	2.300	.444		5.178	.000
	Age	.485	.213	.235	2.279	.025

Dependent Variable: Retirement plan

Source: Primary data

From the above analysis, the significance value is observed and is less than the required value of 0.05, so this research study rejects the hypothesis and value shows the significant relation between age and retirement planning.

An appropriate decision can be made by any individual if they have sound knowledge about financial products[19]. People's efficiency of funds allocation gives proper returns and financial strength. Thus, financial literacy matters[10]. Financial education and literacy, the key aspects of the development of India’s economic position[3]. In this research, the total analysis tried to estimate the financial education and literacy level among the age group of 15 to 40 years. The Demographic factors like the age, gender, and income of respondents were analysed and further, the study was carried out using the correlation between age and financial behaviour, and education and financial behaviour. Also carried out regression analysis for age and retirement planning. It was found that financial behaviour is significantly influenced by age and found a significant association between education and financial behaviour. It was also found that the study reflects the relationship between age and retirement planning.

Various programmes were launched in the country for effective financial education[10]. The respondents from the above study, it was found that financial literacy is average in both the millennials and Generation Z. Many of the respondents are aware of financial products like shares, mutual funds, bonds, fixed deposits, gold etc., and they are choosing these investment alternatives to reach their financial goals. And also found relation between the age and financial behaviour and retirement planning is significant, there is also an association between education and financial behaviour which is significant.

4. Conclusion

The above study concludes that financial education and literacy among the age group of 15 to 40 years are positive but not very encouraging. So, it is required to provide some financial education at school and college level. This might increase the knowledge and efficiency in financial behaviour. Creating awareness products like shares, mutual funds, fixed deposits, insurance, bonds, debentures, golds, savings and deposits among the millennials and Genz through campaigning, and training will have a positive inclusive growth in the society[9].To live peacefully after retirement proper investment is necessary during their young age. Financial literacy much important for such decisions. Investors are influenced by many emotions and affected by emotional and cognitive biases, so investors are irrational. However, many theories believe they are rational [13].This research is important for investors who will make rational decisions to achieve their financial goals [10]. There is further scope for investigation of financial literacy and education among other age groups and ways of creating knowledge in youth with different campaigns and programmes.

References

1. Dr Anita Tiwari, Akash Yadav Study of Financial Literacy and Financial Behaviour Among Millennials and Generation Z Journal of the Asiatic Society of Mumbai, ISSN: 0972-0766, Vol. XCV, no.21, 2022. Available from: https://doi.org/10.5281/zenodo.7251292
2. Suhaag D. Maheria, 2023 A Theoretical Study of Financial Literacy in India Article inGap Inter disciplinarities - A Global Journal Of Interdisciplinary Studies · September 2023. Available from: https://doi.org/10.47968/gapin.630013
3. Świecka Swiecka, Beata. (2019). 1. A theoretical framework for financial literacy and financial education. Available from: https://doi.org/10.1515/9783110636956-001
4. Rath, J. P., & Patra, S. (2023). Financial Literacy in India – A New Way Forward. ComFin Research, 11(2), 20–27. Available from: https://doi.org/10.34293/commerce.v11i2.6172
5. Gautam, Rahul & Rastogi, Shailesh & Rawal, Aashi. (2022). Study of Financial Literacy and Its Impact on Rural Development in India: Evidence Using Panel Data Analysis. 5. 483-492.
6. Antony, J., & Jospeh, J. (2021). Financial Literacy: Role and Impact on Financial Inclusion Sambodhi, 44(1), 190-199.
7. Thvva, S. (2021). A Study on Financial Literacy and Financial Behaviour.
8. Pk, H., & Reddy, R. J. (2020). An Insight to Financial Literacy in India Review of Literature(Vol. 7). www.jetir.org.Available from: https://doi.org/10.47968/gapin.630013
9. Thirumagal. J. Pillai, Financial Inclusion and Pradhan Mantri Jan Dhan Yojana: An Empirical Study Conducted in the villages of Mulshi Taluka in Pune District.Indian Journal of Science and Technology, Vol 9(45), December 2016.Available from: https://doi.org/10.17485/ijst/2016/v9i45/106755
10. R. Nalini, R. Alamelu, R. Amudha and L. Cresenta Shakila Motha Financial Literacy and its Contributing Factors in Investment Decisions among Urban Populace Indian Journal of Science and Technology, Vol 9(27), July 2016. Available from:

https://doi.org/10.17485/ijst/2016/v9i27/97616
11. R, J. K., & Rathod, P. (2021). A Detailed Investigation on Financial Literacy andWell-Being. Recent Trends in Management and Commerce, 81-86. Available from: https://doi.org/10.46632/RMC/1/18
12. Mändmaa, S. (2019). Financial Literacy – What And Why Should We Improve. Eurasian Journal of Social Sciences, 7(2), 12-28. Available from: https://doi.org/10.15604/Ejss.2019.07.02.002
13. B. Sri Pavani and M. Uma Devi, A Study of Investor behaviour and Psychological biases in Financial Markets, International Journal of Advanced Research in Management (IJARM). 13(1), 2022. pp. 99-104. Available from: DOI: https://doi.org/10.34218/IJARM.13.1.2022.010.
14. Financial Literacy and Financial Education in India: An Assessment. (n.d.). Available from: http://www.casirj.com
15. Choudhary, K., & Kamboj, S. (2017). A Study Of Financial Literacy And Its Determinants: Evidence From India. Asian Journal Of Accounting Perspectives, 10(1), 52-72. Available from: https://doi.org/10.22452/Ajap.Vol10no1.4
16. Lusardi, A. (2019). Financial Literacy and the Need For Financial Education: Evidence And Implications. Swiss Journal of Economics and Statistics, 155(1). Available from: https://doi.org/10.1186/S41937-019-0027-5
17. Mändmaa, S. (2019). Financial Literacy – What And Why Should We Improve. Eurasian Journal of Social Sciences, 7(2), 12-28. Available from: https://doi.org/10.15604/Ejss.2019.07.02.002
18. Mihalčováa, B., Csikósová, A., & Antošová, M. (2014). Financial Literacy – The Urgent Need Today. Procedia - Social and Behavioral Sciences, 109, 317-321. Available from: https://doi.org/10.1016/J.Sbspro.2013.12.464
19. Kumar, S., & Dr.H.G., J. (2016). Financial Inclusion through Financial Literacy in India: Issues and Challenges. Bonfring International Journal of Industrial Engineering and Management Science, 6(1), 200–203. Available from: https://doi.org/10.9756/bijiems.8341
20. Muhammad Arif, Kashif-ur-Rehmanand Muhammad Zubair Khan (2019). Financial Knowledge and Literacy or Demographics: What determines the use of Financial Services in Pakistan? Indian Journal of Science and Technology, Vol 12(4),January 2019. Available from: DOI: 10.17485/ijst/2019/v12i4/140213