

# A COMPARATIVE STUDY ON FINANCIAL LITERACY AMONG ARTS AND SCIENCE COLLEGE STUDENTS

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## ABSTRACT

*Students need to schedule their daily expenses, plan to save their surplus pocket money, procedure to avail and repay educational loans and giving sound bases for tomorrow's investment pattern. For that literacy towards finance is must. Financial Literacy leads to possess the knowledge, skills and confidence to make responsible financial decisions. This paper analyzed who possessed high financial literacy among the college students.*

**Keyword:** Financial Literacy, Commercial Banks

## Introduction

Financial literacy is considered an important adjunct for the promotion of financial inclusions and ultimately financial stability. College students learn not only the subject but also things which are needed for the survival of the better life. To run their life in a better way they should possess knowledge about the management of finance. Financial literacy is helpful to the students to schedule their daily expenses, plan to save their surplus pocket money, procedure to avail and repay educational loans and giving sound bases for tomorrow's investment pattern. With the increasing cost of a college education students find themselves in precarious fiscal situations. Most students can't open a savings account which is meant for tuition fees, books and other educational expenses. Due to unaware of financial management, people feel about how they are going to support themselves and their families while enrolled in higher education. Government and the commercial banks are providing financial assistance to the students for successfully complete the education. Even though, most of the students are facing several unique financial problems due to lack of financial knowledge.

## Scope of the study

The aim of the study is to find out the financial literacy level among the college students. The study covers nine arts and science college students in the Virudhunagar district which is one of the leading educational districts in Tamil Nadu.

## Statement of the Problem

Financial Literacy leads to possess the knowledge, skills and confidence to make responsible financial decisions. Students get financial information and advice informally – from friends, family, neighbours or the media. Financial literacy research, practice and policy were framed to give the financial knowledge to the young Indian for assisting day to day Socio-economic problems. There is no such thing as being perfectly financially literate and all individuals have a need for ongoing learning on personal finance. The study tries to answer the following questions.

- Does financial literacy reach the target group?
- Does the financial literacy attain the expected level of financial knowledge?
- Does financial literacy generate sound knowledge towards financial decision?

## Objectives of the study

- To study the socio economic background of the college students.

- To measure financial literacy among college students.
- To compare financial literacy between arts and science students.
- To offer suggestions and findings of the study.

### Methodology

The data have been collected through both primary and secondary data. The sources of primary data have been collected through a pre tested and a well structured interview schedule by adopting proportionate stratified sampling techniques and 120 respondents were selected for the study. The statistical tools percentage, mean, standard deviation and one way ANOVA were used to analyze the data.

### Socio - Economic Profile

The financial literacy status is differing from person to person due to various reasons. In that personal characteristics play a predominant role. Thus an initial step is taken to narrate the characteristics of the respondents.

**Table 1**  
**Socio- Economic Profile of the Respondents**

Profile of the Students	Frequency	Percentage
Male	37	30.83
Female	83	69.17
TOTAL	120	100.00
Arts	70	58.33
Science	50	41.67
TOTAL	120	100.00
Below 6000	13	10.83
6001 to 10000	42	35.00
10001 to 15000	39	32.50
Above 15000	26	21.67
TOTAL	120	100.00
Students hold part time job	19	15.83
Students do not hold part time job	101	84.17
TOTAL	120	100.00

Source: Primary Data

The socio economic analysis shows that out of 120 respondents, 69.17 per cent are female, 58.33 per cent belong to arts discipline, 35 per cent of the respondents' family income is between 6001 and 10000 and only 15.83 per cent are part time job holders.

### Analysis and Interpretation

To know the financial literacy status of the respondents deeply, the researchers have framed twelve statements. Five point scales is used to measure the literacy level. One way Anova statistical tool is used to compare the literacy level between arts and science students. Mean value is used to rank the financial literacy level.

**Ho:** There is no significant difference between financial literacy among Arts and Science Students

**Table 2**  
Compare the Financial literacy level between Arts and Science students - **One way ANOVA**

		Sum of squares	df	Mean square	F	Sig.
Knowledge of opening a bank account	Between groups	1.602	1	1.602	7.075	0.10
	Within groups	13.131	119	0.226		
	Total	14.733	120			
Knowledge to operate ATM	Between groups	0.080	1	0.080	0.313	0.578
	Within groups	14.903	119	0.257		

	Total	14.923	120			
Knowledge about usage of mobile and net banking	Between groups	0.762	1	0.762	0.867	0.356
	Within groups	50.971	119	0.879		
	Total	51.733	120			
Knowledge of minimum balance in saving account	Between groups	3.604	1	3.604	3.413	0.070
	Within groups	61.246	119	1.056		
	Total	64.850	120			
Knowledge about no frill account	Between groups	0.000	1	0.000	0.350	0.000
	Within groups	36.400	119	0.628		
	Total	36.400	120			
Knowledge of how to get education loan	Between groups	0.617	1	0.617	0.651	0.423
	Within groups	54.983	119	0.948		
	Total	55.600	120			
Knowledge of ancillary banking services	Between groups	0.583	1	0.583	1.566	0.216
	Within groups	21.600	119	0.372		
	Total	22.183	120			
Knowledge of bank interest rate for the deposit	Between groups	7.924	1	7.924	4.646	0.350
	Within groups	98.926	119	1.706		
	Total	106.850	120			
Knowledge about DD procedure	Between groups	1.008	1	1.008	0.629	0.431
	Within groups	92.926	119	1.602		
	Total	93.933	120			
Knowledge about deposit amount in the bank	Between groups	3.604	1	3.604	2.823	0.008
	Within groups	74.046	119	1.277		
	Total	77.650	120			
Knowledge about different investments and its return	Between groups	2.867	1	2.897	2.527	0.117
	Within groups	66.503	119	1.147		
	Total	69.400	120			
Suggestions to the family regarding savings and investments	Between groups	3.522	1	3.522	1.920	0.171
	Within groups	106.411	119	1.835		
	Total	109.933	120			

Source: primary data

F value for knowledge about account opening procedure, operate ATM, usage of mobile and net banking, minimum balance, education loan, banking services, interest rate, demand draft, deposit amount in the bank, different investments and return and suggestions to my family regarding savings and investments are 7.075, 0.313, 0.867, 3.413, 0.651, 1.566, 4.646, 0.629, 2.527, 1.920 which are possess the P value more than 0.05 at 5% significant level. Hence the null hypothesis is accepted for the above ten statements. So there is no difference between financial literacy among Arts and Science Students. The remaining two statements knowledge about no frill account (0.350) and how to deposit amount in the bank (2.823) possess the P value below 0.05. Hence there is a significant difference between financial literacy among Arts and Science Students only on these two statements.

**Table 3**  
**Financial Literacy Status of the college students**

Particulars	SA	A	N	D	SD	Total	Mean	Std. Deviation	Rank
Knowledge of opening a bank account	340	208	0	0	0	548	4.57	2.76	I
Knowledge to operate ATM	248	232	0	0	0	480	4.00	2.60	III

Knowledge about usage of mobile and net banking	50	168	114	60	0	392	3.27	1.04	VIII
Knowledge of minimum balance in saving account	120	176	18	52	0	366	3.05	1.65	IX
Knowledge about no frill account	24	156	92	16	0	144	2.40	0.98	XII
Knowledge of how to get education loan	150	208	66	32	0	456	3.80	1.12	VI
Knowledge of ancillary banking services	220	264	30	0	0	514	4.28	3.17	II
Knowledge of bank interest rate for the deposit	80	136	60	56	22	354	2.95	1.12	XI
Knowledge about DD procedure	120	168	54	52	10	404	3.37	0.56	VII
Knowledge about deposit amount in the bank	190	200	48	16	8	462	3.84	1.04	V
Knowledge about different investments and its return	200	184	66	12	6	468	3.90	0.96	IV
Suggestions to the family regarding savings and investments	100	120	78	44	22	364	3.03	1.59	X

Source: primary data

The researchers have ranked the twelve statements to find out the knowledge of college students based on the mean score. The results are reported in the above table. Among twelve statements, knowledge about opening banking account (4.57) and knowledge about banking services (3.17) are placed in first and second positions. Knowledge of operating ATM (4.00) and knowledge about different investments and its returns (3.90) are placed in third and fourth ranks. Knowledge about depositing amount in the bank (3.84) and Knowledge about education loan (3.80) are placed with fifth and sixth position. Knowledge about taking DD in the bank (3.37) and knowledge about using mobile and net banking (3.27) are placed in seventh and eighth ranks. Knowledge about maintaining minimum balance (3.05), suggestions to family regarding savings and investment (3.03), knowledge about interest rate for the deposit (2.95) and knowledge about no frill account (2.40) are placed in ninth, tenth, eleventh and twelfth places respectively.

### Suggestions

The researcher offer the following suggestions based on the findings of the study

- Professionals from banks can organize awareness programs for college students regarding no frill accounts.
- Banking systems can be taught as a subject to all discipline in the college. It helps them to know about the interest rates for different kind of deposits and loans and advances.
- Colleges can advise their students to remit all the college fees only through the banks to gain the practical knowledge about banking function.
- Colleges can have a separate banking forum to create an awareness about banking functions and services.

### Conclusion

Overall, this research achieved its objective which is to examine the financial literacy level among college students. With the evidences obtained from this research work, researcher can able to conclude that most of the college students are aware about banking service and other investment. Arts students have better knowledge about financial literacy compared with science students. Inculcating the financial literacy among college students paves a way to flourish the knowledge of financial product in the midst among general public. It leads to growth of our economy in a rapid manner.

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