

## BRIDGING THE AWARENESS – ACTION GAP IN FINANCIAL LITERACY AMONG CHENNAI COLLEGE STUDENTS

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### Abstract

Financial literacy has become an essential life skill in an increasingly digital and complex financial environment. With expanding access to online banking, fintech services, and investment platforms, young individuals must develop the knowledge and practical competence required for informed financial decision-making. This study examines the level of financial literacy, investment behaviour, and readiness for financial independence among college students. Using primary data collected from 105 respondents through a structured questionnaire, the research applies descriptive statistics and ANOVA to evaluate learning outcomes across different financial education formats.

The findings reveal that while more than half of the students participate in some form of investment, financial engagement is constrained primarily by structural and educational barriers such as lack of income and limited financial knowledge. The study also shows strong student support for formal financial education and high willingness to participate in financial literacy programs. ANOVA results indicate that the format of financial education significantly influences knowledge acquisition and behavioural outcomes, with structured academic courses and online learning resources demonstrating higher effectiveness. However, statistical testing shows that perceived barriers alone do not significantly determine investment participation, suggesting that financial behaviour is shaped by multiple interacting factors. Overall, the study highlights a clear gap between financial awareness and financial action, emphasizing the need for structured, practical, and accessible financial education initiatives to strengthen financial capability among youth.

### Keywords

Financial literacy, Investment behaviour, Financial education formats, College students, Financial decision-making

## 1. Introduction

In the modern economic scenario, financial literacy is essential life skill for the youth on urgent basis. Due to the growing digital banking, online investment platforms and other fintech services, access to financial products has increased. Thus, a stronger emphasis on informed financial decision making is needed. As access to financial opportunities has increased, so has the complexity of financial instruments. Thus, one needs adequate

knowledge and practical competence to manage one's finances.

The college-going youth represent an essential group; they are at the threshold of organizing their independent financial life. Students are exposed to financial decisions, from managing personal expenses and digital payments to exploring savings and investment options, affecting their long-term stability. Despite being taught about potential

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benefits, students are still bombarded with academic syllabuses and virtual world information and it is uncertain how much they understand and can apply in reality.

Financial literacy is not only financial knowledge, it includes also financial behaviour and financial attitude. How these dimensions relate will determine the overall financial capability of an individual. It is important to understand this relationship to know whether awareness leads to actions.

The purpose of Study is to check the financial literacy and awareness of college students in Chennai. The objective of the research is to identify the gaps in knowledge with respect to budgeting, saving, credit management and investment planning; and thereby, highlight the need for structured financial education initiatives that foster informed and confident decision-making in finances among the youth.

Recent studies conducted across various educational contexts emphasize that business majors typically demonstrate higher financial knowledge scores than their peers in other disciplines, though overall averages among college students remain notably low (Paskelian et al., 2018). This deficiency is particularly evident in the lack of proficiency regarding complex money management tasks, such as understanding insurance policies and evaluating diverse investment instruments (Kanduri, 2021), (Swamy & Priya, 2017). yet research in the Chennai region indicates that even among students with high basic economic awareness, a significant trust deficit regarding private retirement accounts persists (Paskelian et al., 2018). Furthermore, gender and academic discipline continue to play a pivotal role in shaping these competencies, as research indicates that male students often possess higher levels of investment knowledge and a greater willingness to engage with diverse financial assets than their female counterparts (Paskelian et al., 2018),

## 4. Data Analysis and Interpretation

The biggest barriers are structural (no income/savings) and educational (lack of knowledge), not psychological. Students aren't

“Importance of Inclusion of Financial Literacy in National Educational Policy: A Study with Salaried Employees in Tamil Nādu,” 2023). who often view life insurance policies as more suitable investments than volatile stock markets or real estate ventures (Rani & Siwach, 2023). This disparity is further compounded by linguistic and racial backgrounds, as specific demographic clusters within university settings exhibit varying degrees of financial aptitude influenced by their primary language of instruction and cultural upbringing (Rani & Siwach, 2023). In South India, this gender gap is notably pronounced in interest rate calculations and inflation rate comprehension, with male employees and students demonstrating significantly higher literacy levels compared to their female counterparts (“Importance of Inclusion of Financial Literacy in National Educational Policy: A Study with Salaried Employees in Tamil Nādu,” 2023).

## 2. Objectives

To assess the level of financial literacy among college students by examining their knowledge, financial behaviour, and attitudes related to budgeting, saving, credit management, and to identify key gaps and barriers that influence informed financial decision-making.

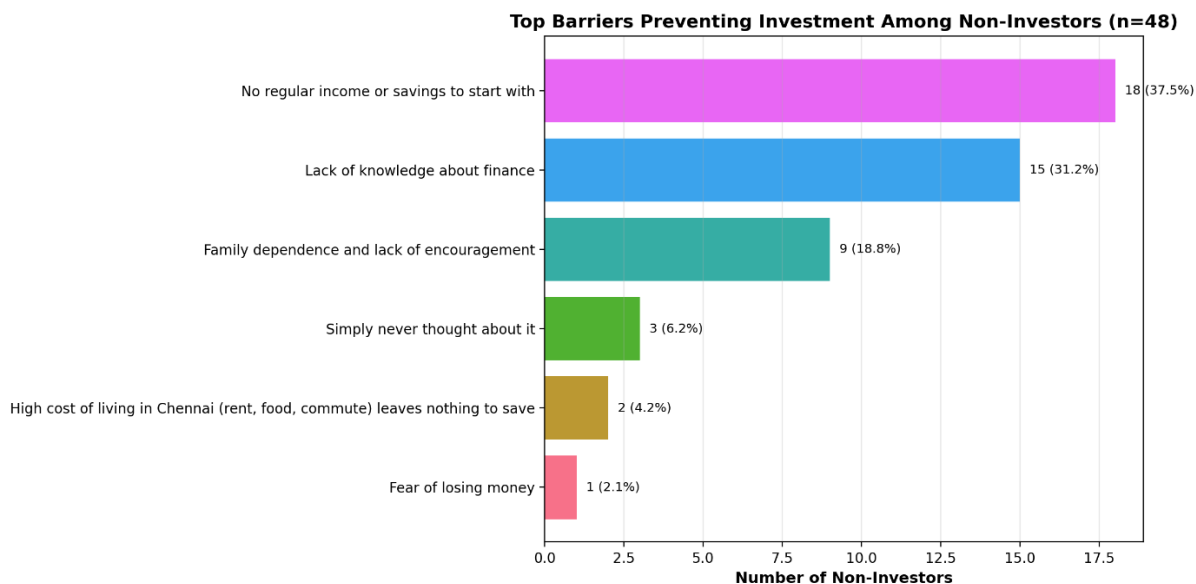
## 3. Research Methodology

The study is based on primary data collected through a structured questionnaire. A total of 105 college students participated in the survey. The sampling method used was convenience sampling. Descriptive statistical techniques such as percentage analysis were used to interpret the data.

avoiding investing due to fear or apathy — they lack the foundational resources and knowledge to begin. The "family dependence" barrier, while significant,

affects fewer students and those affected show reasonable confidence levels, suggesting they're ready to act once they have resources and knowledge.

**Figure 1. Barriers Preventing Investment**



*Source: Primary Data*

Among the 48 students who reported that they are not currently investing, three major barriers emerged as dominant influences. The most significant barrier is the absence of regular income or savings, reported by 37.5% of non-investors (18 students), the majority of whom are third-year students (55.6%), with 72.2% fully financially dependent on their families. Their financial confidence is moderate, with 38.9% at confidence level 3 and 33.3% at level 2, and most are either taking small steps toward financial independence (38.9%) or planning to start (33.3%), indicating willingness but limited financial capacity. The second most common barrier is a lack of financial knowledge, affecting 31.2% of non-investors (15 students), and is primarily concentrated among first-year students (53.3%), suggesting that financial awareness challenges are more prominent at the early stage of college life. A

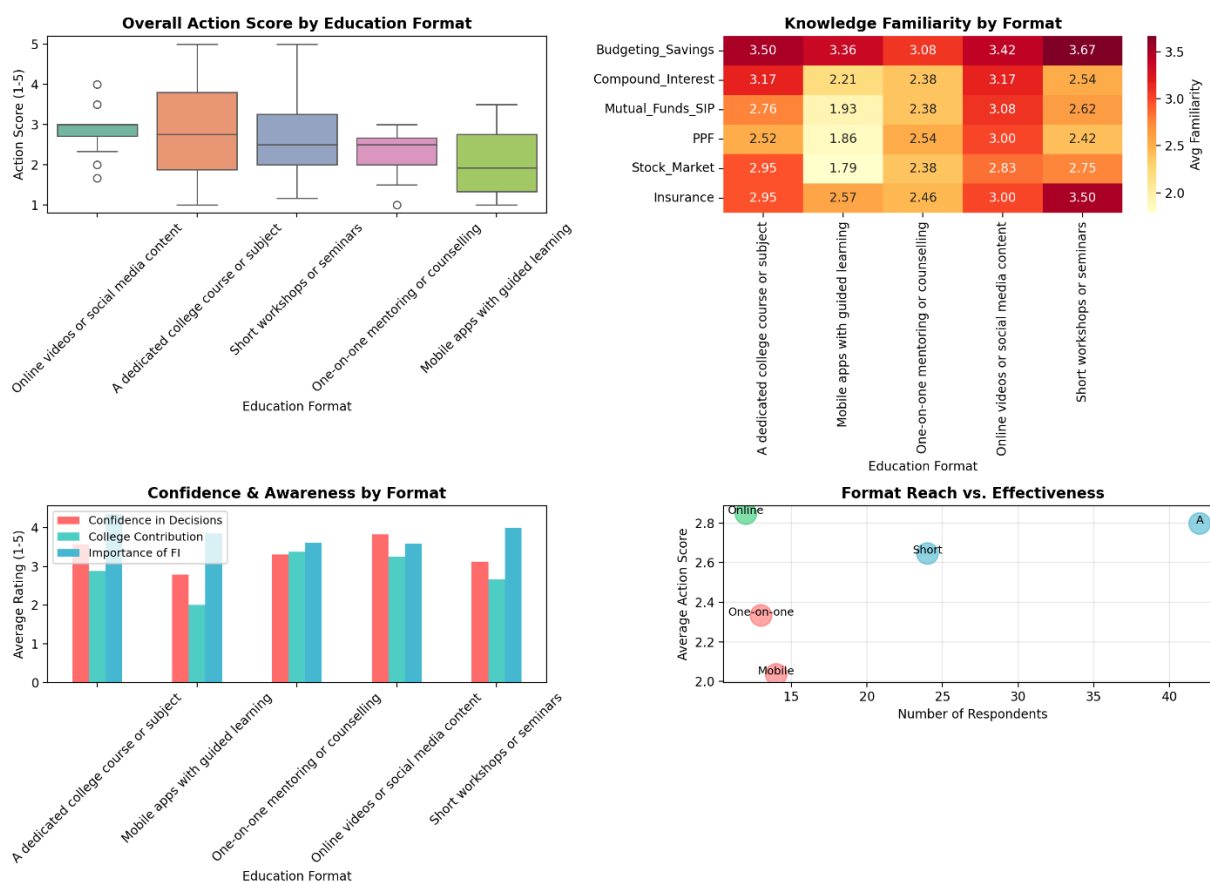
large majority in this group (93.3%) are fully dependent on family support, and although their confidence levels vary, their progress toward financial independence remains largely preparatory or exploratory. The third major barrier is family dependence and lack of encouragement, reported by 18.8% of non-investors (9 students) and evenly distributed across academic years, indicating that family influence persists throughout college. Most students in this group (88.9%) remain financially dependent, yet they demonstrate comparatively higher confidence, with 55.6% reporting level 3 confidence, and a similar proportion (55.6%) already planning to begin investing, suggesting that psychological or environmental constraints, rather than lack of capability, are the primary factors delaying their participation.

#### 4.1 ANOVA-Based Analysis of Financial Education Format Effectiveness

To evaluate the effectiveness of different financial education formats, a comparative statistical analysis was conducted across knowledge and behavioural outcomes. The study examined whether learning methods such as college courses, online videos, and mobile applications produce measurable differences in financial understanding and real-life financial actions. To ensure objective

comparison across multiple groups, Analysis of Variance (ANOVA) was adopted as the primary statistical tool. This method helps determine whether observed differences in learning outcomes are statistically significant rather than occurring by chance.

**Figure 2. Impact of education on investment**



Source: Primary Data

### 4.2. Other Findings

- More than half of the respondents are active investors. Out of 105 students, 57 (54.29%) are engaged in some form of investment, indicating a moderate but meaningful level of financial participation among college youth.
- Investment participation is diversified

rather than concentrated. Among student investors, 36 participate in Mutual Funds or SIPs, 32 hold PPF or RD accounts, and 48 have researched or used stock trading applications, suggesting growing exposure to both traditional and market-based financial instruments.

- Market-linked platforms show the highest engagement. The relatively higher number of stock app users (48) compared

to other investment forms indicates increasing digital adoption and curiosity toward equity-based investing among students.

- Strong interest exists in financial literacy development. A majority of students express openness to financial education, with 52.4% willing to attend financial literacy programs and an additional 32.4% potentially interested, demonstrating a broad readiness to learn and improve financial capability.
- Student attitudes strongly favour formal financial education. A combined 77.2% agree or strongly agree that financial literacy should be compulsory, reflecting widespread recognition of its importance as an essential life skill.
- Resistance to financial education is minimal. Only 2.9% express disagreement, indicating near-universal acceptance of the need for structured financial learning.
- Perceived barriers do not statistically determine investment behaviour. The chi-square test examining the relationship between major barriers and investment status produced a p-value of 0.0556, slightly above the conventional 5% significance threshold. This indicates no statistically significant association between the type of barrier reported and whether a student invests.
- Observed differences in barriers are descriptive rather than predictive. Although some barriers appear more common among non-investors in raw counts, these variations do not reliably explain investment participation when tested statistically.
- Investment engagement appears influenced by multiple interacting factors.

Since individual barriers alone do not significantly predict investment status, financial behaviour among students is likely shaped by a combination of knowledge, opportunity, motivation, and environmental support.

## 5. Suggestions

Financial literacy should be integrated into the academic curriculum as a compulsory component to ensure systematic learning. Educational programs must emphasize practical financial skills through real-life activities such as budgeting and investment simulations. Financial education should begin early in college to address knowledge gaps among first-year students. Institutions should encourage students to develop financial responsibility through small-scale financial management and guided investment experiences. Digital financial learning platforms must be supported with proper guidance to promote responsible usage. Family involvement should be encouraged to create supportive financial environments. Colleges should provide continuous financial mentoring and advisory support. Structured and experiential learning approaches should be combined for better outcomes. Awareness programs should focus on converting knowledge into real financial behaviour. Overall, institutions must create an integrated ecosystem that supports both financial learning and practice.

## 6. Conclusion

The study shows that college students possess growing awareness and positive attitudes toward financial literacy, but their practical financial engagement remains limited. Investment participation exists, yet structural

and knowledge-related constraints continue to influence financial action. Financial behaviour is shaped by multiple interacting factors rather than a single barrier. The findings confirm that structured educational formats significantly improve financial knowledge and behaviour. Bridging the gap between awareness and action requires practical learning opportunities and institutional support. Strengthening financial education systems can enhance long-term financial independence and economic resilience among youth.

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