

## **A study of Financial Awareness among students of Central Universities in India**

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### **ABSTRACT**

Financial literacy and fintech awareness equip students with essential life skills, empowering them to manage their money wisely, adapt to a digital financial world, and secure a better financial future. This study conducts a comparative analysis between Delhi University (DU) where NEP is implemented and the University of Allahabad (AU) where NEP is yet to be implemented to examine the impact of NEP 2020 on financial awareness among college students. Surveys were conducted in both universities to collect data from college students' level of financial literacy, financial planning, and fintech awareness. Mann-Whitney U Test is employed to calculate mean rank scores of both universities' financial literacy, financial planning, and fintech awareness. Several recommendations are made in light of this finding to improve the academic framework's integration of financial education. Recommendations include implementing courses specifically on financial literacy, forming educational collaborations with financial institutions, encouraging multidisciplinary methods, and using technology to improve financial literacy.

**JEL Categories:** D14, I23, G11, I22.

**Keywords:** NEP 2020, Financial literacy, Fintech, Financial planning, Financial awareness, Fintech awareness.

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#### **1. INTRODUCTION**

The National Education Policy (NEP) 2020 was introduced by the Government of India with the aim of revolutionizing the education system by placing greater emphasis on digital literacy, research, and innovation. The importance of NEP 2020 lies in its potential to revamp and elevate the quality of education in India, empowering learners with 21st-century skills and knowledge to thrive in a dynamic and interconnected world. NEP 2020 focuses on increasing financial awareness among students through its focus on technology, skill development, entrepreneurship, and financial literacy.

Financial awareness is the knowledge about common financial concepts that mainly consists of perceptions about risks, time value of money, and inflation (Nga et al.(2010)). In this survey, we considered financial literacy, financial planning, and financial technology awareness to study financial awareness among students. In recent times financial inclusion has become the most important part of our country to boost economic growth. This can only be achieved through digital literacy and financial literacy. This study is an attempt to broaden the concept of financial awareness by including fintech literacy as a part of it.

We have collected data from 200 students from two central universities in India, the University of Allahabad and Delhi University. The New Education Policy 2020 has been implemented at Delhi University since 2022, whereas the University of Allahabad has yet to implement it. This study is conducted to analyze the impact of NEP 2020 on financial awareness among students.

#### **2. OBJECTIVES**

- To compute and compare the financial awareness ratio of Delhi University and the University of Allahabad.
- To compare the mean scores of financial literacy of students.
- To compare the mean scores of financial planning of students.
- To compare the mean scores of fintech awareness of students.

3. **HYPOTHESIS**

- There is no difference between the mean rank scores of financial literacy of students.
- There is no difference between the mean rank scores of financial planning of students.
- There is no difference between the mean rank scores of fintech awareness of students.

4. **REVIEW OF RELATED LITERATURE**

Financial literacy is defined by multiple studies as the ability to understand and apply a variety of financial abilities, such as investing, budgeting, and personal financial management. (Lusardi and Mitchell (2011)) define it as the ability to analyze financial information and make informed decisions. Numerous studies highlight the critical role of financial literacy in individual and societal well-being. (Bernheim et al. (2001)) emphasize that financial literacy helps individuals navigate complex financial markets, make better financial decisions, and plan for the future. Studies have shown an association between enhanced financial behavior and greater financial literacy levels. (Van Rooij et al. (2011)) demonstrate that financially literate people are more likely to participate in retirement planning, saving, and investing.

There is a lot of literature that supports the inclusion of financial education in school curricula. According to (Mandell and Klein (2009)), future generations' financial behavior and literacy levels can be shaped by early financial education. Colleges and universities should be concerned about students' spending patterns and eventual debt use, especially in considering the relation between students' financial situation and their desire to pursue education. Due to their lack of financial literacy when they initially begin college (Jump\$tart Coalition, 2008; Mandell, 2004), students are more likely to make poor financial choices and end up in financial difficulty (Henry et al.(2001); Joo et al. (2003)). Previous studies have demonstrated a strong relationship between students' financial stress levels and their general well-being. Studies have indicated a significant and adverse association between students' financial confidence and their overall mental health requirements. (Hyun et al. 2006).

According to MHRD (2020), the NEP places a strong emphasis on the integration of financial literacy into the educational curriculum. Scholars supported this project, stating that early financial education can aid in the development of responsible financial behavior and decision-making abilities (Lusardi & Mitchell, 2011). (Devi, L., & Chelvaraju, (2020)) compared the pre-2020 education policy with NEP 2020 and identified the shortcomings that were limiting the growth of the Indian economy and the ability of youth to achieve their objectives. (Nandi, S., & Kolhe, V. (2022)) conducted experimental research and concluded that for stable economic growth and prosperity of the young economy like India there is a need to emphasize on financial literacy which should start from school level and lead towards financial freedom.

5. **RESEARCH METHODOLOGY AND SAMPLE COLLECTION**

A questionnaire consisting of three sections namely financial literacy, financial planning, and fintech awareness was distributed among 200 participants, of which 89 were from constituent colleges of Delhi University and 111 were from the University of Allahabad, Prayagraj, frequency distribution of the male and female in the collected sample were 46.8% and 53.2% respectively. The questions were designed to study financial awareness among students of the university where NEP is implemented i.e. Delhi University and the university where it was still not enforced by the time this survey was conducted i.e. University of Allahabad.

Financial knowledge, financial behavior, and attitude toward Financial planning are the three important components of financial literacy. (Morgan & Long, 2020). Since fintech has become an essential component of financial awareness, we have considered the following equation to measure financial awareness:

$$\text{financial awareness} = \text{financial literacy} + \text{financial planning} + \text{fintech awareness}$$

The above equation can be further divided into the following components:

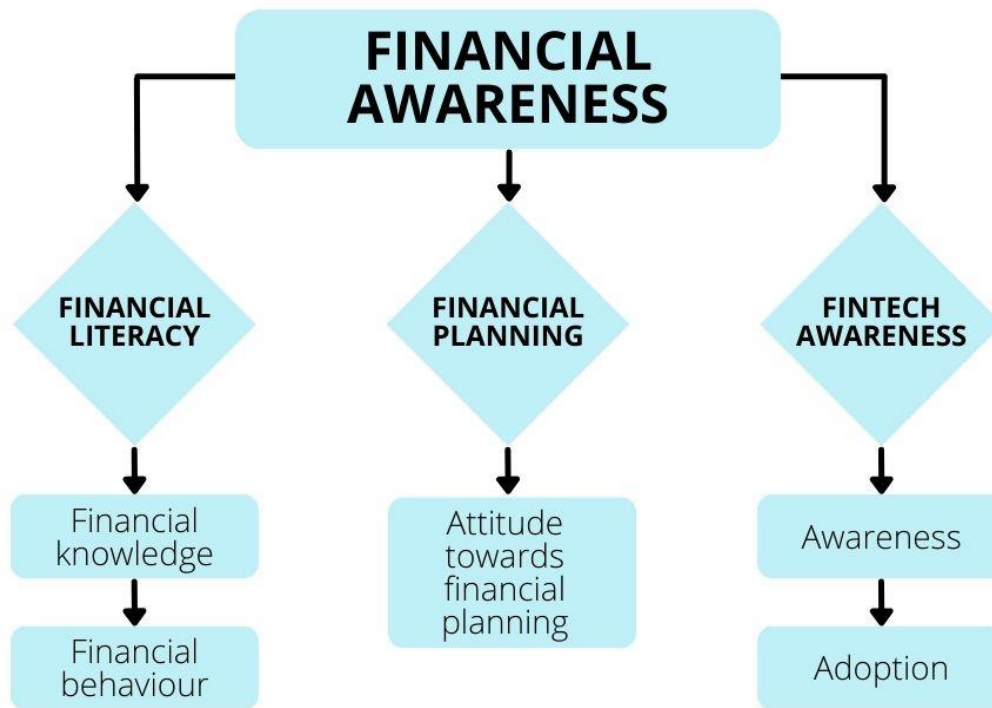


Figure 1: Components of Financial Awareness

Our questionnaire was divided into three components, namely, financial literacy, financial planning, and fintech awareness. Figure 1 represents how we segregated each of these components into further sub-sections to deeply analyze them.

**5.1 Financial Awareness Ratio**

The financial awareness ratio is the ratio number of the highest scoring participants by the total number of participants participating in the survey. This is calculated by adding the score of each participant and considering only those participants who have marked all answers correctly.

$$\text{Financial awareness ratio} = \frac{\text{total no. of highest scoring participants}}{\text{total no. of participants}}$$

**6. DATA ANALYSIS AND INTERPRETATION**

Table 1 : FINANCIAL AWARENESS RATIO

	Financial Awareness Ratio
DU	.680
AU	.550

DU: Delhi University; AU: University of Allahabad

The financial awareness ratio of DU shows 68% accuracy of financial awareness which means that 68% of students answered all questions correctly, whereas AU shows 55% accuracy. There is not much difference between the financial awareness ratio of the universities. The reason for this could be possibly because it's been only one year since the implementation of the policy.

**6.1. FINANCIAL LITERACY SCORE**

Table 2: University-wise Mean Rank, N and Mann Whitney U-Value of Financial Literacy Score of Students

	Mean Rank	N	Mann Whitney U-Value	Remark
DU	103.26	100	4724.00	p>0.01
AU	97.74	100		

From Table 2, it can be seen that the Mann-Whitney U-Value is 4724.00 which is not significant. It shows that there is no significant difference in mean rank scores of financial literacy of students of DU and AU. Thus, the null hypothesis that there is no significant difference in mean rank scores of financial literacy of students of DU and AU is not rejected. It may be said that both students of DU and AU were found to have financial literacy to the same level.

**6.2. FINANCIAL PLANNING SCORE**

Table 3: University-wise Mean Rank, N and Mann Whitney U-Value of Financial Planning Score of Students

	Mean Rank	N	Mann Whitney U-Value	Remark
DU	104.00	100	4650.00	p>0.01
AU	97.00	100		

From Table 3, it can be seen that the Mann-Whitney U-Value is 4650.00 which is not significant. It indicates that there is no significant difference in the mean rank scores of financial planning students of DU and AU. Thus, the null hypothesis that there is no significant difference in mean rank scores of financial planning of students of DU and AU is not rejected. It may be said that both students of DU and AU were found to have the same level of knowledge about financial planning.

**6.3. FINTECH AWARENESS SCORE**

Table 4: University-wise Mean Rank, N and Mann Whitney U-Value of Fintech Awareness of Students

	Mean Rank	N	Mann Whitney U-Value	Remark
DU	102.00	100	4850.00	p>0.01
AU	99.00	100		

From Table 4, it can be seen that the Mann-Whitney U-Value is 4850.00 which is not significant. It indicates that there is no significant difference in mean rank scores of fintech awareness of students of DU and AU. Thus, the null hypothesis that there is no significant difference in mean rank scores of fintech awareness of students of DU and AU is not rejected. It may be said that both students of DU and AU were found to have the same level of fintech awareness.

**7. CONCLUSION**

This study examined how the National Education Policy (NEP) 2020 impacted college students' financial awareness, comparing universities such as Delhi University (DU) which has implemented NEP, and the University of Allahabad (AU) where NEP is yet to be implemented. According to the study's analysis, there was not much difference between the two groups' mean financial awareness ratio. The absence of a significant difference in mean scores indicates that, throughout the period and circumstances of this study, NEP adoption in DU did not seem to significantly improve students' financial awareness in comparison to AU.

This lack of significant difference may be due many factors, such as the recent introduction of NEP, the varying levels of implementation as well as integration within the university, or the need for more time to observe substantial impacts on financial awareness. The absence of a significant difference in financial awareness scores implies that the NEP's implementation alone may not be sufficient to have a significant impact on college students' levels of financial awareness. For a complete understanding, other factors including teaching methods, curriculum design, and extracurricular activities must be taken into consideration because these factors may also have an impact on financial awareness.

It is important to understand that education policies, such as NEP, are gradually implemented and adapted, therefore it may take some time for their full implications to become apparent. For effective implementation of NEP, several recommendations are suggested, which include implementing courses specifically on financial literacy, fintech, digital

finance, etc., forming educational collaborations with financial institutions, encouraging multidisciplinary methods, and using technology to improve financial literacy. Further research is encouraged to explore the long-term impact of these recommendations and to continuously refine financial education strategies.

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