Original Research Paper

Commerce

A STUDY ON THE FINANCIAL AWARENESS AND EXPERIENCES OF UNDERGRADUATE STUDENTS IN URBAN BANGALORE

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ABSTRACT Finance has the ability to make or break an individual's life, and hence it is inevitable that all individuals have a strong financial awareness and thereby efficient experiences. The growth of any country is in the hands of the youth and hence it is very necessary for them to be financially aware and sound, irrespective of their stream and area of study. The study aims to get a clear understanding of the financial awareness and experiences of undergraduate students in Urban Bangalore. The data was collected by distributing structured questionnaires to 200 undergraduate students of Urban Bangalore. Hypothesis was framed with respect to the savings habit of undergraduate students.

KEYWORDS : Financial Knowledge, Financial Awareness, Financial Experiences, Savings

1. INTRODUCTION

In modern times, where everyone wants to earn high rates of return and maximize their wealth, having good financial knowledge and skills is very important. India has the second largest population and has the highest youth. So it is necessary that the youth have a good financial awareness, as it affects not only the individual financial growth but also the growth and development of the economy as a whole.

Finance helps one to achieve their long term and short term goals. Having a good financial knowledge helps one to understand how the financial market works. Knowledge about the savings habit, banking services and how banks (and other financial intermediaries) function is of utmost importance. Every person in modern times should know basic procedures of getting loans, using debit and credit cards, using the locker facilities and many more options.

Procuring financial knowledge should not just be limited to the students studying in the stream of commerce but should also be open to non-commerce students, because use of finance does not depend on the stream. Every individual, at some point of time, will make use of finance; and so if that individual is well informed and aware of the same before-hand, it will be very helpful and advantageous to him or her.

Financial awareness is not just beneficial for the present alone, but also helps the people save and allocate funds in such a manner so as to reap benefits in the future. Those who plan and are well aware about the financial position they want are said to be more secure and can maximize their wealth twice as much as those who are financially illiterate.

Savings is something which is very much important in any individual's life, as it helps a person to be financially secure and provides a safety net in case of emergency. A person never knows when he/she may lose all the money they have or what may happen in future, and so if they have some part of their money set aside as savings, it could be very helpful for them in such situations. Savings can also help in achieving the long term or deferred goals of one's life, like buying houses, higher education etc. Especially when we talk about today's generation, it is very necessary for them to inculcate the habit of savings because as each day passes the value of a rupee is reducing and so the purchasing power of the individual is also reducing and thus today's savings could be of a great help tomorrow.

Keeping "Savings" alone and losing upon the opportunity cost also is not a good idea and so one can look into the various "Investment" options that are available in the market today. Investment means to allocate the amount available, big or small, in one or more sectors, with an expectation to earn a reasonable rate of return. Investments allow the money to grow rapidly and help to create wealth over the time.

Also, people do not even need to leave their homes to experience the various financial services available. Banks today provide all its services at our doorsteps, be it relating to savings, investments, consultancies, loans, or any other facilities. In today's time, where money is become one of the necessities, banks provide valuable services to use money and secure it in the right way. Banking habits today are of great importance as they promote the habits of savings and investments, which not only help in the growth of personal finance but also contribute to the growth of various sectors and the overall development of the nation.

2. Literature Review

1) Taruna Garg, in her research "A Study and Application of Fuzzy Logic in Personal Financial Management" (Jan 2016), conducted in North and West India, came to the conclusion that people do not record all financial transactions all the time. People are most inclined to record their liability transactions and least inclined to record their expenditure transaction. Also, more the uncertainty in factors involved in financial decision making, more is the complexity in decision making.

2) Avni Tejas Patel, in her research "A Study of Awareness Attitude and Factors Influencing Personal Financial Planning" (Nov 2017), conducted in Gujarat, came to the conclusion that Financial Literacy gets affected by demographic factors like Age, Gender, Income, Experience, Marital Status, and Job Type of the respondents. It is not dependent on the Location.

3) Sangeeta Gupta, in her research "A Study of Dimensions of Financial Literacy and its Relationship with Household Savings and Investment" (2017), conducted in Delhi, came to the conclusion that those who shop around maximum number of times or make maximum number of inquiries while investing possess comparatively lower level of financial literacy than others. Also, those with the highest risk taking ability possess lower level of financial literacy. It was also found that financial literacy may enable the individuals to enhance their savings. Individuals who are highly financially literate save intentionally as compared to those who possess low level of financial literacy.

4) P. Sasirekha, in her research "Determinants of Investment Behavior of Individual Investors" (Nov 2015), conducted in Coimbatore, came to the conclusion that investment strategies of the investors are largely influenced by the socio-economic factors and the behavioral bias plays a vital role in determining the investment process of individual investors. She believes that the need of the hour is to promote financial literacy at a very early age in one's life and help the common man to make his financial plan profitable for himself.

5) Aabida Akhter, in her research "Financial Literacy Perceived Risk Attitudes and Investment Intentions among Youth" (Jan 2016), conducted in Jammu and Kashmir, came to the conclusion that the influence of friends and relatives and perception of easy access to resources, profitability and security have an important impact on the investment intentions among the potential investors. Financial literacy does have statistically significant relationship with investment decision. She also concluded that financial literacy may empower the individuals to make investment decisions more prudently with risk minimization.

3. Statement of the Problem

The country has a rapid growing population and the future of our country is in the hands of the youth. It is very much important for us to know about how aware the youth of our nation is with regards to the various financial practices and services. Financial awareness is not just important for the commerce students, but is of equal importance even for the students studying in various other fields which may not relate to commerce. It is not only important that students are financially aware, but also that they have adequate savings. And so the researchers felt that it is very important to study how financially aware the students are and their preference towards savings, and also to know how to spread financial awareness.

4. Scope of the Study

The study focuses on the financial awareness and experiences of students pursuing their under graduation and belong to Urban Bangalore. The data was collected from students doing their under graduation in the fields of Arts, Pure Science and Commerce. No students doing their under graduation in professional courses like Engineering, Medical, etc were taken into consideration. The students studying only in private colleges were taken into consideration and no data from students studying in government colleges were taken into consideration. Also, the students belonging to rural sector of Bangalore were not considered for the research.

5. Objectives of the Study

1) To analyze the financial awareness of different streams of undergraduate students.

2) To study the extent of financial planning among undergraduate students.

3) To analyze the investment pattern of undergraduate students.

4) To study the banking habits of the students pursuing their under graduation.

5) To test the dependency of the savings habit with respect to the stream of study.

6) To provide suggestions and recommendations.

6. Research Methodology
a) Sampling Design:

The sample size of the research was 200; out of which:
• Sample Size of Commerce Students was: 100
• Sample Size of Arts Students was: 50
• Sample Size of Science Students was: 50

The method used for sampling is Stratified Convenience Sampling.

b) Data Collection:

The data collected for the research is Primary Data. It has been collected from various students of the Urban Sector of Bangalore city. A questionnaire was circulated among the students pursuing their under graduation in various fields like Arts, Science and Commerce, to all male, female and other genders. The questionnaire had 21 questions relating to Savings, Investments, their Banking Habits, etc. Suggestions were also taken from the respondents regarding how the financial awareness could be spread and improved among students.

c) Hypothesis Testing:

A working hypothesis has been framed to test the dependency of the savings habit of undergraduate students with their stream of study. The testing of hypotheses is done using Chi-Square method. The Null Hypothesis and the Alternative Hypothesis are H0 and H1 respectively.

7. Limitations of the Study

• This study is limited to the students of Urban Bangalore area. Students from Rural Bangalore and other states are not considered for this study.

• This study focuses only on three streams of students namely Commerce, Arts and Science of the degree level. Professional courses (like Engineering, Medical, etc.) and other categories of students are not taken into consideration.

• The hypotheses consider only the dependency of savings habits of students with their stream of study. Other factors and variables are not tested.

• This study has a sample size of only 200 respondents.

• There was a time constraint faced by the researchers throughout the research process.

8. Data Analysis and Interpretation

1) Table showing the gender of respondents

Gender	Number	Percentage
Male	113	56.50%
Female	86	43.00%
Others	1	0.50%
Total	200	100.00%

• More than half of the total respondents (56.50%) are Male, only 43% are Female and only 1 respondent is from Other Genders.

2) Table showing the stream of respondents

Stream	Number	Percentage
Commerce	100	50.00%
Arts	50	25.00%
Science	50	25.00%
Total	200	100.00%

• Half (50%) of the total respondents are from the Commerce stream. The respondents from Science and Arts streams are divided equally at 25% each (out of the total respondents).

3) Table showing the awareness of respondents on various financial terms

Data	Commerce		Arts		Science	
	Number	Percentage	Number	Percentage	Number	Percentage
Income	86	86.00%	37	74.00%	47	94.00%
Expenditure	79	79.00%	36	72.00%	40	80.00%
Budget	81	81.00%	33	66.00%	42	84.00%
Financial Plan	79	79.00%	27	54.00%	39	78.00%
Savings	92	92.00%	41	82.00%	42	84.00%
Investment	84	84.00%	34	68.00%	36	72.00%
None of These	8	8.00%	9	18.00%	3	6.00%

- A higher number of Commerce and Science students are aware of most of these terms, as compared to the Arts students. Both Commerce students (92%) and Arts students (82%) have their highest awareness in the term 'Savings', whereas Science students (94%) have highest awareness on the term 'Income'. 'Financial Plan' is the one of the terms which most students across all streams are least aware of.

4) Table showing the number of respondents who plan their finances

Data	Commerce		Arts		Science	
	Number	Percentage	Number	Percentage	Number	Percentage
Yes	64	64.00%	33	66.00%	23	46.00%
No	36	36.00%	17	34.00%	27	54.00%
Total	100	100.00%	50	100.00%	50	100.00%

- Nearly two-thirds of all Commerce students (64%) and Arts students (66%) plan their finances, whereas more than half of the Science students (54%) do not plan their finances.

5) Table showing the number of respondents who save money regularly

Data	Commerce		Arts		Science	
	Number	Percentage	Number	Percentage	Number	Percentage
Yes	62	62.00%	31	62.00%	37	74.00%
No	38	38.00%	19	38.00%	13	26.00%
Total	100	100.00%	50	100.00%	50	100.00%

- A majority of students among all streams save their money regularly. Also, a higher percentage of Science students (74%) save their money regularly as compared to Commerce and Arts students (whose probability of savings is of an equal percentage of 62% each).

6) Table showing the number of respondents who invest regularly

Data	Commerce		Arts		Science	
	Number	Percentage	Number	Percentage	Number	Percentage
Yes	31	31.00%	12	24.00%	10	20.00%
No	69	69.00%	38	76.00%	40	80.00%
Total	100	100.00%	50	100.00%	50	100.00%

- A majority of students across all streams do not invest regularly. The percentage of students who do not invest is higher among Science (80%) than among Arts (76%) and Commerce (69%).

7) Table showing the different avenues of investment of the respondents

Data	Commerce		Arts		Science	
	Number	Percentage	Number	Percentage	Number	Percentage
Govt. Bonds	13	41.94%	5	41.67%	6	60.00%
Debentures	10	32.26%	3	25.00%	1	10.00%
Shares	31	100.00%	11	91.67%	8	80.00%
Mutual Funds	20	64.52%	12	100.00%	10	100.00%
Others	1	3.23%	0	0.00%	0	0.00%

- Among the students who invest regularly, all the Commerce students prefer to invest in 'Shares', and all the Arts and Science students prefer to invest in 'Mutual Funds'. 'Shares' has the highest average preference among students of all streams. 'Debentures' is the least preferred investment among students of all streams.

8) Table showing the major reasons behind the respondents investing

Data	Commerce		Arts		Science	
	Number	Percentage	Number	Percentage	Number	Percentage
To earn Profit	21	67.74%	7	58.33%	9	90.00%
Because I have money left over	9	29.03%	4	33.33%	1	10.00%
Tax Benefits	1	3.23%	1	8.33%	0	0.00%
Other reasons	0	0.00%	0	0.00%	0	0.00%
Total	31	100.00%	12	100.00%	10	100.00%

- The biggest reason behind students investing is to earn profits and so a majority of students across all streams have invested to earn profits. A higher percentage of Science students (90%) invest to earn profits, as compared to both Commerce students (67.74%) and Arts students (58.33%).

9) Table showing the number of respondents who have a bank account

Data	Commerce		Arts		Science	
	Number	Percentage	Number	Percentage	Number	Percentage
Yes	93	93.00%	42	84.00%	41	82.00%
No	7	7.00%	8	16.00%	9	18.00%
Total	100	100.00%	50	100.00%	50	100.00

- A majority of students across all streams have a bank account. A higher percentage of Commerce students (93%) have a bank account as compared to Arts students (84%) and Science students (82%).

10) Table showing which bank account the respondents have

Data	Commerce		Arts		Science	
	Number	Percentage	Number	Percentage	Number	Percentage
Savings A/c	89	95.70%	41	97.62%	41	100.00%
Current A/c	3	3.23%	5	11.90%	1	2.44%
Recurring Deposit	2	2.15%	1	2.38%	0	0.00%
Fixed Deposit	10	10.75%	3	7.14%	4	9.76%

- Among the students who save, nearly all the students across all streams have a 'Savings Bank Account', with all the Science students (100%) having one. A 'Recurring Deposit Account' is the least chosen account among students of all streams, with none of the Science students having one. The preference for 'Current Account' is higher among Arts students (11.90%) than among Commerce students (3.23%) or Science students (2.44%). On the other hand, the preference for 'Fixed Deposit Account' is lower among Arts students (7.14%) than among Commerce students (10.75%) or Science students (9.76%).

11) Table showing the list the banking facilities the respondents are aware of

Data	Commerce		Arts		Science	
	Number	Percentage	Number	Percentage	Number	Percentage
Loan Facility	66	66.00%	20	40.00%	34	68.00%
Debit/Credit Card Facility	94	94.00%	45	90.00%	46	92.00%
Locker Facility	64	64.00%	16	32.00%	23	46.00%
Other Facilities	0	0.00%	0	0.00%	0	0.00%
None of these	6	6.00%	5	10.00%	4	8.00%

- A majority of students (more than 90%) across all streams are aware of the 'Debit/Credit Card' facility. The percentage of respondents not having any knowledge of the facilities offered by banks is minimal, the highest being 10% among Arts students. Both Commerce and Science students are more aware of the 'Loan' and 'Locker' facilities than the Arts students.

12) Hypothesis Testing

The following hypothesis has been framed to test the dependency of the savings habit of undergraduate students with their stream of study. The hypothesis is tested by Chi-Square Method. The Null Hypothesis (H0) and the Alternate Hypothesis (H1) are as follows:

H_0: The savings habit of the students is independent of their stream of study.

H_1: The savings habit of the students is not independent of their stream of study.

Table showing the Chi-Square Test of the Hypotheses

Stream	Yes		No		Total
	Observed (O)	Expected (E)	Observed (O)	Expected (E)	
Commerce	62	65	38	35	100
Arts	31	32.5	19	17.5	50
Science	37	32.5	13	17.5	50
Total	130	130	70	70	200

- Chi-Square $= \sum[(O-E)2/E] = 2.3736$
- At 95% level of significance and 2 degrees of freedom, the Chi-Square Table Value is 5.99. Since the Test Value (2.3736) is less than the Table Value (5.99), the Null Hypothesis (H0) is accepted. Thus, it is seen that "the savings habit among undergraduate students is independent of their stream of study".

9. Findings
- It is found that a majority of students across all streams prepare periodical budgets. This figure is consistent across all streams. Out of the students who prepare budgets, only around 1 out of 3 students stick to their budgets and the rest of them don't.

- It is proven in the Hypothesis Testing that the savings habit among undergraduate students is independent of their stream of study.

- It is also found that, out of the students who save their money, only less than 10% save their money every day. Around 20% of them save once a week, around 30% of them save once a month and nearly 2 out of 5 students across all streams save their money very rarely.

- It is found that nearly 5% of students across all streams save in Post Office Savings scheme. The remainder of Arts students saves in Savings Bank Account, this number being nearly 75% for Science and Commerce students. While none of the Arts students save on other platforms, nearly 20% of the Science and Commerce students save money with themselves (either in their purse or in their locker at home).

- It is found that a vast majority of all students save money to keep it safe to meet future emergencies. Nearly 15% of all students save money for the purpose of investing in future. Nearly 12% of Science and Commerce students save money to meet the cost of higher education, some to purchase a bike or car, and some others save to spend on parties at the end of the month.

- It is found that, out of the students who invest, a majority of the Arts and Science students are not aware of the various investment options available (the awareness of Science students being lesser), whereas 60% of the Commerce students are aware of the various investment options available.

- It is found that most of the students across all streams are aware of the procedure to open an account, avail for internet banking and avail for debit card and credit card facilities, whereas only few students across all streams are aware of the procedure to avail for a loan.

- It is found that an equal number of Arts and Science students (nearly half) use both Mobile Banking and Internet Banking facilities. Nearly half of the Commerce students use Internet Banking facilities, whereas more than 70% of them use Mobile Banking facilities.

10. CONCLUSION
This study focused on the financial awareness and experiences of undergraduate students in Urban Bangalore. Hypothesis was framed with respect to the savings habit of undergraduate students. After the testing of the hypothesis using Chi-Square Method, it is proven that the savings habit among undergraduate students is independent of their stream of study. Apart from this, we find that a majority of students across all streams are financially literate, prepare budgets, save money, and save with the intention to meet future emergencies, whereas only few students across all streams invest actively.

11. Suggestions
- Training sessions and Seminars on various Financial Habits like savings, investments etc. are to be provided by schools and colleges to the students.

- Guest Lectures by prestigious financial advisors are to be conducted in colleges to educate and encourage students on savings and investments.

- Events based on Business and Finance can be held in various Fests of Schools and Colleges, encouraging students to actively participate in simulated financial environments, giving them an idea of the happenings in the real financial market.

- Social Media has a huge impact on the youth and can hence be a very effective tool in educating the youth on various financial topics.

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