

Financial Literacy and Sustainability

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Abstract: Financial literacy is the way to manage, the financial manageability of people, families, organizations and economies. All financial pointers, for example, obligation, instalment discipline, investment funds and financial administration can be deciphered into Abundance or insolvency, mostly because of financial literacy. The higher the financial training, particularly among youngsters, the better the financial level will be. Markers are reflected in the economy and feasible turn of events. In this concentration on we need Passing judgment fair and square on the financial literacy of Polish secondary school understudies, financial education relies upon orientation. The primary factors that recognize us. One more review is that the review was done on an enormous example of secondary school understudies. The normal age is 15-16 years. We likewise think about the effect of orientation on broad financial schooling at the beginning phase. We inspected age and contrasted wide subjects and supposed slender subjects. After the effect of Concentrates on a show that youngsters have great, and at times, great financial information. This outcome shows that they might be reasonable in financial choices. Notwithstanding, it is perceived that orientation has an effect as far as financial conduct and use. For financial items, orientation has no effect on financial information. We likewise observe that men have more significant levels of financial literacy than ladies. The job of information-based assets in advancing maintainability. Undertakings are presently a subject of conversation. Financial education has been recognized as a fundamental Information asset for financial independent direction. Financial education impacts maintainability. From an information base point of view, we have constructed an incorporated model for concentrating on the top request hypothesis and double interaction hypothesis. The effect of financial education, admittance to funds, and mentalities towards financial gambling on maintainability. Demonstrating the condition showed financial education, admittance back, and the immediate constructive outcomes of money. Hazard demeanour towards maintainability. Financial literacy has additionally been viewed as an indicator of admittance back. Furthermore, face financial challenges. Moreover, admittance to back and perspectives towards financial gambling were recognized. Incomplete arbiter of the connection between financial literacy and SME manageability. Hypothetically meaning and reasonable significance for strategy producers, professionals and researchers It is contended that there is an interest in advancing the supportability.

Key Words: — *Financial literacy, Investment fund, Hazard demeanour.*

I. INTRODUCTION

India is the home to one-sixth of the world's total population consisting of rich culture and habitat and is termed as the world's 5th biggest economy in terms of gross domestic product but when it comes to financial literacy only 27% of Indian adults can meet the minimum level of financial literacy whereas when it comes to women having financial literacy the number comes down to only 24%. The research is based on

the findings about how India can take a foot forward in terms of financial inclusion with the help of various initiatives that are being taken by the government and other stakeholders.

II. LITERATURE REVIEW

Financial literacy is a bunch of abilities, data, mentalities, and ways of behaving that empower individuals to settle on informed monetary choices. Monetary education is fundamental for individuals to work on their satisfaction by settling on better choices. The creator has utilized ideas like information, instruction, conduct, and satisfaction to address monetary education. Orientation uniformity should be tended to as a significant issue that rises above individual accounting. As per Mottola's exploration, ladies have lower levels of pay and monetary proficiency and less trust in their number-related capacities. Ladies are bound to utilize their

Manuscript revised September 25, 2022; accepted September 26, 2022. Date of publication September 28, 2022.

This paper available online at www.ijprse.com

ISSN (Online): 2582-7898; SJIF: 5.59

Mastercards in more costly ways. With regards to monetary direction, most Polish 15-year-olds focus on their families (74%). (13.8% and 11.4% respectively). (Beata Swiecka, 2020) The research project suggests that education is one of the most important factors for any society to grow, considering the functions of money in today's political, economic, and social institutions, the necessity for financial literacy in the modern world is critical. The discussion of financial literacy increased since the financial crises of 2007-08. This research aims to analyse the course of the debate on financial education with the help of various techniques. The method used in this research is descriptive analysis and software like CitNetExplorer and VOS viewer are used to cluster graphical tools. This research still consists of gaps in studies with controversial results and semantics. (Couto, et al., 2021).

This research aims to study the connection between financial literacy, financial access, firm growth, and firm sustainability. The research suggests that financially trained MSME (Micro, Small and Medium Enterprises) owners take sound financial decisions with a lesser number of managers along with that financial literacy helps the MSME's managers to analyze financial services more accurately. The method used in this research is quantitative design to examine the connections among variables. Survey analysis was used to accomplish the research goals and to collect data questionnaire was used.

Gaps found in this research are that only two important resources, i.e., money and financial literacy, are considered. In addition to that, more defined analytical research would be needed for prospective analysis. (Kaur & Bansal, 2020).

The objective of the study is to study the sustainability of the firm and financial literacy and practice. According to the findings of the study, financial literacy, as well as knowledge of financial markets and financial products, can aid in the sustainability of a small business. According to the survey, small businesses should protect their immediate environment by guaranteeing efficient waste disposal, recycling waste goods, and avoiding printing papers. Due to poor financial statement preparation and accounting information system skills, small business owners face a high loan refusal rate. The methodology used in the research is the survey research design, a structured questionnaire to collect quantitative data. (Babajide, et al., 2021). Another objective of the research is to assess the effect of financial literacy among managers on the performance (financial and non-financial) of small-scale enterprises and examine how financial literacy affects the financial and non-financial performance of small-scale enterprises. Since the start of the 21st century many studies

have taken place to study the impact of financial literacy on the performance of companies and investment decisions, the regression result of the studies showed a positive relation. The research shows that social interaction can affect the financial decision of the person. The methodology used in this research is a quantitative approach to access the effect. The instrument that was used to collect data is the questionnaire consisting of closed-ended questions. (Tuffour, et al., 2020). A business person must have the ability to plan, implement and supervise financial management in his/her business. Financial literacy can affect how people save, borrow, invest and manage finances. It can also help SMEs understand the benefits of having relationships with financial institutions. Financial literacy is the ability to understand financial concepts, manage personal/ corporate finances and make financial decisions. The Association of Chartered Certified Accountants (2014) formulated that the concept of financial literacy includes knowledge of financial concepts as well as skills in using financial products and services. (Mella Fitria, 2018). One of the primary difficulties to the drawn-out outcome of SMEs is featured as an absence of monetary proficiency. Monetarily insightful business visionaries are better prepared to oversee risk by taking on strategies like keeping up with cash saves and differentiating their portfolios. It will likewise assist organizations with exploring the intricacies of cutting-edge financing markets. Perceptual and instinctive cycles impact the monetary choices of monetarily keen individuals. As indicated by specialists from Queen's University Belfast, monetary education empowers SMEs to deal with the difficulties of changing business and monetary business sectors and along these lines accomplish manageability. (Kulathunga, 2019). The objective of the study is to study the effect of the term Entrepreneurship in economic development as well as in the role of the population's financial literacy on entrepreneurship. The term entrepreneurship cannot be defined by a single variable, there are various methodologies present in the literature to investigate it. New creations have a significant impact on the economy and for this study, we use the theoretical model proposed by GEM. The reports published by GEM in 1999 indicate a variable that is widely used to determine the value of entrepreneurial initiatives. To cover the further gaps of study in the field of financial literacy on entrepreneurship, the OECD government launched a project in the year 2002 and it created a significant impact with further assistance from OCED and INFE. (Burchi,2021) The objective of the study is to review financial literacy in terms of sustainability. For sustainable development, we require sustainable behaviour of individuals, and the purpose

is solved by financial literacy. This study shows the very basis of the financial literacy term when it was introduced around the year 1997 with a survey of high school students. Earlier in the year 1992, it was introduced as the ability to make informed judgments and take effective decisions accordingly. OCED created INFE and it published a financial literacy questionnaire in 2011 and basis for this was the research carried out by OCED. (Krechovska, 2015). The main objective of the study is to measure the financial literacy of the executive members of Argo-based co-operatives. It also deals with issues related to the weakness of executives in understanding financial products. Since financial literacy is the ultimate pillar of a sound financial system and hence this study focuses on using Agri-cooperatives, which are generally non-profit organizations for the development of the agricultural economy with the help of financial literacy. The conceptual framework is provided by the OECD INFE, 2011 by measuring the status of financial control, financial planning, financial decisions, and financial knowledge. The research methodology used consists of a sample of the population, a survey questionnaire, and data collection. (Aryal Nirmal, 2015). The main study in this article focuses on the collective importance of financial inclusion and financial literacy. Financial inclusion is measured as access to the use of financial services. The access part of the inclusion deals with the supply side, which addresses financial depths and legal systems whereas the other part deals with financial services to the customers. The main factor of the crisis in 2008 was the entry of complex financial products, syndicated loans, and collateralized debt instruments. Carrying out research about the subject area, was divided into various phases such as manual, systematic, and pre-search. (Falak Khan, 2021).

III. RESEARCH PROBLEM, OBJECTIVE AND METHODOLOGY

However, given the rise of publications since the 20th century, research on financial literacy continues to face some conceptual challenges. First and foremost, this study is justified by recent conversations on financial literacy and sustainability, highlighting the need to broaden and validate understanding. Second, the study is more focused on Indian demography.

3.1 Methodology

The most important information from respondents was collected using standardized surveys. The questionnaire consisted of closed-end questions designed to derive demographic information from respondents, as well as

awareness of financial literacy, financial knowledge of financial issues, and attitudes towards financial literacy.

3.2 Overview

One of the most important issues in social development in recent years is the concept of sustainability. development. Individuals who ensure the long-term growth of are expected by society to act in specific ways. In a sustainable way, Of course, this includes the area of financial management and the management of funds. A new perspective emerges. Development of this demand for changes in attitude and behaviour Appropriate social accountability and responsibility. Huston (2010) examined 71 financial ability studies and identified three major barriers.

1. There is no definition of financial literacy.
2. Fiscal capacity measures are not complete.
3. Most studies do not give guidance on the interpretation of this measurement.

3.3 Financial literacy Triangle



3.4 Elements of Financial literacy

Monetary Literacy: - Financial education is portrayed because of the ability to control unfamiliar cash and related exchanges. The ability to recruit control gear which is intended to make those exchanges more straightforward.

Price Literacy: - Value education is the ability to understand and work out costs. Comprehension of expansion and the variables that affect it. This involves eager the possibility of cash's fleeting worth. There is a distinction between ostensible and real leisure activity rates.

Budget Literacy: - Shore have any familiarity with the financial plan alluding to the abilities expected to oversee spending plans, among others. B. The capacity to recognize monetary objectives and monetary asset distribution. Capacity to oversee pay and cost and spending plan of the executives. It is feasible to treat numerous unforeseen monetary

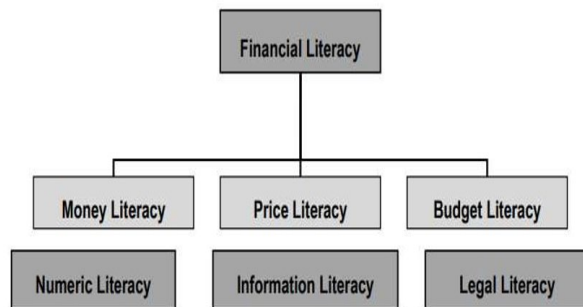
circumstances, for instance. The monetary limit has two particular qualities that require market direction for monetary instruments and administrations, notwithstanding the overall abilities recorded previously. The capacity to contrast explicit monetary labour and products and the best items and administrations accessible in a given area. Browse numerous choices. Other significant parts of monetary proficiency.

Information literacy: - Data proficiency is characterized as the capacity to find, use, and examine just vital and applicable data.

Numeric Literacy: - Advanced education is the capacity to utilize numerical devices to address computerized difficulties in a monetary independent direction.

Legal literacy: - Direction of the legal system, the conclusion of various contracts, verification of rights and obligations, possibility of support.

3.5 Components of Financial Literacy



Skvára (2011) proposed seven skills as an extension and complement to the financial literacy program. In, addition to the three (numerical) literacy (literacy, information literacy, legal literacy) Er mentioned above, the following section is added. Consumer Protection Expertise Basic Investment Principles and European Union Expertise Office and Management Different Living Environments.

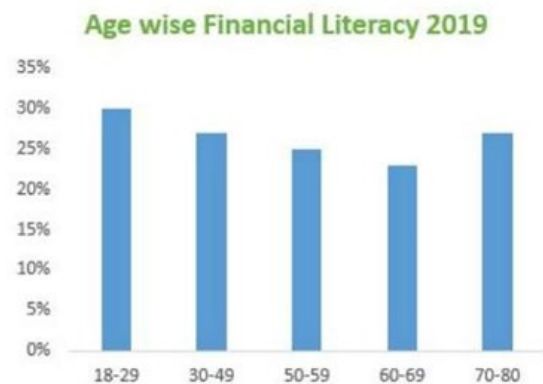
3.6 Importance of Financial Literacy for Sustainable Development

Financial literacy is fundamental for people, families, organizations, and the monetary well-being and strength of the economy. Specific consideration is paid to the overall monetary instruction of people. As per Dodaro (2011), ongoing monetary changes expect buyers to have the option to settle on informed monetary choices and advantage from a superior comprehension of monetary worries. Featured. Individuals can't work on their bliss because of the absence of monetary information (Hastings et al., 2013). The advancement and level of monetary proficiency of people are

inseparably connected with the improvement of financial markers that can be followed from one country to another. Family obligation, instalment discipline, family insolvency, liquidation rate, and dispossession rates are instances of monetary proficiency and monetary education measurements. Household debt has increased in recent years and is a frequently tracked statistic. In addition, the number of households that cannot repay their debts is increasing. As a result, certain categories of debt are measured as part of total household debt. Consumer credit has increased significantly in recent years, especially among the low-income group, due to increased personal flexibility and reduced overall borrowing.

3.7 Financial Literacy Measurement

Financial literacy is essential for a fast-developing country like India because it guarantees inclusive growth and long-term prosperity. The Reserve Bank of India (RBI) has worked with many government agencies such as SEBI (NISM) and IRDA to develop training modules, manuals and educational programs for



financial literacy, but more to bring this move to the masses. You need to work hard. For financial education programs to reach millions, traditional distribution systems need to be reinvented and expanded.

Many initiatives are underway, including the establishment of the National Financial Education Centre by the National Institute of Securities and Markets (NISM), a public foundation established by SEBI (NCFE). One of NCFE's most important projects is the National Financial Literacy Assessment Test (NFLAT). This is India's first national-level test aimed at assessing the financial literacy of Grade VIII to X students. Its main goal is to encourage students to acquire basic financial skills in areas such as money, budget, investment, banking, savings, insurance, retirement planning and financial planning.

CERE has partnered with Tata Capital to create a financial literacy curriculum for junior high school students. The program conducts in-depth research in specific areas of financial literacy and education. This effort aims to create a powerful and scalable web-based infrastructure that promotes financial literacy in Indian schools, following the NFLAT curriculum and evaluation process. Passing the NFLAT exam as many students as possible is also a measurable sign of program performance.

3.8 India's Growing Financial Literacy

The financial literacy of young and adult people in India is increasing for a variety of reasons, including recent technological advances and media coverage. The Government of India and various institutions are constantly striving to drive growth by offering courses, workshops, and financial literacy programs.

The country has a large number of users of online financial services, from mobile banking to online payments and insurance. India's financial literacy has improved as insurance and bank awareness and ease have increased.

3.9 Importance of Financial Literacy in India

Financial literacy is one of many countries most valuable assets because it is directly linked to economic progress. The following are the Importance of financial literacy in India:

3.9.1 Development of Rural Areas: - Financial literacy can be used to reach rural areas and tackle their development. This can be achieved by raising public awareness of the available resources and the correct way to use them.

3.9.2 Ease in Borrowing: - According to RBI analysis, 42.9% of the population borrows money from informal sources and pays higher interest rates. Small traders can benefit from sound financial education by making informed decisions and making the best use of available resources.

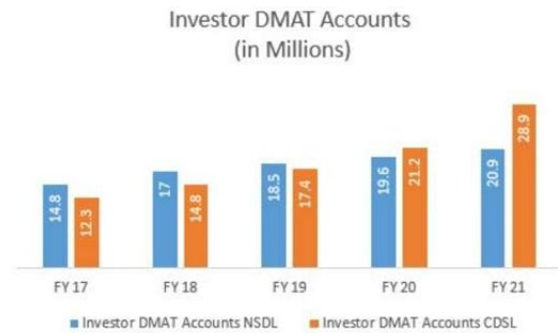
Ease in performing business transactions- Introducing Pradhan Mantri Jan Dhan Yojana has led to the creation of 280 million new bank accounts. These accounts have made it easier for us to run our business and have significantly increased cashless transactions.

3.9.3 Growth of MSMEs: - MSME accounts for 29% of India's GDP and this sector accounts for 50% of exports. Financial literacy helps small businesses

3.10 The Surge in Equity Market Investors

Over the last two years, private investor exposure to the Indian stock market has expanded significantly. This is because more first-time investors have shifted their focus from traditional investment methods to the stock market in search of higher

returns. The blockade by the pandemic, followed by working from home with high internet usage, further heightened their enthusiasm. Two custodians, Central Depository Services (CDSL) and National Securities Depository (NSDL) created 28.6 million new accounts between April and November 2021.



3.11 Social Media's impact on Financial Literacy

Social media has had a major impact on the growth of India's financial literacy. This was a major driver of the surge in investment during a pandemic. During this period, many stock exchange academies, YouTube channels and websites were established. The 15 largest Indian YouTube channels focused on the stock market have more than 13 million subscribers. Investment is becoming more popular throughout India due to the availability of the internet and the surge in the attractiveness of various channels. Many people of all ages have begun investing in stock markets and investment trusts. Retail customers' share of cash market sales will increase from 39% in 2019 to 45% in 2020.

3.12 Government's Initiatives to Achieve Financial Literacy in India

Improving financial inclusion in India was a priority for the government and many regulators such as RBI, SEBI, IRDAI and PFRDA. Efforts have also been made to improve financial literacy and raise awareness of SMEs. Below are some examples of such measures taken by the competent supervisory authority.

3.12.1 Reserve Bank of India:

As a money market and banking supervisor, RBI has established both basic and sectoral financial education. These include financial literacy manuals, journals and posters that cover the basics of financial welfare such as savings, interest principles, time value and inflation. Other topics discussed include ATMs, payment systems, pongee fraud, and financial recognition messages.

3.12.2 Securities Exchange Board of India:

SEBI also focuses on improving basic financial education and industry-specific financial education. As a regulator of India's capital and securities markets, it organizes activities such as World Investor Week and mass media campaigns. There is also a website dedicated to investors.

3.12.3 Insurance Regulatory and Development Authority of India:

Like other institutions, IRDAI works on creating content by creating pamphlets, manuals, and so on. We also formulate mandatory policies approved by the Board of Directors for insurance companies and hold various seminars and quizzes.

3.12.4 Pension Fund Regulatory and Development Authority:

In 2018, PFRDA developed a specialized website called "Pension Sanchay". The purpose of this website is to improve financial literacy related to retirement. In addition, the Government of India has launched various initiatives to improve financial inclusion, including Pradhan Mantri Jan Dhan Yojana, Jivan Jyoti Bima and Atal Pension Yojana. These programs are implemented to simplify banking services, raise awareness, and improve the overall understanding of insurance. In addition, the government has organized several financial education programs for children, including financial education, retirement plans, commodity futures markets and schoolchildren's insurance, aimed at educating and raising awareness of young people.

IV. CONCLUSION

Despite the 1.3 billion population, more than 76% of adults need a better understanding of basic financial concepts. India has the potential to become one of the highest financial literacy countries in the world, as 27.6% of the population aged 25-44 continue to participate in financial inclusion programs through financial literacy. This percentage could increase by more than 20% over the next 20 years if children aged 10 to 19 also have a proper financial education. This group makes up about 21.8 per cent of India's population. Economic skills can contribute to overall economic development and improve living standards. India's workforce, coupled with solid financial literacy, has the potential to raise the country to unprecedented heights.

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