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RECENT TRENDS IN FINANCIAL LITERACY – A BRIEF STUDY

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ABSTRACT

Economic growth of a country depends on its financial system. Financial literacy is simply the understanding of personal financial management. Financial literacy is learning how to manage your money. Financial literacy is the only viable approach for attaining the financial system's objective. According to financial literacy and the Education Commission, the five main components of financial literacy are: learning, spending, savings and investing, borrowing and securing. Financial literacy is cognitive understanding of financial components and skills Budget, investment, borrowing, taxation and personal finance management. According to a global survey, India is the home to over 20 per cent of the world's population, but only roughly 24 per cent of the Indian population has a fundamental understanding of finance! Financial literacy helps individuals make more assertive and efficient decisions in the monetary context of their lives. This paper measures the level of financial literacy of individuals and analyses the relationship between financial literacy and financial behaviour. Thus one can conclude that increasing the level of financial education stimulates wise economic behaviour.

KEY-WORDS: Financial literacy, Financial management, Financial Education, Components of Financial literacy

INTRODUCTION

Throughout their lifetime, individuals today are more responsible for their personal finances than ever before. With life expectancies rising, pension and social welfare systems are being strained. Simultaneously, financial markets are rapidly changing, with developments in technology and new and more complex financial products. From student loans to mortgages, credit cards, mutual funds, and annuities, the range of financial products people have to choose from is very different from what it was in the past, and decisions relating to these financial products have implications for individual well-being. Moreover, the exponential growth in financial technology (fintech) is revolutionizing the way people make payments, decide about their financial investments, and seek financial advice. In this context, it is important to understand how financially knowledgeable people are and to what extent their knowledge of finance affects their financial decision-making.

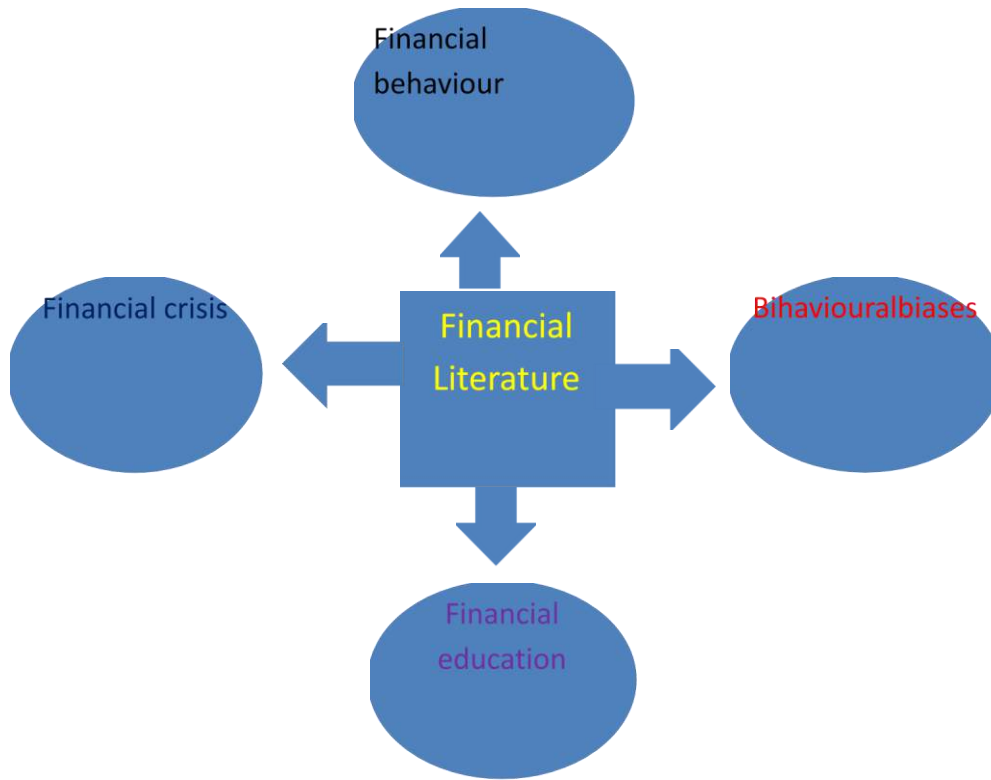
The OECD defines financial literacy as –“A combination of awareness, acquaintance, skill, attitude and behaviour necessary to make sound financial decisions and ultimately achieve individual financial well-being.”

The Organisation for Economic Co-operation and Development (OECD) aptly defines financial literacy as not only the knowledge and understanding of financial concepts and risks but also the skills, motivation, and confidence to apply such knowledge and understanding in order to make effective decisions across a range of financial contexts, to improve the financial well-being of individuals and society, and to enable participation in economic life. Research has been conducted worldwide for measuring the level of financial literacy. And also financial literacy survey has been conducted at country level by the governments. Most of the surveys have thrown light on their poor level of financial literacy.

NEED FOR THE STUDY

Complicated financial products, low level of awareness and lack of knowledge about financial matters makes the want of financial literacy noteworthy. The level of financial literacy differs from individual to individual. Gender gap also plays an important role in deciding the level of financial literacy. A woman's decision or relationship with money is often determined by her personal life experience. Emotion, money and family are interlinked in the life of a woman. Lack of equipped access of consistent information to make informed decision leads to low level of confidence and knowledge about financial issues. Life changes like new employment, divorce or separation, demise of the partner are some of the stressful stimulators in an individual's life.

Figure.1 shows Financial literature Behaviour



FINANCIAL LITERATURE

On financial literacy and gender differences focusing on financial decision making between couples this study was reviewed. They have low financial literacy among women to the frequency of confirmation and financial decision making found a positive correlation between and financial literacy [5]. We also explored financial literacy in work experience and the role of both pay clarity. Financial Woman in India and Bangladesh Literacy training for workers Examined the role of funds practices in assessing project outcomes.

FINANCIAL BEHAVIOUR

Financial behaviours play a role in family community well-being influencing an important role in countries and individuals around the world. The set of financial activities that can be observed Better describes financial behaviours by economics agents. Such overt behaviours are essentially One's identity, preferences, knowledge, performance, Achievement, personal characteristics, importance and psychological factors. affected Represents

Financial Cognition expressed by university students Knowledge as skills. Our study is designed based on the theory of planned behaviours, Financial knowledge, feelings, personal characteristics, Attitudes includes and Explores the relationship between financial behaviour [7]. Financial well-being is defined as the ability to maintain the present and expected desired quality of life in order to achieve this financial well-being, one must be satisfied based on the self-assessment of the financial future. This goal can only be achieved if a person is comfortable enough, only when he or she engages in responsible financial behaviours to protect the financial future. Financial literacy is an important variable that affects financial behaviours. The review presents international evidence of a strong link between financial literacy and the ability to save for retirement.

BEHAVIOURAL BIASES

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FINANCIAL EDUCATION

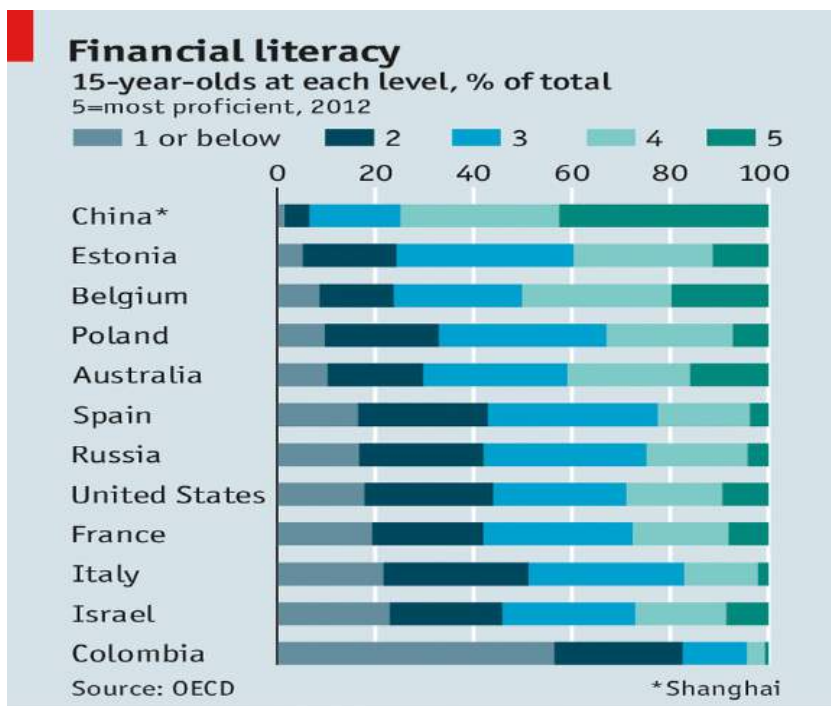
Financial Education and Financial Admissions Studies include Some studies have found that the results of financial education may be greater if participants have experience in financial preparation with On the benefits of financial literacy and financial content Indirect evidence. For example, financial products Experience (Bank Account and Investment) High School Explains greater diversity in investment knowledge than financial education [16]. Effective financial education, especially in high school, to improve financial literacy among young people Important. Economic Education Council, Status of Finance and Economic Education in Schools in the United States of the 2018 findings, in 17 states Only students are required to take a personal finance course and said students were needed in 22 states. to study economics. High school degree. They also said that since

their 2016 report, there has been a very small increase in efforts to increase financial education in schools. U.S. The Department of Education's National Education Statistics Centre (NCES)'s high school transcript research data was used, and Only 7.9% of students in their high school Received a kind of financial education. However, finance from other courses not designated as a literacy subject This so that students can get financial literacy information Low results suggest, so high school There is some evidence to suggest rigorous financial education at the level.

FINANCIAL CRISIS

We focus our discussion and analysis on the effects of the financial crisis and the financial statements of banks. We conclude that a fair assessment plays little or no role in the financial crisis. However, the transparency of information related to asset protection and derivatives is not sufficient for investors to accurately assess the values and risks of bank assets and liabilities. Although FASB and IASB have taken commendable steps to improve disclosure of securities, in our view the counting approach to securities in IASB's disclosure draft requires banks to recognize their assets and liabilities after securitization. Securities reflect the basic economy of the transaction. With respect to derivatives, disclosure of highly segmented information, sensitivity of derivatives to reasonable values for changes in market risk variables, and implementation of a risk-equilibrium approach for investors to better understand the intrinsic foreign exchange in derivatives. Because banking regulation and financial reporting objectives differ, we conclude that changes in financial reporting to improve the transparency of information provided to the capital markets are not identical to changes in the banking regulations required to strengthen the stability of the banking sector.

Figure.2 shows Top Funding Agencies



Source: Economics Times

Above figure shows the rank of the top research funding agencies/institutions. It is inferred that the National Institute on Aging is the top funding agency by funding 21 publications. Economic and Social Research Council stood the second rank in the top funding agencies by funding 17 publications. The Australian Research Council stood in third place, funded for 15 publications. As listed in table 9, the remaining funding agencies support the authors/researchers/publications concerned with financial literacy to carry out research publications.

Most highly cited documents

The collection of the highly cited publications during the study period of financial literacy. The highest citation, 711, was received in the year 2014, while the lowest 188 was in the year 2006. The average citation per document of the total publications is 11.11. Among the top highly cited papers, the first three articles have received greater than 500 citations, i.e., The economic importance of financial literacy: Theory and evidence by Lusardi A. and Mitchell O.S. 10 published in Journal of Economic Literature (2014) & Financial literacy and stock market participation by Van Rooij M., Lusardi A. and Alessie R. published in Journal of Financial Economics (2011) and Baby Boomer retirement security: The roles of planning, financial literacy, and housing wealth by Lusardi A. and Mitchell O.S.(2007). As indicated in the table, the remaining publications have received average citations between the highest 183 to lower

MAJOR FINDINGS

The analysis acknowledges that documents' growth rate continuously increases corresponding year with the highest 380 (2019) research documents. Further to all 2000 publications, 22229 citations were received, with an average of 11.11 citations per paper, and the highest citations were 3107 in 2011.

- The authorship patterns reveal that two authors have the highest contribution, with 657(32.87%) research papers during the study period, and multiple authorship patterns are more prominent for research productivity.
- The degree of collaboration and the collaborative coefficient is apparent, with a total of 0.78 and 0.48, respectively.
- It is apparent during the study period, Lusardi, A. was found to be the most productive author with 33(16.58%) documents and with 32 h-index.
- The correlation coefficient is 0.55, i.e., papers and citations are simultaneously moderate correlated, and the null hypothesis is rejected, which means the correlation coefficient is significant at a 5% level of significance.
- It is found that the total annual growth rate is 51.74 and relative 0.35 via the study period from 2001 to 2020. The DT has seen 2.35 with a periodical growth over the years from 0.50 to 4.59. "The economic importance of financial literacy: Theory and evidence" by Lusardi A. and Mitchell O.S., published in Journal of Economic Literature (2014), is the most cited (711) among the publications of financial literacy.
- In the top sources ranking list, the Journal of Consumer Affairs, whose subject area is Economics, Econometrics and Finance Economics, Econometrics and Finance (miscellaneous) and 57 h-index from the United States, is the top-ranked selected source for publication with 45 publications. 17
- The collaboration institution data analyzed above shows that the University of Pennsylvania is the top-ranked productive organization for research productivity of financial literacy with 25 research publications of financial literacy.
- The United States, with H- index =2386(Scimago Rankings), is the most producing country for economic research productivity with 287 research publications of financial literacy. The highest number, i.e., 945(47.25%) of publications, has appeared in the Economics, Econometrics, and Finance discipline.
- The most favorable keywords, whose occurrence is more than hundreds, are financial literacy (1070), financial education (182), finance (162), literacy (160), human (140), education (111).

CONCLUSION

Financial literacy will shape family behaviour to ensure maximum future benefits. Decisions about savings are guided by the rules of thumb without an important family decision and financial knowledge; however it can be

improved through financial education at school or in the workplace. Financial behaviour plays an important role in influencing the well-being of a family, community, country and individuals around the world. The set of financial activities that can be observed by economic agents best describes financial behaviour. Such overt behaviour is mainly affected by one's identity, preferences, knowledge, performance, achievement, personal characteristics, importance and psychological factors. Cognitive or emotional, both of which can lead to bad and irrational financial decisions.

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