

# **“A Study on the Relationship Between Basic Financial Literacy and Money Management Behaviours Among Individuals”**

*Ms. Radhika Ramesh Desai*

*Assistant Professor, Department of Commerce, CNCVCW, CSIBER, Kolhapur, Maharashtra.*

## ***Abstract***

*This study investigates the connection between people's money management behaviours and their level of basic financial literacy. Knowing how much knowledge of basic financial principles affects every day financial practices is essential as financial decisions become more complex. The study shows a quantitative research approach and gathers data using a structured survey that assesses participants financial literacy skills and money management behaviours, such as budgeting, saving, and spending control, etc. Survey results shows that people who have a greater level of basic financial literacy are more likely to manage their money responsibly. In order to encourage better financial practices and long-term financial stability, the study emphasizes the necessity of improved financial education programs.*

***Keywords:*** *Financial literacy; Money management; Budgeting; Saving behaviour; Financial decisions; Personal finance.*

## **Introduction**

In increasingly complex economic world, financial literacy has become an important life skill. It describes a person's capacity to comprehend and use fundamental financial ideas like saving, interest rates, and budgeting. Contrarily, money management behaviour entail putting these ideas into practice in day-to-day life. These actions dictate how well people manage their own finances, choose what to buy, and budget for future expenses.

Even while managing a personal finance becomes more important, many people still lack the fundamental financial understanding needed to make wise decisions. This disparity frequently results in bad financial habits including excessive spending, insufficient savings, and unmanageable debt. For educators, legislators, and financial institutions looking to create successful educational initiatives and interventions, it is critical to comprehend whether financial literacy directly affects money management behaviour.

This study investigates the connection between people's money management behaviour and their level of basic financial literacy. The research attempts to offer insights into how enhancing financial literacy can lead to more responsible financial behaviours by evaluating both knowledge and practice.

## **Objectives**

1. To examine the relationship between basic financial literacy and money management behaviours among individuals.
2. To assess the level of basic financial literacy among individuals.
3. To determine the common money management behaviours practiced by individuals.
4. To identify the extent to which basic financial literacy influences budgeting, saving, and spending habits.
5. To provide recommendations for improving financial literacy to enhance money management outcomes.

## **Research Methodology**

### *Research Design*

This study employs a quantitative descriptive research design to assess the relationship between financial literacy and money management behaviours.

### *Participants*

A sample size 1922 is selected using convenience sampling techniques. Participants consist of individuals from various age groups and socio-economic backgrounds.

### *Data Collection Instrument*

A structured survey questionnaire is used. It contains two main sections:

1. Financial Literacy Test – covering topics such as budgeting, interest rates, inflation, and basic financial concepts.
2. Money Management Behaviour Scale – assessing budgeting habits, saving patterns, spending discipline, and debt management.

### *Data Gathering Procedure*

The questionnaire is distributed online. Responses are collected, encoded, and analysed.

### *Data Analysis*

Descriptive statistics is used to summarize literacy levels and behaviours.

1.1 The bar chart presents the gender distribution of the 1,922 individuals who participated in the study on the relationship between basic financial literacy and money management behaviours. The data indicates that a majority of respondents are female (77.3%, n = 1,486), while male respondents constitute 22.9% (n = 440) of the sample.

This substantial gender imbalance suggests that the sample is predominantly female, and therefore, much of the data collected on financial literacy and money management behaviours will largely reflect the financial attitudes, habits, and literacy levels of women. Since existing literature often notes gender differences in financial knowledge and financial behaviours, this distribution may influence the overall outcomes of the study.

Gender:

1,922 responses

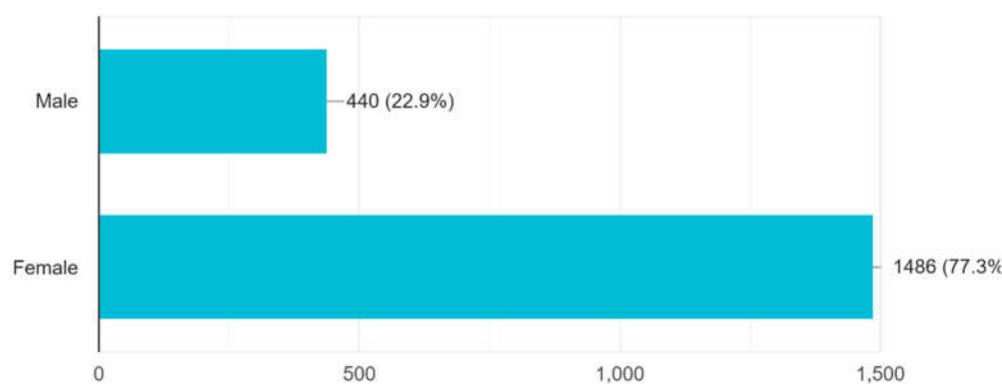


Diagram No. 1 Male & Female Count

1.2 The chart illustrates respondents' understanding of how to make a simple budget. Out of 1,922 participants, a significant majority 88.4% reported that they know how to create a simple budget, while only 11.6% indicated that they do not possess this skill.

This high percentage of respondents who are familiar with budgeting suggests that most individuals in the sample have at least a basic level of practical financial knowledge. Budgeting is a core component of money management behaviour, and the widespread ability to create a budget implies that many participants may already engage in responsible financial planning, tracking, or spending control.

In the context of the study on the relationship between basic financial literacy and money management behaviours, these findings indicate that:

1. Budgeting knowledge appears to be widely present, providing a strong baseline for analysing whether this knowledge translates into actual financial behaviours.
2. The small proportion of respondents who lack budgeting knowledge (11.6%) may represent a group with lower financial literacy or weaker financial management habits.
3. This distribution suggests that financial literacy interventions, if planned, may need to target a relatively smaller but important segment of the population lacking foundational budgeting skills.

Overall, the data indicates that a large majority of respondents have the foundational knowledge needed for effective money management, which may positively influence the relationship between financial literacy and financial behaviour outcomes in the study.

Do you know how to make a simple budget? एक साधे बजेट कसे बनवायचे ते आपल्याला माहित आहे?  
1,922 responses

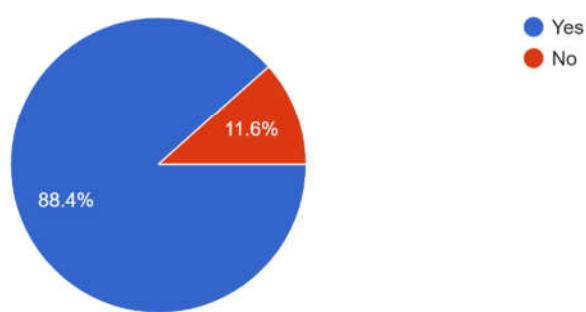


Diagram No. 2 Simple Budget

1.3 The chart shows respondents' understanding of the concept of "saving money." Out of 1,922 participants, an overwhelming majority 96.1% reported that they know what saving money means, whereas only 3.9% indicated that they do not.

This indicates a very high level of basic financial awareness among the respondents regarding one of the most fundamental financial concepts: saving. Since saving is a foundational money management behaviour, this result suggests that most participants possess at least a minimal understanding necessary to engage in responsible financial practices.

In the context of your research on the relationship between basic financial literacy and money management behaviours, this data suggests:

Small Group Lacking Saving Awareness. The 3.9% who do not understand saving may represent individuals with Low financial literacy, Poorer financial habits, Greater vulnerability to financial difficulties

Overall, the data shows that the concept of “saving money” is widely understood by respondents. This foundational knowledge supports the expectation that financial literacy positively influences money management behaviours, reinforcing the core premise of your research study.

Do you know what “saving money” means? “पैशांची बचत” म्हणजे काय हे तुम्हाला माहिती आहे काय?  
1,922 responses

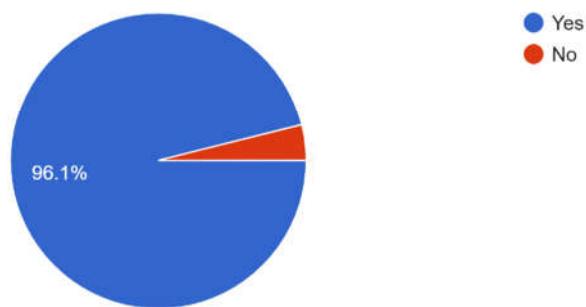


Diagram No. 3 Saving Money

1.4 The survey findings contribute meaningfully to the study on the relationship between basic financial literacy and money management behaviours among individuals. The result shows that 93.7% of respondents report knowing how to keep their money safe, which reflects a strong level of basic financial literacy within the group. This high level of awareness suggests that individuals with fundamental financial knowledge are more likely to adopt responsible money management behaviours, such as minimizing the risk of theft or loss by avoiding carrying too much cash and using formal financial institutions like banks. On the other hand, the 6.3% who do not know how to keep their money safe may lack essential financial literacy skills, which can negatively affect their financial habits and overall financial well-being. This gap highlights the importance of financial literacy education, as it directly influences individuals' ability to make informed, safe, and effective decisions about managing their money. Overall, the chart supports the idea that stronger financial literacy is closely linked to better financial behaviour.

Do you know how to keep your money safe? (e.g., not carrying too much cash, using a bank, etc.) आपले पैसे सुरक्षित कसे ठेवायचे हे आपल्याला माहिती आहे? (उदा. जास्त रोख रक्कम न बाळगणे, बँक वापरणे इ.)  
1,922 responses

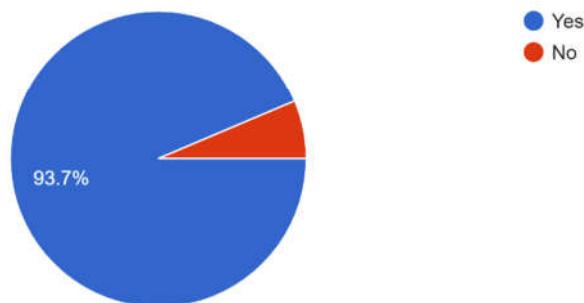


Diagram No. 4 Money Safety

1.5 The survey results reveal a strong pattern of positive money management behaviour among the respondents. Out of 1,922 individuals, 90.4% reported that they try to save money regularly, indicating a high level of awareness regarding the importance of savings a key component of basic financial literacy. This suggests that individuals who possess fundamental financial knowledge are more likely to adopt consistent and disciplined saving habits, reinforcing the link between financial literacy and effective money management. In contrast, the 9.6% who do not save regularly may lack either the financial awareness or the resources necessary to engage in such behaviour. Their responses highlight the need for targeted financial education and support to encourage better saving practices. Overall, the data supports the idea that stronger financial literacy is associated with more responsible and proactive financial behaviours.

Do you try to save money regularly? आपण नियमितपणे पैसे वाचवण्याचा प्रयत्न करता?  
1,922 responses

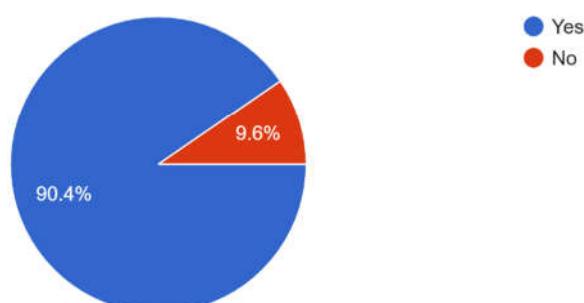


Diagram No. 5 Saving Money

1.6 The survey results provide valuable insights into the connection between basic financial literacy and money management behaviours. Among 1,922 respondents, 77.5% reported that they keep track of how much money they spend, suggesting that a majority practice an essential component of financial management expense monitoring. This behaviour typically reflects a foundational level of financial literacy, as individuals who understand the importance of budgeting and tracking expenditures are better equipped to make informed financial decisions. However, the remaining 22.5% who do not keep track of their spending may lack either the financial knowledge or the habits needed to manage their money effectively. This gap highlights the need for targeted financial education initiatives that emphasize practical skills such as budgeting and record-keeping. Overall, the data supports the study's premise that higher levels of basic financial literacy are closely linked with more responsible and proactive money management behaviours.

Do you keep track of how much money you spend? आपण किती पैसे खर्च करता याचा मागोवा ठेवता?  
1,922 responses

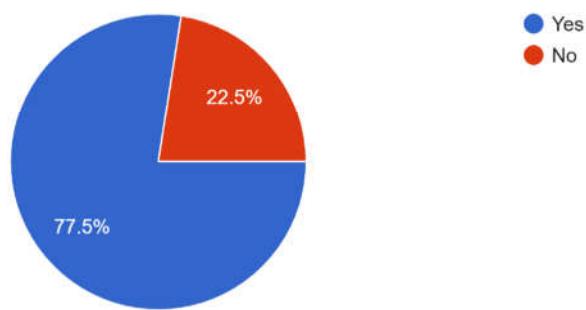


Diagram No. 6 Money Tracking

1.7 The analysis of respondent's money management behaviours reveals a strong association between basic financial literacy and responsible financial practices. As shown in the data, a significant majority (87.9%) reported saving at least a portion of the money they receive, while only 12.1% indicated that they tend to spend all of it. The majority of people appear to have a basic understanding of budgeting, planning, and the significance of future financial security based on this predisposition toward saving. These behaviours are characteristic of people with higher levels of financial literacy, who see the long-term advantages of saving money and show more restraint when it comes to their spending. On the other hand, the smaller group that spends all of their money can demonstrate a lack of financial literacy and a restricted application of

fundamental money management techniques. Overall, the results lend credence to the idea that fundamental financial literacy is essential for forming sound financial habits and encouraging people to make better financial decisions.

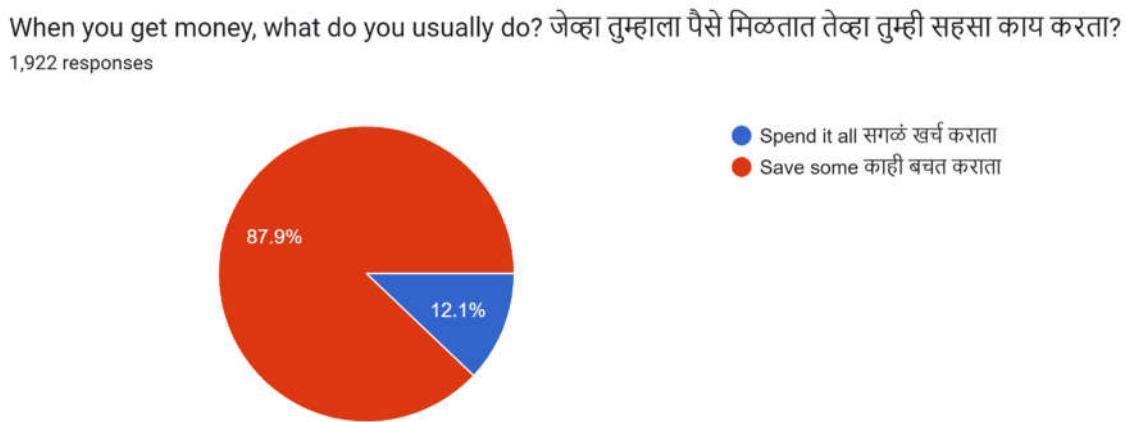


Diagram No. 7 Money Spending

1.8 The chart's depiction of borrowing behaviour offers crucial insights into how financial literacy affects people's financial choices. Given that 51.2% of respondents said they had never taken out a loan, it can be concluded that a small majority had the financial literacy and self-control necessary to control their spending within their means. This group might exhibit essential elements of fundamental financial literacy, such creating a budget, keeping an emergency fund, and making advance plans to prevent shortages. Their capacity to retain financial independence indicates a better comprehension of the long-term effects of debt and the advantages of preserving financial stability.

However, the 48.8% of respondents who said they had borrowed money represent a sizable percentage of people who might have trouble efficiently managing their finances. Although borrowing is not always a bad thing, frequent or unforeseen borrowing frequently indicates a lack of financial literacy, especially in areas like cash flow management, savings practices, and readiness for unforeseen needs. These people could not know enough about financial planning, or they might not be able to use it regularly in their day-to-day activities. Although this behaviour frequently corresponds with lesser levels of financial knowledge, it can also be a reflection of low income or restricted access to financial resources.

Overall, differences in financial literacy across the population are highlighted by the nearly equal distribution of borrowers and non-borrowers. Higher financial literacy is linked to less dependency on borrowing, while lower financial literacy may increase reliance on outside financial assistance, according to the research. Therefore, boosting basic financial education might be crucial to lowering needless borrowing and enhancing people's overall financial well-being.

Have you ever borrowed money from someone? तुम्ही कधी कोणाकडून पैसे उधार घेतले आहेत का?  
1,922 responses

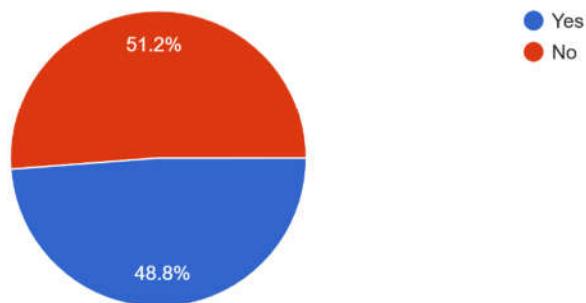


Diagram No. 8 Borrowing Money

1.9 According to the results, 96.2% of respondents strongly agreed that saving for the future is crucial. This remarkably high degree of agreement shows a high degree of financial awareness and suggests that most people have at least a conceptual grasp of fundamental financial literacy concepts, especially those pertaining to long-term planning and financial stability. These attitudes imply that respondents understand the advantages of planning for unforeseen costs, long-term objectives, and financial security. Conversely, only a tiny minority (3.8%) think that saving is unimportant, which could indicate a lack of exposure to financial education, a larger emphasis on urgent requirements, or a lack of financial understanding.

Overall, this result supports the general notion that financial literacy plays a major role in forming responsible money management behaviours by demonstrating the prevalence of favourable financial attitudes among the populace.

Do you think it's important to save money for the future? भविष्यासाठी पैसे वाचवणे महत्वाचे आहे असे तुम्हाला वाटते का?  
1,922 responses

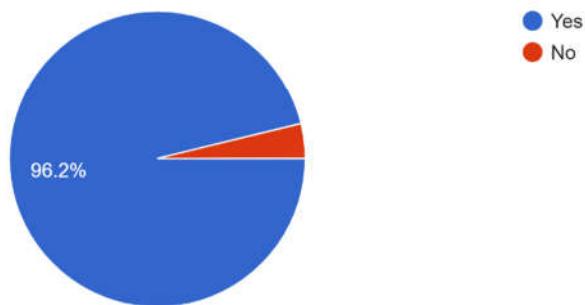


Diagram No. 9 Future Saving

1.10 The data obtained from a sample of 1,922 respondents provides valuable insights into individual money management behaviours in situations where financial resources are insufficient. These behaviours serve as indicators of the respondents' level of basic financial literacy.

The findings reveal that a substantial majority of respondents 79.6% prefer to postpone their purchases and accumulate savings before acquiring desired goods. This behaviour reflects a strong understanding of fundamental financial concepts such as budgeting, delayed gratification, and financial planning, suggesting a relatively high level of basic financial literacy among most individuals.

In contrast, 15.2% of respondents reported borrowing money when faced with insufficient funds. While borrowing may be considered a rational financial strategy in certain circumstances, reliance on borrowed funds may also indicate a moderate level of financial literacy, particularly with respect to debt management and awareness of long-term financial obligations.

A comparatively small proportion of respondents approximately 5% indicated that they would proceed with the purchase regardless of their financial constraints. This behaviour may be indicative of impulsive spending patterns and limited financial awareness, reflecting lower levels of financial literacy and weaker money management practices.

Overall, the findings show a favourable correlation between sound money management practices and basic financial literacy. While those with lower levels of financial literacy are linked to impulsive and financially risky behaviours, those with higher levels of financial

literacy are more likely to participate in responsible financial practices including saving and scheduled spending.

The study comes to the conclusion that fundamental financial literacy has a big impact on how people handle their money. Increasing financial literacy through focused educational programs may help people make better financial decisions and have more financial security.

If you want something but don't have money, what do you do? जर तुम्हाला काही हवे असेल पण पैसे नस्तील तर तुम्ही काय करता?

1,922 responses

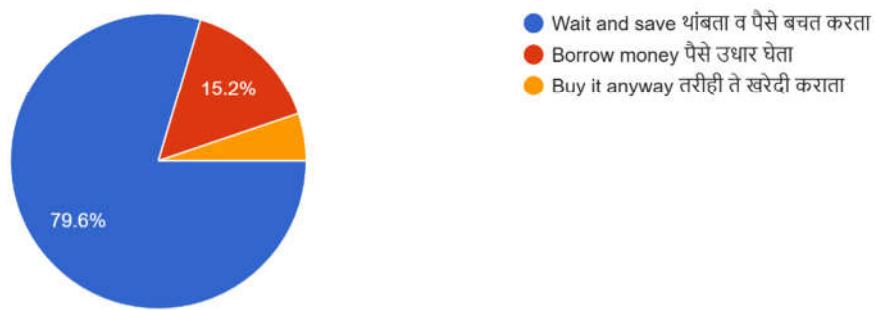


Diagram No. 10 Spending Behaviour

1.11 The pie chart presents responses from 1,922 participants regarding whether they have received any form of financial education or training.

The findings indicate that a significant majority of respondents 73.6% reported having received financial education or training. This suggests a relatively high level of exposure to basic financial concepts such as budgeting, saving, and money management among the study population. Such exposure is likely to contribute positively to individuals' financial awareness and their ability to make informed financial decisions.

Conversely, 26.4% of respondents indicated that they have not received any formal financial education or training. This proportion represents a notable segment of the population that may lack essential financial knowledge, potentially leading to less effective money management behaviours and increased financial vulnerability.

The data indicates that financial education plays a critical role in enhancing basic financial literacy, which in turn influences individuals' money management behaviours. Expanding access to financial education and training initiatives could further strengthen financial decision-making and promote long-term financial stability among individuals. The high percentage of

respondents with financial training may explain the prevalence of responsible money management behaviours observed in the study, such as saving and planned spending. At the same time, the presence of a significant group without financial education highlights the need for targeted financial literacy levels.

Have you received financial education or training? तुम्हाला आर्थिक शिक्षण किंवा प्रशिक्षण मिळाले आहे का?  
1,922 responses

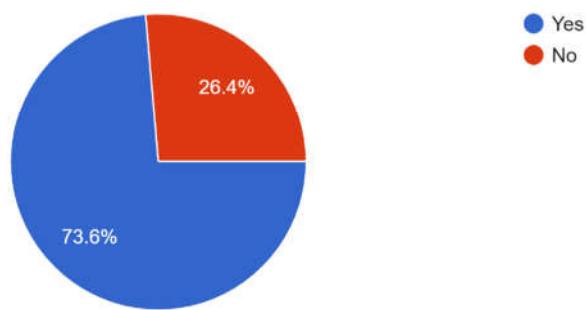


Diagram No. 11 Financial Education

1.12 The pie chart illustrates the sources from which 1,922 respondents seek financial information, providing insight into the channels that influence their financial knowledge and decision-making.

The results show that a majority of respondents 60.2% rely on online resources for financial information. This indicates a strong preference for easily accessible, up-to-date, and convenient digital platforms, such as websites, mobile applications, and social media. The widespread use of online sources suggests that digital media plays a significant role in shaping basic financial literacy among individuals.

In contrast, 21.6% of respondents seek financial information from financial advisors. This group reflects a reliance on professional guidance, which may be associated with a higher level of financial awareness and a preference for personalized and expert advice in financial decision-making.

Additionally, 18.1% of respondents reported using books as their primary source of financial information. Although representing the smallest proportion, this group demonstrates engagement with traditional and structured learning materials, which may contribute to a deeper conceptual understanding of financial principles.

The results show that the kind and degree of financial literacy are strongly influenced by the source of financial information. While the usage of advisors and books demonstrates differing degrees of depth and formality in financial learning, the dominance of online resources emphasizes the growing significance of digital financial education. These variations may therefore have an impact on how people handle their finances. According to the statistics, a variety of information sources aid in the development of financial literacy, with internet platforms appearing as the most significant channel. Financial education programs should prioritize enhancing the quality and dependability of online financial information while simultaneously promoting the use of reputable educational resources and expert guidance in order to improve money management behaviours.

Where do you seek financial information? तुम्ही आर्थिक माहिती कुठे शोधता?

1,922 responses

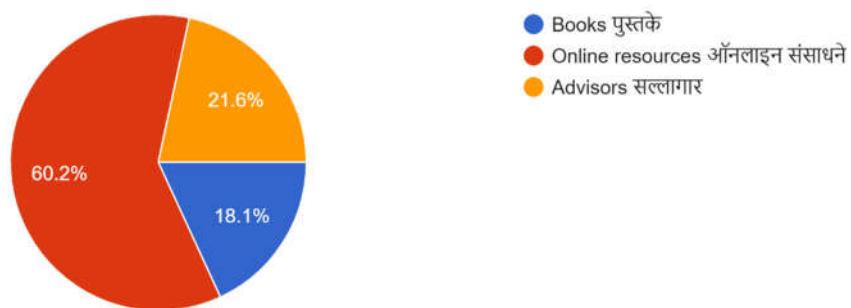


Diagram No. 12 Financial Information

1.13 The survey results indicate that 97.4% of respondents believe financial literacy is important, while only 2.6% do not consider it important. This overwhelming majority highlights a strong awareness of the significance of basic financial literacy among individuals. In the context of the current study, this result implies that people understand the importance of financial literacy in successful money management practices like budgeting, saving, investing, and cost control. A favourable attitude toward learning financial skills is implied by the high perceived relevance, which is an essential precondition for responsible financial behaviour. Additionally, the small proportion of respondents who place a low value on financial literacy may indicate exposure or comprehension gaps, highlighting the necessity of focused financial education initiatives. Overall, the evidence supports the hypothesis that effective money management habits and basic financial literacy are strongly related, which is consistent with the study's goal of exploring this relationship.

The findings support the claim that raising financial literacy can improve financial decision-making and encourage better money management practices, both of which increase an individual's financial well-being.

## **1. General Awareness of Financial Literacy**

The capacity to comprehend and successfully handle one's own finances is known as financial literacy. It includes understanding how to make a budget, save money, utilize financial services, borrow sensibly, invest for future growth, and seek insurance to protect oneself. It also entails planning for long-term objectives like retirement and being informed about taxes, inflation, and digital financial instruments. All things considered, financial literacy aids people in making wise choices, avoiding financial blunders, and creating a solid and secure financial future. The knowledge and abilities required to manage money responsibly and successfully are referred to as financial literacy. To make wise financial decisions, one must comprehend how income, expenses, savings, and investments interact. Being financially literate entails understanding how to create an emergency fund for unforeseen circumstances, manage bank accounts, create a budget, and handle digital payments responsibly. It also entails being aware of various loan kinds, interest rates, credit scores, and the potential consequences of borrowing.

## **2. Relationship Between Financial Literacy and Money Management Habits**

Money management practices and financial literacy are tightly related and have a significant impact on each other. A person is more likely to form sound money management practices if they have a solid understanding of budgeting, saving, investing, credit, loans, and financial hazards. The knowledge is provided by financial literacy, and the behaviours based on that knowledge are reflected in money management practices. A financially knowledgeable individual, for instance, is more likely to keep track of their expenditures, prevent wasteful spending, and make plans for the future because they understand the value of budgeting.

In a similar vein, being aware of debt and interest rates promotes positive behaviours like timely bill payment and avoiding high-interest loans. Strong financial knowledge also increases the likelihood of consistent saving, prudent investing, and emergency fund building. To put it briefly, financial literacy influences an individual's choices, which in turn results in more responsible, disciplined, and efficient money management practices.

### **3. Financial Literacy and Decision-Making Under Limited Money**

When money is scarce, financial literacy is essential to helping people make smarter decisions. A person can handle limited resources more effectively if they comprehend fundamental financial principles like budgeting, putting needs before wants, comparing costs, comprehending interest rates, and making plans for future expenses. Financial literacy aids in identifying important expenses, reducing wasteful spending, and allocating funds where they are most needed when one is on a tight budget.

Additionally, it promotes wiser decisions like staying away from high-interest debt, looking for less expensive options, and setting aside even tiny sums for emergencies. Higher financial literacy makes it easier for people to weigh their options, restrain impulsive spending, and select long-term rather than short-term solutions when faced with difficult financial circumstances. In the end, financial literacy enables people to make choices that promote stability and well-being and stretch their small resources further.

### **4. Impact of Education Level on Financial Literacy**

Because education affects a person's capacity to comprehend, interpret, and apply financial information, it has a major impact on financial literacy. Higher educated people are frequently more familiar with ideas like investments, loans, interest rates, budgeting, and saving, which enhances their ability to make sound financial decisions. Education improves critical thinking and problem-solving abilities, which makes it simpler to assess risks, compare financial possibilities, and steer clear of scams or bad financial decisions.

A higher level of education tends to increase financial literacy, but targeted financial learning is necessary for everyone, regardless of academic background. However, general education alone is not always sufficient; specific financial education or training plays an important role in developing practical money skills. People with limited education may struggle with complex financial products or terminology, which can lead to difficulties in managing money, planning for the future, or handling debt.

### **5. Sources of Financial Information and Their Effectiveness**

Financial information comes from a variety of sources, and how accurate, understandable, and trustworthy the information determines how successful it is. Banks and other financial institutions are common providers of reliable information about loans, savings, interest rates, and investment opportunities. Reliable standards, regulations, and consumer protection information can also be found on government websites and financial agencies. Basic financial

skills are taught in courses, workshops, and seminars offered by educational institutions including schools and colleges. Although the information may occasionally be skewed or oversimplified, media outlets such as newspapers, TV shows, and financial publications help people keep informed about market trends, economic shifts, and personal finance advice. Online resources, such as social media, YouTube channels, and financial blogs, are widely available and well-liked, but their quality varies, so users should verify their legitimacy before depending on them. Although they may have limited or out-of-date knowledge, family and friends can provide useful advice based on experience. In general, the accuracy, relevance, and clarity of financial information determine its efficacy. While unofficial or internet sources need to be carefully considered, professional sources are typically more trustworthy. People can make confident and well-informed financial decisions by using a variety of reliable sources.

## **6. Savings Behaviour and Its Predictors**

The frequency and efficiency with which people lay away money for future needs is known as savings behaviour, and it is influenced by a number of important factors. Income level is one of the most significant indicators; individuals with greater or more consistent salaries may find it simpler to save, whereas those with irregular or low incomes may find it more difficult. Savings behaviour is also highly influenced by financial literacy; those who comprehend long-term planning, interest, and budgeting are more inclined to save regularly. Attitude and perspective, such as a preference for future security above current consumption, are other predictors. Individuals that choose stability over the long term typically save more.

Discipline and self-control are also very important. People who are able to postpone gratification tend to be greater savers. People are motivated to save consistently by financial objectives like retirement, housing, and education. Savings habits can be promoted or discouraged by social and cultural variables, such as community norms and family influence. Additionally, saving is made simpler and more convenient by having access to financial services like banks, digital wallets, and savings plans. Financial literacy, individual attitudes, income stability, self-control, social surroundings, and availability of saving resources all influence saving behaviour. Together, these indicators show how well a person can create long-term financial security.

## 7. Awareness vs. Practice Gap

The discrepancy between people's knowledge of sound financial practices and their actual actions is known as the "awareness vs. practice gap." Many people know how important it is to plan for the future, avoid debt, save money, and create a budget, but they don't always put these strategies into effect. There are other explanations for this disparity.

People frequently fail to follow through on their knowledge due to behavioural variables like procrastination, impulsive spending, lack of self-control, and preference for instant gratification.

People may find it challenging to adopt sound financial practices, even if they are aware of them, due to financial limitations such as low or inconsistent income. Insufficient motivation or unclear objectives diminish the inclination to act. Even though people are aware that they should save, they might not feel the urgency if they don't have clear objectives.

Additionally, emotions and stress, especially during difficult financial periods, can affect decision-making and lead to poor financial behaviour despite having the right knowledge.

Finally, restricted access to financial instruments or services, such as digital payments, bank accounts, or investment opportunities, can significantly exacerbate the disparity, particularly in low-income or rural areas. To put it briefly, the awareness vs. practice divide demonstrates that in order to translate awareness into continuous financial action, people also require motivation, discipline, supporting settings, and financial security.

## 8. Financial Literacy and Borrowing Patterns

Since a person's comprehension of financial concepts has a significant impact on how they borrow and manage debt, financial literacy and borrowing behaviours are closely related. Higher financial literacy increases the likelihood that borrowers will choose loans with favourable terms, predictable repayment schedules, and lower interest rates. They avoid being overly indebted because they are aware of how interest, EMIs, and credit scores affect their long-term financial well-being. That in order to translate awareness into continuous financial action, people require motivation, discipline, supporting circumstances, and financial security. Conversely, those who lack financial literacy may take on expensive or numerous debts, rely on unofficial lending sources, or misuse credit cards, all of which frequently result in financial hardship. Additionally, borrowers who are financially educated are more likely to thoroughly study loan agreements, compare borrowing options, and schedule repayments in advance. Additionally, literacy affects whether a person prioritizes borrowing for necessities (such

housing or schooling) above borrowing for luxuries, which helps preserve financial stability. In conclusion, whereas low financial literacy frequently leads to dangerous borrowing habits and debt accumulation, higher financial literacy encourages prudent borrowing, lessens reliance on high-interest debt, and supports long-term financial planning.

## **9. Gender-Based Differences in Financial Literacy**

The differences in men's and women's financial knowledge, abilities, and habits are referred to as gender-based differences in financial literacy. Men typically score higher on tests of financial literacy, including knowledge of investments, interest rates, and risk management, according to research conducted in numerous nations. This discrepancy is frequently ascribed to things like disparities in access to financial resources, social roles, financial decision-making confidence, and financial education opportunities.

Even though they report feeling less confident when handling sophisticated financial items, women frequently show skills in areas like saving, budgeting, and careful financial planning. Social and cultural conventions have an impact on the disparity, as women may be less exposed to formal financial decision-making or workplace financial training. Significantly, with greater awareness, education programs aimed at women, digital financial tools, and empowerment initiatives, the gender gap in financial literacy is gradually closing. Because increasing women's financial literacy boosts household financial stability, fosters entrepreneurship, and advances overall economic growth, closing this disparity is essential. To put it briefly, while men and women may have different levels of confidence and financial skills, these disparities can be greatly diminished and everyone's ability to make sound financial decisions can be improved with focused education and access.

## **10. Importance of Financial Literacy Awareness**

Because it gives people the information and abilities to make wise and responsible financial decisions, financial literacy awareness is essential. Understanding financial principles, including budgeting, saving, investing, borrowing, and insurance, enables people to efficiently manage their finances, stay out of debt traps, and make plans for the future. Additionally, awareness helps people make wise investment decisions, protect themselves from fraud and financial scams, and comprehend the advantages and disadvantages of financial goods.

Awareness of financial literacy also promotes long-term financial planning, including goal-oriented investments, emergency cash, and retirement savings. It encourages a sense of financial security and independence, lessens impulsive spending, and cultivates disciplined

money management skills. Widespread financial literacy helps people make wise credit and investment decisions, engage in the financial system efficiently, and promote sustainable growth, all of which contribute to economic stability on a larger scale. To put it briefly, financial literacy awareness is about using information to enhance one's own and society's financial well-being, not only about understanding financial terminology.

### **Conclusion**

A study is the direct correlation between people's money management practices and their level of basic financial literacy. More responsible financial behaviours, such as improved debt management, saving discipline, and budgeting, are linked to greater financial literacy. These findings highlight how crucial it is to advance financial literacy in order to enable people to make wise financial decisions and attain long-term financial well-being. It may be possible to close current knowledge gaps and promote better financial practices among different groups by bolstering financial education initiatives and integrating personal finance into school curricula. Individuals with higher levels of financial literacy tend to demonstrate more responsible money management behaviours, such as budgeting, saving regularly, controlling expenses, and making informed financial decisions. These findings suggest that understanding fundamental financial concepts such as interest rates, inflation, and basic budgeting plays a significant role in shaping everyday financial practices.

The results highlight the importance of financial education as a tool for improving individual financial well-being. By strengthening basic financial literacy, individuals are better equipped to manage their income, avoid excessive debt, and plan for future financial needs. This study also underscores the need for policymakers, educators, and institutions to promote accessible and practical financial literacy programs, especially at an early stage, to foster positive financial habits. Overall, improving basic financial literacy can contribute to healthier money management behaviours, greater financial confidence, and long-term economic stability for individuals. Future research may explore additional factors influencing money management behaviours and assess the long-term impact of financial education initiatives across different demographic groups.

### **References**

1. Abdullah Kürsat Merter, Y. S. (2025). Financial literacy and decision-making: The impact of knowledge gaps on financial outcomes. *Borsa Istanbul Review*, 1-8.

2. Arun Kumar K M, N. S. (2025). The Impact of Financial Literacy on Personal Financial Decision-Making: A Study with Students. *Journal of Research in Vocational Education*, 35 - 39.
3. Dr. P Chandrika Reddy, S. T. (2024). The Impact of Financial Literacy on Personal Financial Decision - Making: A Study Among Students. *International Journal of Science and Research*, 970- 974.
4. Dr. Paras Abro, S. A. (2025). The Role of Financial Literacy in Personal Finance Decision-Making. *Advance Journal of Econometrics and Finance*, 239- 247.
5. Gupta, M. (2025). The Financial Literacy And Its Impact On Personal Investment Decisions. *International Journal of Research Publication and Reviews*, 9554- 6562.
6. Lewis Mandell, L. S. (2009). The Impact of Financial Literacy Education on Subsequent Financial Behavior. *Journal of Financial Counseling and Planning*, 15- 24.
7. Mahenoor Ibrahimbhai Mansuri, V. S. (2024). A Research Paper Study On Impact Of Financial Literacy On Personal Financial Management Post Covid – 19 In India. *International Journal of Creative Research Thoughts* , 292- 299.
8. Neha Ramnani Bhargava, D. S. (2017). Impact of Financial Literacy on Personal Financial Management Based on Occupation. *Journal of Advance Management Research*, 134- 147.
9. Norzitah Abdul Karim, Z. A. (2024). The Influence on Financial Literacy on Personal Financial Decision Making Among Teenagers. *International Journal of Research and Innovation in Social Science*, 6267- 6274.
10. Parul Kumar, R. P. (2022). The interplay of skills, digital financial literacy, capability, and autonomy in financial decision making and well-being. *Borsa Istanbul Review*, 169- 183.
11. Sambyal, M. (2023). Impact of Financial Literacy on individual investment decision: “A case study of J&K UT”. *International Journal of Novel Research and Development*, d94- d102.
12. Shubhra Biswas, A. G. (2021). Impact of Financial Literacy on Household Decision-Making: A Study in the State of West Bengal in India. *International Journal of Economics and Financial Issues*, 104-113.