

Exploring the Role of Financial Literacy in Shaping the Financial Behavior of Professionals working in the Bank and Insurance Sector

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Abstract

Background - Financial literacy is increasingly recognized as a crucial factor influencing the financial behaviors of individuals. This study explores how financial literacy impacts the financial decision-making processes of professionals across various industries.

Objectives - The primary objective of this research is to investigate the relationship between financial literacy and the financial behaviors of professionals. Specifically, it aims to identify key areas where financial literacy contributes to improved financial practices and decision-making. The objective of this study was to investigate the impact of financial literacy on the financial behaviour of individuals categorized as young adults (aged 25-35 years) and middle-aged adults (aged 40-50 years). The study specifically focused on the professionals working in banking and insurance sector. The present study additionally examined the potential mediating role of financial literacy in the relationship between age and financial behaviour.

Methods - A quantitative approach was employed to study. A sample including 189 professionals was gathered from the city of Indore professionals from diverse sectors and was surveyed to assess their levels of financial literacy and corresponding financial behaviors. The data was subjected to mediation analysis, linear regression, t-test, and correlation in order to obtain the results.

Results - The results indicate that there is a significant mediating effect of financial literacy on the relationship between age and financial behaviour. Additionally, financial literacy has a considerable influence on the financial behaviour of young adults. Given the restricted scope of the study, which solely focused on a tiny sample from Indore city, the findings cannot be extrapolated to the broader population. A larger sample encompassing several cities would facilitate researchers and policy makers in gaining a more comprehensive understanding of the significance of financial literacy. The findings indicate a significant positive correlation between financial literacy and responsible financial behaviors, such as budgeting, saving, and investment planning. Professionals with higher levels of financial literacy reported greater confidence in making informed financial decisions.

Conclusion - This study underscores the importance of financial literacy in shaping the financial behaviors of professionals. It suggests that targeted educational programs could enhance financial decision-making skills, ultimately leading to better personal and professional financial outcomes. Future research should explore the long-term effects of financial literacy initiatives on diverse populations.

Keywords -Financial Literacy, Financial Behavior, Young adults Professionals and Middle aged Professionals and Financial Outcomes.

Introduction

In an increasingly complex financial landscape, the ability to make informed financial decisions has become paramount for individuals across all professions. Financial literacy, defined as the knowledge and skills necessary to make effective financial choices, plays a crucial role in shaping the financial behaviors of professionals. As economic uncertainties and market volatility continue to challenge traditional financial paradigms, understanding the impact of financial literacy on decision-making processes is essential for promoting fiscal responsibility and enhancing overall financial well-being.

Financial literacy, as defined by the Organisation for Economic Cooperation and Development (OECD) in their publication from 2013, encompasses a range of attributes including awareness, knowledge, skill, attitude, and behaviour. These attributes are essential in enabling individuals to make appropriate financial decisions and achieve personal financial well-being.

Financial literacy refers to an individual's possession of the necessary financial competencies to engage in retirement planning and savings activities (Behrman et al., 2012; Lusardi and Mitchell, 2014). The importance of financial literacy is significant for individuals who engage in financial transactions and for the overall economy at both national and global levels, particularly in the context of the digital era (Agarwal et al., 2009; Setiawan et al., 2020).

According to Widdowson and Hailwood (2007), the impact of financial literacy extends to several aspects of financial matters, encompassing borrowing, saving, investment, and money management. Enhancing the financial literacy of the general populace is of paramount importance for governments, particularly in light of the widespread delivery of several financial services. The acquisition of financial knowledge among the general people holds significant importance for governments, particularly in light of the widespread delivery of financial services.

Financial literacy and income capacity are not sufficient factors in individual financial decisions, according to practitioners and policymakers. According to Huston (2010), financial literacy may be described as the capacity and self-assurance to utilize one's own financial knowledge in order to create informed financial choices. This concept pertains to both private investors and professionals employed in financial institutions responsible for managing funds. Establishing a comprehensive long-term financial strategy and possessing knowledge of various financial possibilities for investment and savings are both crucial aspects to consider. The acquisition of financial planning knowledge and skills is of paramount importance, given the increasing longevity of individuals and the necessity to save savings for retirement, during which they will no longer be engaged in active employment.

Previous studies claimed that higher financial literacy is well-known in the professional world and definitely has improved financial outcomes, but overvaluing knowledge may cause savings and improve the well-being of the individual (Scheresberg, 2013; Voros et al., 2021). Therefore, in order to comprehend the mediating effect of financial literacy in understanding the financial behavior and achieving financial outcomes, the conceptual framework was transformed into a model. The model explains the financial behavior of young adults and middle-aged professionals, financial outcomes, and the mediating effect of financial literacy during the process (Fig. 1). The study attempts to understand the financial behavior of young adults and middle-aged professionals and the impact of financial literacy on it. The study also tries to explore the mediating effect of financial literacy and the difference in the financial behavior of working professionals based on their financial outcomes.

Review of Literature

The exploration of financial literacy's role in shaping the financial behavior of professionals is underscored by a growing body of literature that highlights its significance in personal and economic decision-making. In their seminal work, (S Mitchell & Lusardi, 2015) delve into the causality between financial literacy and economic outcomes, revealing that financially literate individuals tend to exhibit superior planning, saving, and investment behaviors. Their comprehensive survey underscores the necessity for financial education initiatives in schools and workplaces, particularly as young individuals face pivotal financial decisions. The authors emphasize that financial illiteracy can adversely impact critical life choices, thus advocating for enhanced financial literacy programs to foster better financial management.

Financial literacy, defined as the ability to understand and effectively manage personal finances, has emerged as a critical factor in determining the financial well-being of individuals (Lusardi & Mitchell, 2014). The existing literature on financial literacy highlights its importance in enabling individuals to make informed financial decisions, leading to improved financial inclusion and better economic outcomes. (Goyal & Kumar, 2021) (Lusardi, 2019)

Researchers and various organizations have provided extensive conceptual and practical definitions of financial literacy. One widely accepted definition is from the Organization for Economic Cooperation and Development, which describes financial literacy as "the knowledge and understanding of financial concepts and risks, and 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" (Goyal & Kumar, 2020) (Indefenso & Yazon, 2020). This definition emphasizes the multifaceted nature of financial literacy, encompassing not only knowledge but also the ability to apply that knowledge effectively.

Building on this foundation, (Gatuiru Kamakia et al., 2017) conduct a critical literature review that examines the relationship between financial literacy and the financial wellbeing of public sector employees. They highlight the pervasive issue of financial illiteracy across both developed and developing nations, noting that many individuals struggle with financial decision-making. Their findings suggest a positive correlation between financial literacy and financial wellbeing, yet they caution that this relationship is influenced by demographic factors and individual financial decisions. The authors argue that those equipped with financial literacy are better positioned to navigate financial challenges, reinforcing the need for targeted educational interventions.

Furthering the discourse, (Madi & Yusof, 2018) address the conceptual complexities surrounding financial literacy, financial education, and financial knowledge. They identify key categories within financial literacy and advocate for a broader understanding that encompasses awareness, skills, and behaviors essential for sound financial decision-making. Their analysis highlights the nuanced relationship between financial literacy and investment behavior, revealing that individuals with lower financial literacy are less likely to engage in stock market investments. This suggests that even among individuals presumed to have high financial literacy, such as finance professors, behavioral factors can significantly influence investment choices. The authors call for comprehensive educational strategies to empower consumers, emphasizing that increased financial literacy can lead to more informed investment decisions.

Furthermore some researchers developed their own thoughts and understanding about the financial literacy and financial behaviors. Financial understanding and education considered an important determinant in financial literacy (Huston, 2010; Klapper et. al., 2015). Financial literacy is the awareness about economic conditions, and focusing on the various facets such as saving, budgeting, buying insurance, and investing money in different capacities. It is majorly affected by knowledge; behavior and attitude play an assertive role in making people's decision in investment (Vieira et. al., 2019). Financial literacy is the area where an embryonic need of research is felt by economists, policy makers, and practitioners around the world. There is a need identified for focused research specifically on the extent of financial literacy (Marcolin and Abraham, 2006). The need is clearly established as the economic environment is mutable and resulting sometimes into progressive or sometimes stagnant outcomes. Policymakers and stakeholders

must accentuate the enhancement of financial literacy to help individuals understand when agreeing on any financial advice and shifting financial behavior is beneficial (Voros et. al. 2021). People are investing more and projecting calculated returns on their investments. To do so, financial literacy needed input in explaining variation in the financial outcome in any individual financial journey (Huston, 2010). It is conceptualized that financial literacy plays a regulating role in the relationship of previous investment learning and investors' motivating behavior. There is a positive link between financial literacy and financial behavior (Das and Mahapatra, 2019).

Financial behavior is fundamental as well as futuristic aspect that requires a strategic and calculative ability to manage finances for the present and future. The interferences enhancing financial behavior should emphasize on the blend of investment information and meta cognitive arrangements applied by individuals in reaching financial decisions (Topa et. al. 2018). A remarkable change has been noticed in the financial behavior of individuals in different facets of life. Silinskaset. al. (2021) revealed four types of financial behavior as Cutting expenses, increasing income, borrowing, and gambling in their study. Fixed deposits, life insurance, savings account and deposits are quite higher than other investment ways (Vanlalhlana, 2014). Together, these articles illuminate the multifaceted relationship between financial literacy and financial behavior, underscoring its critical role in enhancing individual economic outcomes and wellbeing. The literature reveals a pressing need for effective financial education initiatives that can bridge the gap in financial knowledge and ultimately foster better financial decision-making among professionals.

Objectives of the study

- To comprehend the financial behavior of professionals.
- To examine the difference between the Financial Behavior of various groups of professionals working banking and insurance sector.
- To investigate the correlation between financial literacy and financial behavior.
- To investigate the mediating effect of Financial Literacy between the age and financial behavior of the Young adults and middle aged professionals working banking and insurance sector.
- To examine the relation between the financial behavior of professional and the financial outcomes.

Hypotheses

Based on the objectives of the study following hypotheses are framed

H1: Financial Behavior of young adults and Middle aged professional do not differ significantly.

H2: Financial Literacy and Financial behavior are not significantly correlated.

H3: Financial Literacy does not significantly mediate between the age and financial behavior of the Young adults.

H4: Financial Literacy does not significantly mediate between the age and financial behavior of the Middle – aged.

H5: Financial Literacy does not significantly impact the financial behavior of the Young adults.

H6: Financial Literacy does not significantly impact the financial behavior of the Middle – aged.

H7: Financial behavior of the professionals and financial outcomes are not significantly correlated.

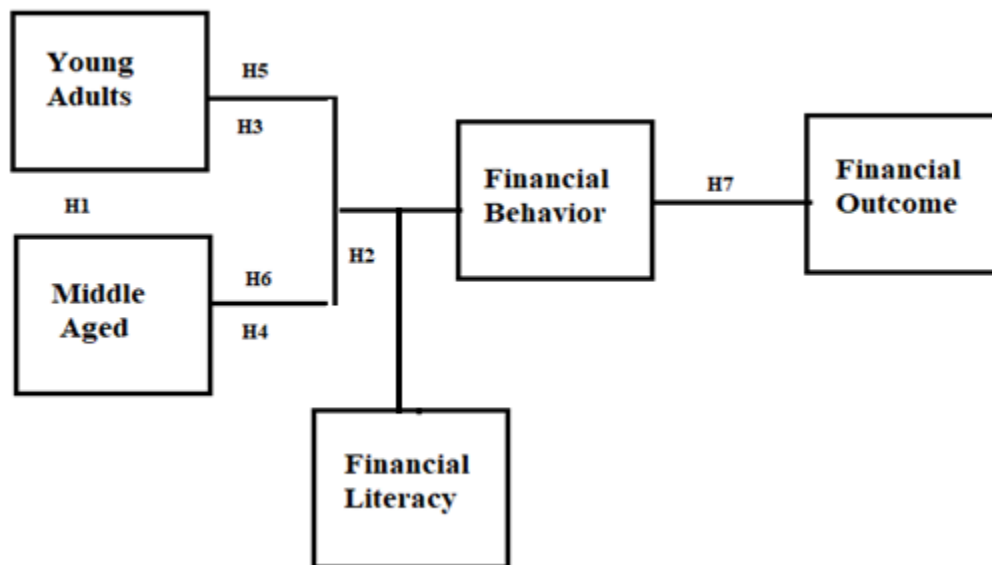


Fig. 1 Proposed Model

Material and method

Data Collection and sampling

The study's target population comprises working professionals in Indore city. A total sample of 189 responses has been planned and restricted to two categories; young adults (age 25-35) and middle-aged (age 40-50) people. Purposive sampling has been decided upon to collect the data, through an online survey.

Scales and Questionnaire segments

The questionnaire is divided into three segments. The first segment included demographic details, and the remaining sections contained scales to measure financial literacy and financial behavior. The scales are based on the standard scales. A self developed scale was used for financial literacy, which was based on three factors i.e. savings, budgeting and investing.

The Financial Management Behaviour Scale (FMBS), as developed and presented by Dew and Xiao (2011), was employed in this study to assess the financial behavior of the participants. The scale has four distinct subscales, namely cash management, credit card management, savings and investment, and insurance. It is imperative to acknowledge that each subscale consists of a minimum of three items, with the credit card management subscale and insurance subscale specifically containing three elements. The subscales of cash management and savings and investment consist of four and five items, respectively. Each topic presented in the survey provided respondents with five response options, ranging from strongly agree to strongly disagree. The scores for each subscale and the overall score were computed by adding the values of all items within each subscale and dividing the sum by the total number of items. The scoring system encompassed a range of values from 1 to 5, where a greater score indicated a greater level of literacy in relation to the subscale. The Cronbach's alpha coefficients for the scale and its four subscales were found to be 0.82, 0.62, 0.64, 0.72, and 0.635, respectively. These coefficients were deemed to be within an acceptable range. The variables used in the study are Age (independent variable) financial literacy (Mediating Variable), and financial

behavior and financial outcome (dependent variable). To explain the relationship between the variables, a model is proposed (Fig. 1).

Data analysis

SPSS 29 was used to analyze the final data. The mean and standard deviation (SD) values of continuous variables, such as age, education and gender were computed. The groups were categorized and the corresponding number and percentage were determined for each group in relation to the remaining variables. These were represented graphically. Further to test the association between the variables Pearson’s correlation was applied. T test was applied to find out the significant difference between the financial behavior of young and middle aged professionals. And finally mediation analysis using Sobel and Aroin’s model was executed to investigate the mediating effect of financial literacy. Where in mediation model was executed in progression, at the beginning Correlation and linear regression was applied to check the association between the variables and later the mediation was applied using the beta values and standard errors on Sobel’s calculator.

Results and Findings

Age

Statistics		
Age		
N	Valid	189
	Missing	0
Mean		1.5926
Std. Deviation		0.49266
Variance		0.243

The above table shows the statistics related to the continuous variable age. The mean of the variable was found to be 1.5926 whereas SD and V values were 0.49266 & 0.243 respectively.

Age						
		Frequency	Percent	Valid Percent	Cumulative Percent	
Valid	Young Adults(25-35)	77	40.7	40.7	40.7	
	Middle - Aged (40-50)	112	59.3	59.3	100	
	Total	189	100	100		

The frequency distribution depicts the proportion of young adults and middle aged professionals in the total data. 40.7% of the total data comprised of young adults whereas 59.3% were middle aged professionals.

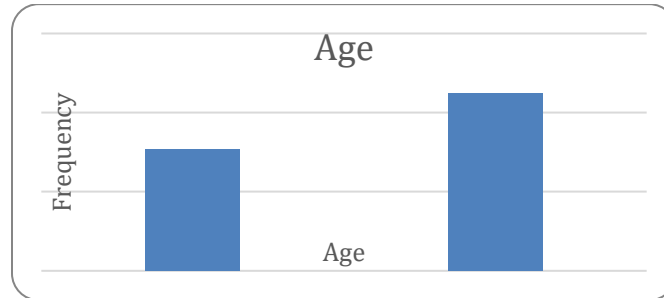


Fig. 2 Age wise distribution

Gender

Statistics		
Gender		
N	Valid	189
	Missing	0
Mean		1.5132
Std. Deviation		0.50115
Variance		0.251

The above table shows the statistics related to the gender. The mean was found to be 1.5132 whereas SD and V values were 0.50115 & 0.251 respectively.

Gender					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Male	92	48.7	48.7	48.7
	Female	97	51.3	51.3	100.0
	Total	189	100.0	100.0	

The frequency distribution depicts the proportion of male and female in the total data. 48.7% of the total data comprised of males whereas 51.3% were females.

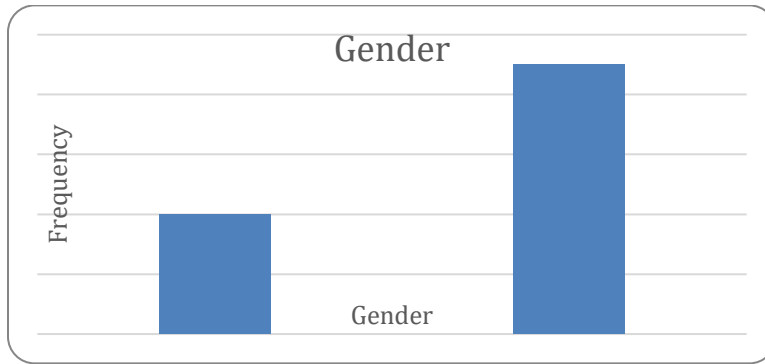


Fig. 3 Gender wise distribution

Educational qualification

Statistics		
Education		
N	Valid	189
	Missing	0
Mean		2.3862
Std. Deviation		0.91327
Variance		0.834

The above table shows the statistics related to the educational qualification. The mean was found to be 2.3862 whereas SD and V values were 0.91327 & 0.834 respectively.

Education					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Diploma and others	33	17.5	17.5	17.5
	UG	23	12.2	12.2	56.1
	PG	60	31.7	31.7	87.8
	Professional degrees	73	38.6	38.6	100.0
	Total	189	100.0	100.0	

The frequency distribution depicts the proportion of diploma, UG, Pg and professional degrees. 17.5% of the total sample was found to studied only diploma, 12.2.6% were found to have done only graduation, 31.7% were found to have masters degrees whereas 38.6% respondents were 38.6% of the total sample, which is the highest.

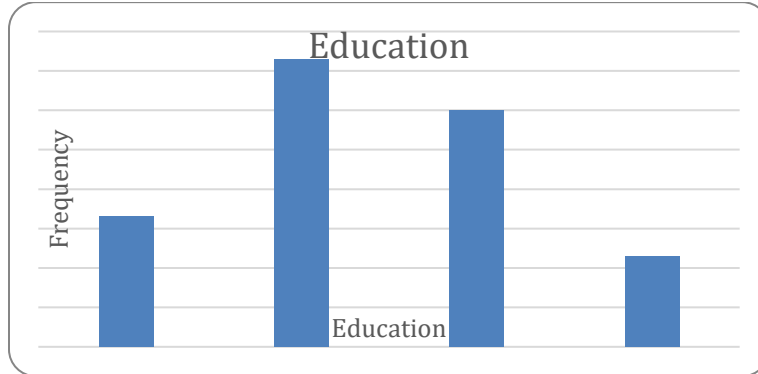


Fig. 4 Education wise distribution

H1: Financial Behavior of young adults and Middle aged professional do not differ significantly.

One-Sample Test						
	Test Value = 0					
	T	df	Sig. (2-tailed)	Mean Difference	95% Confidence Interval of the Difference	
					Lower	Upper
Financial behavior of Young Adults	38.231	76	0.000	44.36364	42.0525	46.6748
Financial behavior of Middle Aged		111	0.000	44.54464	42.9293	46.1600

The output of the above table explained about the difference between the financial behavior of the professionals. The mean value is 44.3636 and t value is 38.231, where $p < \text{standard significant value of } 0.05$. This indicates that there is difference between the financial behavior of the young adults and middle aged professionals. Hence the hypothesis H1 **Financial Behavior of young adults and Middle aged professional do not differ significantly**, is **not accepted**.

H2: Financial Literacy and Financial behavior are not significantly correlated.

Correlations			
		Financial Literacy	Financial Behavior
Financial Literacy	Pearson Correlation	1	.931**
	Sig. (2-tailed)		0.000
	N	189	189
Financial Behavior	Pearson Correlation	.931**	1
	Sig. (2-tailed)	0.000	
	N	189	189
**. Correlation is significant at the 0.01 level (2-tailed).			

The output of the above table shows that p value (quoted under Sig. (2-tailed)) is .000 which is less than 0.05. The variables financial literacy and financial behavior were found to be significantly and positively correlated $r = .931$, $N = 189$, $p < .001$.

H3: Financial Literacy does not significantly mediate between the age and financial behavior of the Young adults

Coefficients ^a						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	44.183	2.292		19.274	0.000
	Age	0.181	1.375	0.010	0.132	0.895
a. Dependent Variable: Financial Behavior						

Table above shows that age is not a significant predictor of the dependent variable of financial behavior ($t = 0.132$, $p > .05$).

Coefficients ^a						
Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	80.688	3.896		20.713	0.000
	Age	0.442	2.337	0.014	0.189	0.005

a. Dependent Variable: Financial Literacy

Table above shows that age is not a significant predictor of the dependent variable of financial literacy ($t = 0.189$, $p < 0.05$).

Coefficients ^a						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	46.491	6.542		7.106	0.000
	Age	-1.352	2.587	-0.061	-0.523	0.603
	Financial Literacy	0.002	0.067	0.004	0.033	0.000

a. Dependent Variable: Financial behavior of Young Adults

Table shows that while controlling for the independent variable age, the mediating variable financial literacy is a significant predictor of the dependent variable financial behavior of young adults ($t = 0.033$, $p < 0.05$). That is, “b” (Unstandardized coefficient = 0.004) is statistically significant.

Inputs		Test Name	Test Statistics	P Value
A	0.442	Sobel's Test	3.0083	0.0026
B	0.181			
S _a	2.337	Aroian Test	2.9812	0.0029
S _b	1.375			

Sobel test was executed to examine if financial literacy mediated the relationship between age and financial behavior of young adults.

First, results of simple linear regression show that age is not a significant predictor of the dependent variable of financial behavior ($t = 0.132, p > .05$). To understand the indirect relationship between age and financial behavior, mediating variable financial literacy was introduced in the regression equation. The results suggested that age and financial literacy are statically significantly related ($b=0.004, t = 0.189, p < .05$)

Further, the Sobel test was used to determine whether financial literacy significantly mediated the relationship between age and financial behavior of young adults. The findings confirmed that financial literacy significantly mediates between age and financial behavior of young adults. ($p < .005$). Therefore the H3: *Financial Literacy does not significantly mediate between the age and financial behavior of the young adults* is not accepted.

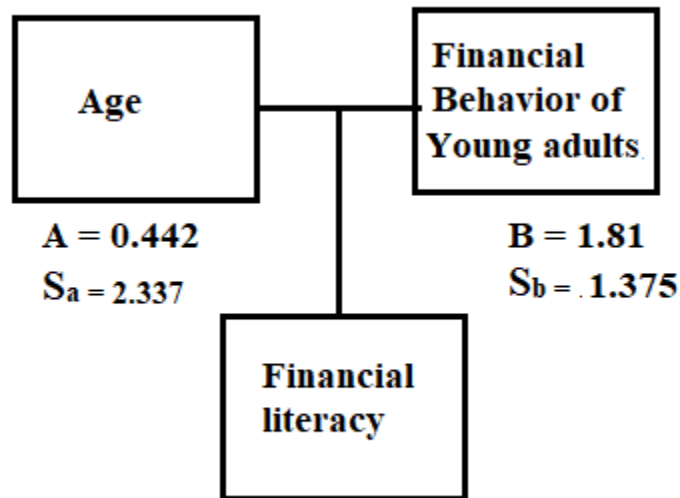


Fig. 5 Mediation model of Young adults

H4: Financial Literacy does not significantly mediate between the age and financial behavior of the Middle – aged.

Coefficients ^a						
Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	44.183	2.292		19.274	0.000
	Age	0.181	1.375	0.010	0.132	0.895
a. Dependent Variable: Financial Behavior						

Table above shows that age is not a significant predictor of the dependent variable of financial behavior ($t = 0.132, p > 0.05$).

Coefficients ^a						
Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	80.688	3.896		20.713	0.000
	Age	0.442	2.337	0.014	0.189	0.005
a. Dependent Variable: Financial Literacy						

Table above shows that age is not a significant predictor of the dependent variable of financial literacy ($t = 0.189, p < 0.05$).

Coefficients ^a						
Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	42.748	4.968		8.605	0.000

	Age	1.814	1.702	0.102	1.065	0.289
	Financial Literacy	-0.014	0.052	0.026	0.276	0.000
a. Dependent Variable: Financial behavior of Middle Aged						

Table shows that while controlling for the independent variable age, the mediating variable financial literacy is a significant predictor of the dependent variable financial behavior of middle aged professionals ($t = 0.276, p < .05$). That is, “b” (Unstandardized coefficient = 0.026) is statistically significant.

Inputs		Test Name	Test Statistics	P Value
A	0.442	Sobel's Test	3.149	0.0016
B	1.814			
S _a	2.337	Aroian Test	3.1309	0.0018
S _b	1.702			

Sobel test was executed to examine if financial literacy mediated the relationship between age and financial behavior of middle aged professionals.

First, results of simple linear regression show that age is not a significant predictor of the dependent variable of financial behavior ($t = 0.132, p > .05$). To understand the indirect relationship between age and financial behavior, mediating variable financial literacy was introduced in the regression equation. The results suggested that age and financial literacy are statically significantly related ($b=0.026 t = 0.276, p < .05$)

Further, the Sobel test was used to determine whether financial literacy significantly mediated the relationship between age and financial behavior of middle aged professionals. The findings confirmed that financial literacy significantly mediates between age and financial behavior of middle aged professionals ($p < .005$). Therefore the H4, *Financial Literacy does not significantly mediate between the age and financial behavior of the middle aged professionals* is not accepted.

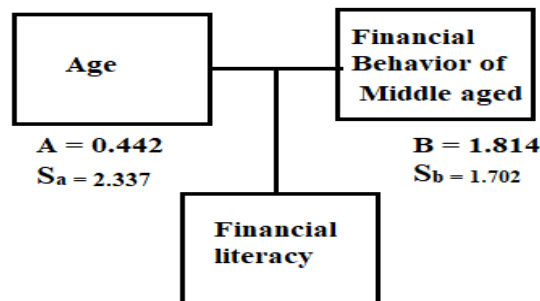


Fig. 6 Mediation model of Middle aged

H5: Financial Literacy does not significantly impact the financial behavior of the Young adults.

Coefficients ^a						
Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	33.596	5.951		5.645	0.000
	Financial Literacy	0.241	0.131	0.208	1.844	0.009
a. Dependent Variable: Financial behavior of Young Adults						

The output of the table signifies that financial literacy significantly impacts the financial behavior of Young Adults as the $p < .05$. Therefore H6: **Financial Literacy does not significantly impact the financial behavior of the Young adults** is **not accepted**. This suggests that financial behavior is influenced by the presence of financial literacy.

H6: Financial Literacy does not significantly impact the financial behavior of the Middle – aged.

Coefficients ^a						
Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	45.413	4.295		10.574	0.000
	Financial Literacy	-0.011	0.052	-0.020	-0.206	0.080
a. Dependent Variable: Financial behavior of Middle Aged						

The output of the table signifies that financial literacy significantly impacts the financial behavior of Young Adults as the $p < .05$. Therefore H6: **Financial Literacy does not significantly impact the financial behavior of the middle aged professionals** is **accepted**. This suggests that financial behavior of the middle aged is not influenced by the presence of financial literacy.

H7: Financial behavior of the professionals and financial outcomes are not significantly correlated.

Correlations			
		Financial Behavior	Financial Outcome
Financial Behavior	Pearson Correlation	1	0.058
	Sig. (2-tailed)		0.431
	N	189	189
Financial Outcome	Pearson Correlation	0.058	1
	Sig. (2-tailed)	0.431	
	N	189	189

The output of the above table shows that p value (quoted under Sig. (2-tailed)) is 0.431 which is more than 0.05. The variables financial behavior and financial outcome were found to be insignificantly and positively correlated $r = 0.058$ $N = 189$, $p < 0.431$.

This suggests that the financial outcome i.e. gain or lose is not dependent on the financial behavior of the respondent.

Findings

The findings illustrate that the frequency distribution by age reveals the relative representation of young adults and middle-aged professionals within the overall dataset. The data set consisted of 40.7% young adults and 59.3% middle-aged professionals. The frequency distribution by gender illustrates the relative proportions of males and females within the whole dataset. The male population accounted for 48.7% of the whole data, while females constituted 51.3%. The frequency distribution of education illustrates the relative proportions of individuals holding diplomas, undergraduate degrees, postgraduate degrees, and professional degrees. In the survey, it was determined that 17.5% of the entire sample only pursued certificate programmes, while 12.26% solely completed undergraduate degrees. Additionally, 31.7% of participants held master's degrees, with the remaining 38.6% representing the largest proportion among respondents, constituting 38.6% of the total sample.

The financial behaviour exhibited by young individuals and middle-aged professionals was observed to have notable distinctions. The study revealed that the mean value of individuals in the middle-aged group (44.5446) was higher than that of the young adult group. There was a strong and positive correlation seen between financial literacy and financial behaviour.

Financial literacy plays a substantial mediating role in the relationship between age and financial behaviour among young individuals. The relationship between age and financial behaviour of middle-aged professionals is considerably mediated by financial literacy.

The financial behaviour of young adults is greatly influenced by their level of financial literacy. This observation indicates that the presence of financial literacy has an impact on individuals' financial behaviour.

The acceptance of the notion that financial literacy has a substantial impact on the financial behaviour of middle-aged professionals is widespread. This observation implies that the financial decision-making of individuals in the middle age group is not affected by their level of financial literacy.

The study revealed a lack of statistical significance in the correlation between financial behaviour and financial outcome, however a favorable relationship was observed. This implies that the financial result, whether it is a gain or loss, is not contingent upon the financial conduct of the participant.

Discussion

Financial behavior is subjected to various factors, such as financial literacy, which includes the financial knowledge and skills of the individual and helps him make decisions. The skills include budgeting, savings and investing and may lead to a desired financial out come. A good decision may lead to gains, whereas a poor decision invites the risk of losses. Individuals who have good financial knowledge are observed to have good financial management as well (Hilgert & Hogarth, 2003). Because individuals have financial responsibilities, financial literacy helps reduce financial problems. Individuals who lack financial literacy may struggle with debt management, low savings, and being easily duped by false investments, including the inability to use credit cards wisely (Kotzé & Smit, 2008).

Conclusion

The present study aimed to investigate the importance of financial literacy in the contemporary landscape of financial management and investment. Researchers are increasingly focusing on the subject of financial literacy. The subject matter has been thoroughly examined from multiple perspectives and aspects. The current study has centered its attention on examining the relationship between financial behaviour, age, and financial outcomes. The findings indicated that there is a significant relationship between financial literacy and financial behaviour. The financial management and behaviour of young and middle-aged professionals are influenced by their level of education and awareness regarding budgeting, savings, and investment. The presence of financial literacy serves as a mediator and catalyst for the improvement of decision-making abilities among professionals and investors. While there may not be a direct correlation between financial outcomes and financial behaviour, it is worth noting that possessing a strong understanding of financial concepts and practices can potentially contribute to favorable results.

Limitations and suggestions

The present study is subject to many limitations. The present study was carried out utilizing an online survey methodology, which may limit the generalizability of the findings to the entire adult population of Indore city. Further research should be conducted using a bigger and representative sample of individuals in order to obtain a comprehensive understanding of financial literacy among the adults of Indore city. The study's primary focus on the respondents' age resulted in the omission of key factors influencing financial literacy, such as savings, budgeting, and investing. A potential avenue for further research could involve conducting a separate study to examine and analyze the various roles played by these drivers.

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