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Financial Literacy among University Students in Himachal Pradesh, India: A Multidimensional Assessment

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Abstract

Financial literacy has become a vital life skill which helps people make sound financial choices and enhance their financial situation. In this context financial issues are creating a big problem among the students of the university due to the transition from financial dependence towards financial independence. This study aims to discuss the overall financial awareness status of university students of the state of Himachal Pradesh, in India in three respects of financial awareness: Financial Knowledge, Financial Attitude and Financial Behaviour. The method used was quantitative research design and data collected were mostly secondary data from the respondents of the research, which consisted of 360 students from six universities, three public universities and three private universities. Ten objective questions were used to measure financial knowledge and five-point Likert scales statements were used to measure financial behaviour and financial attitude. Descriptive statistical techniques that included frequencies, percentages, means, standard deviations, skewness and kurtosis were used in analysing the data.

The findings reveal moderate level of financial literacy in all three aspects among the university students. The average financial knowledge score was 6.08 out of 10, which means that the group had a fairly basic understanding of fundamental financial aspects. Overall, financial behaviour was good with students generally creating a budget and comparing the prices, but there was a moderate level of poor financial behaviour in terms of financial record keeping and emergency preparedness. Likewise, there was a positive sentiment about financial planning and saving, and financial stress and uncertainty remained evident. The study is also a contribution in the growing literature as it has provided an empirical data of financial literacy of Himachal Pradesh University students. The findings are significant for universities, financial education policy makers, and financial education trainers to help them develop financial education programmes based on evidence to improve the financial capability of students, and to encourage people in making financial decisions.

Keywords: Financial literacy; Financial knowledge; Financial behaviour; Financial attitude; University students; Himachal Pradesh; India.

1. Introduction

In today's complex financial landscape, financial literacy has emerged as a key skill for all consumers. Technological progress, the growth of digital financial services, electronic payment systems, online banking, investment products, insurance products and consumer credit have revolutionized how citizens manage their personal finances. As a result, it is important that people should make informed financial choices in their budgeting and saving, borrowing, investing and debt management, retirement planning, and the effective use of financial products throughout their lives. Financial literacy is generally considered a life skill, as it allows individuals to comprehend financial concepts, assess financial options, and make informed financial decisions, all of which support their financial health and wellbeing (Huston, 2010; Lusardi & Mitchell, 2014; OECD, 2023). Governments, financial institutions, educational institutions and policy makers globally have been increasingly aware of the importance of the issue, and have embraced financial education as a major pillar of financial inclusion, financial consumer protection and economic sustainable development (OECD, 2023).

Financial literacy has come to the forefront in recent years, with people expected to deal with complex financial markets and make complex financial decisions throughout their lives. The use of financial products and financial information requires both access but also the ability to assess financial information and use it effectively, including in decision-making in relation to budgeting, saving, investing, borrowing, insurance, retirement planning and the use of digital financial services. People who have higher financial literacy levels generally can handle financial risks more effectively, save more, avoid too much debt, and have greater financial security. On the other hand, financial illiteracy has been linked with poor financial decision making, financial distress, savings rate, overdraft, and financial well-being (Lusardi & Mitchell, 2014; OECD, 2023). This has made financial literacy a top priority of policy in developed and developing economies.

Financial literacy has been recognised as a multidimensional construct which includes financial knowledge, financial behaviour and financial attitude. Financial Knowledge means understanding the basic financial principles such as budgeting, saving, inflation, interest rates, investing, diversifying risk and financial planning. Financial

behaviour applies the knowledge of financial matters in real situations like planning budgets, saving regularly, spending wisely, managing debts, paying bills on time, and planning for the long-term. Financial attitude is the set of beliefs, values and psychological orientation of an individual in money management, saving, borrowing, and securing financial future. These three dimensions are intimately linked and are all connected to financial decision-making, financial capability and long-term financial wellbeing (Atkinson & Messy, 2012; OECD, 2023). Past studies have consistently confirmed that having some knowledge of financial issues does not automatically lead to good financial decisions if it is not linked to responsible financial behaviours and positive financial attitudes (Chen & Volpe, 1998; Lusardi & Mitchell, 2014). Hence, the financial knowledge–financial behaviour–financial attitude approach would give better insights on financial literacy than just the financial knowledge approach.

The students at universities have become one of the significant populations for the study of financial literacy among various population groups, owing to their transition from financial dependence to financial independence. In the college years, students are making some of their most significant financial choices about college costs, budgeting, saving and borrowing, electronic payment, insurance, and investing. This is when financial habits are formed that often carry over into adulthood and impact financial security and health. Generally, students with sufficient financial literacy are more likely to deal with financial issues, to avoid having too much debt, to adopt sound saving practices, and to make appropriate financial decisions throughout their lives (Mandell, 2008; Mandell & Klein, 2009). However, even as educational attainment has risen and the ability to access financial information has improved, many studies have found that university students do not exhibit high financial literacy, which puts them at a risk of making poor financial decisions, experiencing financial stress, lack of financial planning, and financial insecurity (Kaiser & Menkhoff, 2020; Lusardi & Mitchell, 2023).

Researchers in developed and developing economies have focused on financial literacy of university students due to its emerging significance. Previous research has consistently revealed that many students have a limited amount of basic financial information, but struggle to apply that information to good financial habits. Likewise, positive financial attitudes towards saving and financial planning do not always result in prudent financial practices. The results indicate that financial literacy cannot be measured in one dimension and that financial knowledge, financial behaviour and financial attitude should be analysed in conjunction for an all-round notion of students' financial competence. The multidimensional approach is thus increasingly gaining acceptance as a way to assess the financial literacy of university students and to develop well designed courses on financial education.

Over the last decade, the financial literacy landscape in India has become more and more important given the various government initiatives to promote financial inclusion, increased digitisation of financial services and faster reforms in the financial sector. The efforts like Pradhan Mantri Jan Dhan Yojana, the extensive use of the Unified Payments Interface (UPI), digital banking services, mobile payment apps and the National Strategy for Financial Education have significantly boosted the involvement of people in the formal financial system. These advances have increased the demand for people, specifically young adults, to have appropriate financial knowledge, responsible financial behaviour and positive attitudes to finance in order to make informed financial decisions. Students in universities are one of the biggest users of digital financial services in India but access to financial products does not necessarily mean using it to make financial decisions. Therefore, enhancing the financial literacy of university students is set to be an agenda item for universities, policy makers, financial institutions and financial educators.

In India, the theme of financial literacy has gained attention in the academic circles, but limited and sporadic empirical research has been conducted on college students in this field. Although there is a growing number of financial education and financial digital services offered to university students, recent research suggests that the financial literacy of university students is moderate (Lusardi & Mitchell, 2023; OECD, 2023). Past research has tended to focus on a single institution, state, or on a limited financial capability component, e.g., financial knowledge. Most studies have been at the institutional, state or individual level of financial capability, e.g., financial knowledge. The few studies that do take a multidimensional approach to the financial knowledge, financial attitude and financial behaviour of university students focus on financial literacy. Moreover, India's empirical evidence is sparse, particularly from the northern states of the country, such as the Himachal Pradesh state. Therefore, empirical research should be conducted in specific areas to obtain a multidimensional view of the financial literacy of university students and their financial capability, which can help in designing research-based financial education activities.

It is important for financial literacy to be assessed in a multidimensional manner because the knowledge about finance does not always correspond with a responsible financial behaviour or a positive financial attitude. People can have the financial education but not the financial literacy. People can be financially educated, but not financially literate. Similarly, positive financial attitudes alone can lead to unwise financial behaviours if financial knowledge is lacking and financial behaviours are not adequate. Hence, it is essential to analyse financial knowledge, financial behaviour and financial attitude concurrently in order to have a holistic view of financial literacy and to determine the areas where there is a need for financial education interventions.

Although financial education has become an increasingly significant topic, there is relatively little empirical evidence from HP. The state has become one of the emerging higher education destinations in India and has both

public and private universities with students from various academic streams. The use of digital banking services, electronic payment systems, and other financial products among university students has also been growing, which has further underscored the importance of cultivating good financial knowledge. This creates a proper background to discuss financial knowledge, financial behaviour and financial attitude of the university students and to produce empirical evidence which is specific to the region and can be used in designing effective financial education programmes.

In this context, the current study aims to examine the financial literacy among university students of HP, India, and has used multidimensional framework (financial knowledge, financial behaviour, financial attitude). The study uses a primary data collected from 360 students who are studying in 6 universities (3 public and 3 private universities) to assess these three dimensions comprehensively. This study offers a holistic perspective of financial capability of students by analysing all these dimensions together and adds to the body of literature on financial literacy in India.

The study aims to help answer the following research question:

Research Question

RQ1: What are the levels of financial knowledge, financial behaviour, and financial attitude among university students in Himachal Pradesh, India?

To address this research question, the study pursues the following objectives:

Research Objectives

1. To assess the level of financial knowledge among university students in Himachal Pradesh, India.
2. To assess the level of financial behaviour among university students in Himachal Pradesh, India.
3. To assess the level of financial attitude among university students in Himachal Pradesh, India.

The results of this study will be useful for the advancement of knowledge on financial literacy as it will give a complete multidimensional picture of financial knowledge, financial behaviour, financial attitude among the university students of HP. The study also provides practical implications for financial educators, financial institutions, policy makers, and universities in the design of evidence-based financial education programmes to enhance the financial capability of their students, to support responsible financial behaviour, to cultivate positive financial attitudes, and to ultimately contribute to a healthy long term financial pathway.

2. Review of Literature

Financial literacy is a key field of study because it helps people make informed decisions about their finances and take steps to better their financial health. However, with the growing complexity of financial systems, people also need to have financial knowledge and responsible financial behaviours and attitudes to deal competently with their financial situations. As such, three dimensions of financial literacy have been broadly acknowledged as being interrelated and all essential (Huston, 2010; Atkinson & Messy, 2012; Lusardi & Mitchell, 2014; OECD, 2023). Students at a university are a special group and are a transition from financial dependency to financial independence, making critical financial decisions that will impact their financial future. For this reason, this review looks at the literature on financial knowledge, financial behaviour, and financial attitude prior to determining the gap in the literature that is solved by this study.

2.1 Financial Knowledge

Financial knowledge is a person's grasp of basic concepts related to finance, such as budgeting, saving, interest, inflation, investing and financial planning (Huston, 2010; OECD, 2023). It is the foundation of financial education and the critical consideration to evaluate financial alternatives and make informed decisions (Lusardi & Mitchell, 2014). In the related study, Chen and Volpe (1998) concluded that, at the university, those students who were knowledgeable in financial matters were able to make better financial decisions, while those who were not knowledgeable had more financial difficulties. Likewise, Lusardi and Mitchell (2014) reported that individuals who were financially knowledgeable were more likely to have savings accounts, engage in financial planning and planning for their future financial needs. However, the new research showed that financial knowledge is not necessarily correlated with good financial behaviour. He et al. (2023) reported that although the students who participated in the financial program had a higher knowledge of financial matters, this did not necessarily translate to their financial behaviour. So, financial knowledge should be viewed as one aspect of financial literacy but not as a measure of financial capability.

2.2 Financial Behaviour

Financial behaviour involves the practical use of financial knowledge in applications including budgeting, frequent saving, wise spending, debt management and planning your finances (Atkinson & Messy, 2012; OECD, 2023). It is a reflection of how people handle their financial resources in their daily life and is seen as one of the prime indicators of financial capability. Previous research has demonstrated positive links between responsible financial behaviour and financial stability and overall well-being. For example, Atkinson and Messy (2012) and Lusardi and Mitchell (2014) suggested that people who budget, who save regularly and who behave responsibly with debt are more likely to be financially secure in their long-term future. Rahman et al. (2021) noted that financial behaviour was a significant factor determining financial wellbeing among university students and Kumar et al. (2023) reported that financial management practices among university students were positively associated with

their ability to make financial decisions. The results indicate that financial behaviour is a complement to financial knowledge, and therefore should be taken into account when measuring general financial literacy.

2.3 Financial Attitude

Financial attitude is an individual's beliefs, values and preferences regarding financial management, savings, expenditure, borrowing and future financial planning (Potrich et al., 2016; Xiao & Porto, 2017). Positive financial attitudes promote responsible financial behaviours and help towards achieving financial wellness. Potrich et al. (2016) have concluded that the positive financial attitudes among the respondents have a positive impact on their financial behaviours and financial literacy in general. Xiao and Porto (2017) also found that people with positive saving and financial planning attitudes were more likely to make responsible decisions regarding their finances. Research also shows that positive financial attitudes are related to healthier financial behaviours and financial security among university students (Sabri & Falahati, 2012; Mahdzan et al., 2019). Recently, Chhillar and colleagues (2025) pointed to the need to foster positive financial attitudes to encourage responsible use of the digital financial services. In general, financial attitude is a financial literacy component which is important, because it affects the people's willingness to use financial knowledge in accordance with good financial behaviour.

3. Methodology

3.1 Research Design

The study was basically quantitative, descriptive and cross sectional and was used to measure the problem of financial literacy among the university students of HP, India. A quantitative approach was believed to be appropriate as it will enable the systematic gathering of numerical data which can be analysed statistically and used to make objective assessments as to the level of financial literacy (Creswell & Creswell, 2018). The study adopted descriptive research design as the study was not aimed at studying the causal relationship between the variables but to determine the financial knowledge, financial behaviour and financial attitude of the University students. The cross-sectional survey design was employed which involved administering a structured questionnaire to respondents at one time. The majority of financial literacy studies have used this type of design because it is efficient for assessing financial literacy among a sample of the population in a particular population.

3.2 Study Area

The study was conducted in the state of Himachal Pradesh in India where the higher education sector is comparatively developed and comprises central universities, state universities and private universities. The study of financial literacy should be done on a population that uses banking services, electronic payment methods, saving products, insurance products and other financial services, because that is where the growing number of university students in the state can be found.

A representative institutional view was achieved by collecting data from six universities, three government and three private universities. The selected institutions were Himachal Pradesh University, Central University of Himachal Pradesh, Sardar Patel University (SPU), Shoolini University, Bahra University and Maharaja Agrasen University. The above listed universities have been selected as the representative of the public and private higher education institutions of the state of H.P.

3.3 Population, Sample Size, and Sampling Technique

The targeted group were the Higher education institutions students of the University students in Himachal Pradesh, India. We selected university students as they are soon to end their financial dependence and enter financial independence, and as they are making financial decisions on budgeting, saving, spending, borrowing and use of digital financial services, the latter are becoming more frequent and diverse.

Primary data were collected from 360 University Students with 60 students from each of the six Universities. Sample size was estimated as adequate for descriptive statistical analysis and the minimum sample size that is usually recommended for social science research (Hair et al., 2019).

The respondents were selected by using purposive sampling technique. The non-probability sampling was deemed to be appropriate as the study specifically aimed at university students who could be of help in the sense of providing information about their knowledge, financial behaviour and financial attitude (Etikan et al., 2016).

3.4 Research Instrument

A structured questionnaire was designed after a comprehensive review of the financial literacy literature and existing financial literacy frameworks to collect primary data. This instrument has been adapted mainly from the "OECD/INFE Financial Literacy" Framework (OECD, 2023) and previous empirical research on financial literacy (Chen & Volpe, 1998; Atkinson & Messy, 2012; Lusardi & Mitchell, 2014).

The questionnaire was composed of 35 items divided into three areas of financial literacy.

Dimension	Number of Items	Measurement Scale	Source
Financial Knowledge	10	Correct/Incorrect (1 = Correct, 0 = Incorrect)	OECD (2023)
Financial Behaviour	11	Five-point Likert Scale	OECD (2023)
Financial Attitude	14	Five-point Likert Scale	OECD (2023)

Source: primary Data

Financial knowledge was assessed by 10 multiple-choice questions, all objective and with yes/no answers, on

budgeting, saving, inflation, rates of interest, investment, diversification of risk and financial planning. One point was awarded for each correct answer and zero points for each incorrect answer; the total score was out of 10 points. Eleven statements were used to assess financial behaviour focusing on budgeting practices, regular saving, expenditure control, financial planning, emergency preparedness, financial record keeping, and responsible spending.

Financial attitude was measured by using 14 statements that ask people their views on issues concerning saving, borrowing, money management, financial planning and financial security in the future.

For the financial behaviour and financial attitude sections, the responses were collected on a five-point (1 – Strongly Disagree; 5 – Strongly Agree) scale with higher scores representing more responsible financial behaviour and more positive financial attitudes (Likert, 1932).**3.5 3.5 Reliability Analysis**

For the reliability analysis, an evaluation of internal consistency of measurement scales used was performed in present study. Cronbach's Alpha was used to test the financial behaviour scale and financial attitude scale; which is one of the most widely accepted measures of reliability in behavioural and social science research. Cronbach's Alpha is a measure of internal consistency or a measure of the degree to which the items in a scale are measuring a similar concept. Tavakol and Dennick (2011) and Boateng et al. (2018) recommended that the Cronbach's alpha value greater than 0.70 is acceptable, more than 0.80 is good and more than 0.90 is excellent.

Table 3.5.1 Reliability Analysis of the Measurement Scales

Construct	Number of Items	Cronbach's Alpha	Interpretation
Financial Behaviour	**11**	**0.919**	**Excellent reliability**
Financial Attitude	**14**	**0.886**	**Good reliability**

Source: Computed from primary data.

The internal consistency of the financial behaviour scale was excellent with Cronbach's Alpha of 0.919 and for the financial attitude scale internal consistency was good with Cronbach's Alpha of 0.886 as presented in Table 3.5.1The results show that both measurement scales have high reliability and are appropriate for further statistical analysis.

For the financial knowledge section, as they were multiple choice and objective questions with right (1) and wrong (0) answers, Cronbach's Alpha was not calculated. Financial knowledge items are not reliably assessed with Cronbach's Alpha since the items are not measuring with Likert scales the internal consistency of the responses.

3.6 Data Collection Procedure

Structured questionnaire was used to collect the data and administered to the students of the selected universities. The purpose of the study was shared with the respondents and they were told that their participation in the study would be voluntary. They also learned that their answers would be anonymous and that they would not be made public, nor would it be linked to their names, and that the answers would be used for academic research only.

All completed questionnaires were carefully screened for the completeness and consistency before data entry. The number of questionnaires that were not complete or usable was excluded and 360 questionnaires were retained for statistical analysis.

3.7 Data Analysis

Data collected was then coded and analysed using the Statistical Package for Social Sciences (IBM SPSS). Descriptive statistical methods were used in the present study as it was designed to measure financial knowledge, financial behaviour and financial attitude.

Financial knowledge was analysed using the frequencies, percentages, minimum, maximum values, mean, median, mode, standard deviation, variance, skew and kurtosis distributions and percentile distributions. Means, standard deviations, minimum and maximum values, skewness, kurtosis and percentile distributions were used to assess the overall levels of financial behaviour and financial attitude of the respondents. Skewness and kurtosis statistics were used to determine the normality of the data distribution while percentile analysis was used to determine the level of financial literacy of the respondents.

3.8 Ethical Considerations

In this study, the research was carried out in an ethical way that is accepted in social science research. This survey was anonymous and all respondents agreed to participate in the survey before providing their data. The participant was informed about the purpose of the study, and that he or she can withdraw at any time for any reason without the consequences. They were informed that any responses would be kept confidential, anonymous and only for academic purposes.

Participants' privacy was respected and no personally identifiable information was collected, analysed in a summary format. All the collected data were kept securely, and only utilized for research purposes, guaranteeing the moral honesty of the study (Resnik, 2020).

4. Data Analysis and interpretation

The analysis and interpretation of the data gathered from 360 students of the University are given in this Section.

The analysis is structured based on the three aspects of financial literacy studied: financial knowledge, financial behaviour and financial attitude. The respondents' financial literacy was determined by descriptive statistical techniques of frequencies, percentage, means, standard deviations, skewness, kurtosis, and percentile analysis which were then analysed using SPSS software developed by IBM. The results are displayed in tables and discussed based on the research objectives.

4.2 Financial Knowledge

The first dimension of financial literacy that this study explores is financial knowledge. It was tested with 10 objective type questions about fundamentals of finance including budgeting, saving, inflation, interest rate, investment and risk diversification. Descriptive statistics and frequency distribution were used in analysing the financial knowledge scores of the respondents to determine the overall level of the financial knowledge.

Table 4.2.1: Descriptive Statistics of Financial Knowledge Score

Financial Knowledge Score	Value
Valid	360
Mean	6.08
Median	6.00
Mode	10
Std. Deviation	2.768
25th Percentile	4.00
50th Percentile	6.00
75th Percentile	8.75

Source: Primary Data

Interpretation: The descriptive statistics of the financial knowledge scores of 360 university students are shown in Table 4.2.1 There were no missing observations on any questionnaires. The mean score for the financial knowledge items was 6.08 out of 10, suggesting that the respondents have a moderate level of financial knowledge. The median score is 6, the same as the median of the distribution, indicating that about 50% of the respondents answered 6 or fewer of the questions correctly. A large proportion of students had the mode score (10) which means that they answered all questions on financial knowledge correctly.

A standard deviation score of 2.768 suggests that there was moderate variability among the respondents in their financial knowledge, indicating that there are some noticeable differences among them in their understanding of basic financial concepts. The percentile values also indicate that 75% had responses of 8.75 or less, 50% had responses of 6 or less and 25% had responses of 4 or less. The overall results show that the financial knowledge of students is moderate but a section of the students is performing well, thus, indicating the need to enhance the financial education of university students of HP.

Table 4.2.2 Frequency Distribution of Financial Knowledge Score

Financial Knowledge Score	Frequency	Percent	Valid Percent	Cumulative Percent
0	4	1.1	1.1	1.1
1	7	1.9	1.9	3.1
2	34	9.4	9.4	12.5
3	35	9.7	9.7	22.2
4	39	10.8	10.8	33.1
5	40	11.1	11.1	44.2
6	27	7.5	7.5	51.7
7	41	11.4	11.4	63.1
8	43	11.9	11.9	75.0

9	39	10.8	10.8	85.8
10	51	14.2	14.2	100.0
Total	**360**	**100.0**	**100.0**	

Source: Primary Data

Interpretation: - The frequency distribution of financial knowledge scores of the respondents is shown in Table 4.2.2 The analysis shows that the greatest number of students (14.2%) earned their top scorer (10), while 11.9% earned 8 points, 11.4% earned 7 points and 11.1% earned 5 points. Only a small proportion of respondents scored the lowest (1.1% scored 0, and 1.9% scored 1) so the financial knowledge of very few respondents was below average.

As can be seen from the cumulative percentage of the data, about 51.7% of the respondents achieved a score of or below 6 while 48.3% achieved a score of more than 6. Furthermore, 75% of the respondents indicated that they had a moderate to relatively high level of financial knowledge (rated 8 or below), with the majority of students having moderate to relatively high financial knowledge. A significant percentage of the group (68%) were very knowledgeable with respect to the distribution, but the majority of the answers were in the middle bands, meaning that overall, university students do not know a lot about finance. The findings highlight the need to improve financial education programs to further support students' financial basic knowledge learning.

4.3 Financial Behaviour

The second aspect of financial literacy is financial behaviour which is related to financial management of respondents now, such as budgeting, saving money, managing expenditure, planning, record keeping and financial planning in case of emergencies. The level of financial behaviour (one-by-one) was measured to each of the statements by calculating descriptive data. The answers are given in Table 4.3.1.

Table 4.3.1: Descriptive Statistics of Financial Behaviour among University Students

Statement	Mean	Std. Deviation	Skewness	Kurtosis
I budget and track spending	3.30	1.288	-0.338	-0.913
I compare prices when shopping for purchases	3.56	1.239	-0.548	-0.656
I save money before I spend	3.38	1.198	-0.324	-0.677
I set aside money for special events	3.26	1.252	-0.287	-0.900
I maintain my financial records in detail	2.97	1.214	0.031	-0.783
I pay my utility bills on time	3.50	1.242	-0.520	-0.653
I set financial goals and objectives in my life	3.38	1.259	-0.345	-0.879
I avoid impulsive purchases	3.24	1.197	-0.256	-0.759
seek professional financial advice when necessary	3.02	1.185	-0.002	-0.766
I have an emergency fund for unexpected expenses	3.00	1.220	0.074	-0.867
I keep track of all my financial transactions	3.33	1.193	-0.348	-0.778

Source: Primary Data.

Interpretation: - The highest mean was for the statement "I compare prices when shopping for purchases" (3.56), followed by "I pay my utility bills on time" (3.50), and "I save money before I spend" (3.38). These results indicate that the subjects in general display responsible financial behaviours on a daily basis, especially related to managing their day-to-day financial needs and making well-informed financial decisions. On the other hand, "I maintain my financial records in detail" (2.97) and "I have an emergency fund for unexpected expenses" (3.00) and "I seek professional financial advice when necessary" (3.02) were the lowest mean scores. These findings suggest that the respondents are relatively uninvolved with systematic financial record keeping, emergency preparedness and professional financial planning.

4.4 Financial Attitude

Financial attitude is one of the three components of financial literacy that is studied in this research. It shows the

beliefs, values and perceptions of the respondents about the management of money, saving, borrowing, financial planning and financial security in the future. The level of financial attitude for each of the statements was determined by using descriptive statistics. The results are presented in the table below:

Table 4.4.1: Descriptive Statistics of Financial Attitude among University Students

Statement	Mean	Std. Deviation	Skewness	Kurtosis
I feel in control of my financial situation	2.99	1.174	-0.077	-0.770
I feel capable of using my future income to achieve my financial goals	3.21	1.153	-0.162	-0.722
My finance is a significant source of worry or hassle for me	2.87	1.122	0.087	-0.575
I feel putting away money each month for savings or investment is important	3.43	1.215	-0.428	-0.692
"I feel being covered by homeowner's or renter's insurance is important"	2.66	1.305	0.341	-0.975
I believe that planning for the future is more important than current spending	3.33	1.196	-0.360	-0.697
I am uncertain about where my money is spending	2.79	1.160	0.166	-0.767
I prefer to buy things on credit rather than wait and save up	2.45	1.181	0.477	-0.587
It is important to have a financial plan	3.56	1.221	-0.566	-0.589
I enjoy thinking about and have interest in reading about money management	3.29	1.212	-0.290	-0.771
I feel dealing with money is stressful	2.80	1.113	0.213	-0.648
I would rather save money than spend on non-essential items	3.32	1.258	-0.277	-0.929
I believe borrowing should be avoided as much as possible	3.51	1.301	-0.378	-1.021
I feel anxious when thinking about personal finances	2.96	1.200	-0.002	-0.805

Source: Primary Data.

Interpretation: - The highest mean score was for the statement "It is important to have a financial plan" (3.56), "I believe borrowing should be avoided as much as possible" (3.51) and "I feel putting away money each month for savings or investment is important" (3.43). The overall results suggest that the financial planning, saving and responsible borrowing are generally acknowledged by the respondents. The lowest mean score (2.45) was observed for "I prefer to buy things on credit rather than wait and save up" followed by "I feel being covered by homeowner's or renter's insurance is important" (2.66) and "I am uncertain about where my money is spending" (2.79). The results indicate that although students are generally more inclined towards saving than credit-based spending, awareness about some aspects of financial protection and financial management are comparatively low.

5. Discussion

The aim of the present study was to find out financial literacy in three folds financial knowledge, financial behaviour and financial attitude of the university students in the district of HP, India. The results indicate that students' financial literacy is in the moderate level which mean that they have a relatively good understanding of financial concepts, and they generally have good financial practices but they still have a long way to go.

The mean score of the study respondents for the financial knowledge was 6.08 points out of 10 points, that is, the financial knowledge of the respondents was moderate. There was a big proportion who achieved high scores, but for the rest there was clearly a need for them to be able to use a more holistic approach to understanding the key financial terms and concepts such as budgeting, interest rates, inflation and investment. The findings are similar to those of other scholars like OECD (2023), Chen and Volpe (1998) and Lusardi and Mitchell (2014) who have found that, given the availability of financial information and digital financial services, university students tend to be moderately knowledgeable in financial issues. Therefore, it can be inferred that the availability of financial

products is not enough to ensure high financial awareness and financial education should be organized.

Students are generally positive in their attitude towards financial behaviour to manage their day-to-day financial requirement. Favourable behaviours, including price comparison before buying and paying bills on time and saving money before spending were reported. Based on these results, it can be concluded that most students have developed the financial behaviours that are good for managing financial resources responsibly. Less positive scores for keeping financial records, setting aside emergency savings, and getting professional financial advice, however, suggest a lack of long-term financial planning. According to Atkinson and Messy (2012), Rahman et al. (2021) and Kumar et al. (2023), young adults have responsible spending habits while at the same time, they lack financial long term planning skills and lack in financial preparedness. These results suggest that students may be more self-assured in handling their everyday financial needs than in preparing for financial security in the future.

In the case of Financial Attitude, the findings show that in general, the attitude of the respondents is positive for financial planning, saving and responsibly borrowing. Pupils recognised the importance of a financial plan and had positive attitudes towards saving for the future. However, financial concerns cannot be overcome with positive attitudes as reflected by the responses to the questions on financial stress, financial uncertainty and lack of financial awareness. The findings are similar to the findings of the previous studies conducted by Potrich et al. (2016), Xiao and Porto (2017) and Mahdzan et al. (2019) that found positive financial attitudes do create conducive environment for sound financial decision but positive financial attitude alone is not sufficient to produce effective financial behaviour unless accompanied by adequate financial knowledge and practical financial skills.

Overall, the results are consistent with the results mentioned above and the multidimensionality of financial literacy. Students' performance was found to be moderate in all financial knowledge, financial behaviour and financial attitude which implies that financial knowledge, financial behaviour, and financial attitude are interdependent and could contribute to overall financial capability. The results are consistent with the conceptual framework of financial literacy presented by Atkinson and Messy (2012) and OECD (2023) emphasizing that financial literacy is a blend of financial knowledge, behaviour and financial attitudes. Therefore, it is necessary to combine financial education and financial behaviour change, and cultivate the financial attitude in the financial education of university students.

Lastly, this study is empirical as the study of financial literacy in the regional level has not been held much in the hilly region of HP with respect to university students where study of financial literacy is limited. The study has a multidimensional approach, and a more comprehensive assessment of the students' financial capability than the studies that focus on financial knowledge. The outcomes offer informative knowledge for universities, financial education designers, financial institutions and financial educators to design financial education programmes according to their special need and improve students' financial decision making and the long-term financial health.

6. Conclusion

In this study, multidimensional financial literacy framework was used which consists of financial knowledge, financial behaviour and financial attitude and the financial literacy level of the university students of the state of Himachal Pradesh was assessed. The outcomes show that students' financial literacy in all three aspects is in medium level. Overall, there was relatively high awareness of fundamental financial concepts, and financial attitudes and behaviours were quite good, although there were some deficiencies in financial record keeping, emergency preparations and professional financial planning and behaviour in financial management.

The study is also a valuable contribution to the literature because it provides empirical findings in the light of the data obtained from the state of HP where a similar study of financial literacy of the university students is scarce. The study is conducted by studying financial knowledge, financial behaviour and financial attitude simultaneously, thus giving a more complete picture of the financial capability of the students compared to the study which only examines one of the three. The findings highlight the importance of improving college students' financial literacy to help them make informed financial decisions and improve their financial outcomes in the long run.

7. Recommendations

The following recommendations are made based on this study:

1. Financial literacy education should be integrated into the education system of universities by establishing special courses, financial literacy training and financial literacy practice courses in undergraduate and postgraduate programs.
2. There should be regular seminars/awareness programmes on budgeting, saving, investment planning, debt management, emergency funds and digital financial services at higher educational institutions in Himachal.
3. There is a need for government agencies and policymakers to improve financial literacy programs for university students and work with educational institutions in fostering financial capability.
4. The banks and financial institutions should organize financial education programmes on campus where students should be given financial education and practical tips on financial planning, wise borrowing and lending, investment and financial security.

Financial education programmes are to focus not just on

increasing financial knowledge, but financial responsibility and good financial attitude to promote financial literacy in general.

8. Future Research Scope

A number of suggestions for further research are made. In future studies, results of the study can be replicated with larger number of university students from different states of India to be compared and even to increase the generalisability of the results. The relations between financial knowledge, financial behaviour, financial attitude and financial well-being can be analysed by using analytical techniques such as correlation, regression, structural equation modelling or mediation analysis. A study on the effect of various demographic, socioeconomic, educational and technological factors on financial literacy is merited. Financial literacy can also be measured over time by a longitudinal study and to investigate the impact of financial education programmes. Last but not least, a comparative study would provide a broader view of financial education in different contexts among students coming from different countries/education systems.

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