

Cultural and Socioeconomic Determinants of Financial Literacy Among College Students in Wayanad District, Kerala

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Abstract:

This study explores the financial literacy levels of college students in Wayanad District, Kerala, focusing on the influence of culture and socio-economic factors on financial behaviors. Financial literacy, a vital component of human capital, is essential for fostering responsible financial decision-making, yet rural populations often face unique challenges due to structural and cultural barriers. The research employs descriptive research, utilizing a structured questionnaire administered to a stratified random sample of 100 students from urban and rural colleges in Wayanad.

Keywords Financial Literacy, Socioeconomic Factors, Cultural Determinants, College Students, Wayanad District, Financial Behavior, Family Income, Parental Education .

1. Introduction

The foundation for encouraging educated and responsible financial decision-making is financial education, especially in light of the increasing complexity and interconnectedness of society. In the Wayanad District of Kerala, a largely rural area distinguished by its distinct cultural and socioeconomic setting, this study aims to investigate the financial literacy levels of college students. Comprehending financial education in such a rural setting is essential since structural obstacles and restricted access to resources frequently make financial illiteracy worse, resulting in poor economic decision-making and unstable finances. Financial literacy is a crucial part of human capital that affects both public policy and individual wellbeing, as Lusardi (2013) emphasizes. Despite its significance, financial literacy is still lacking, especially among underserved populations like women and those with less education (Mitchell, 2015). In rural areas like Wayanad, where structural and cultural restrictions greatly influence financial behavior, including borrowing, saving, and spending patterns, these imbalances are especially distressing. Both individual economic outcomes and the community's overall financial instability are hampered by such shortcomings. Poor financial decisions, growing debt levels, and general financial instability have all been associated with low financial literacy on a global scale. Early financial education exposure has been shown to have a positive impact on financial attitudes and behaviors, with effects that last into adulthood (Batty et al., 2015). For example, school-based financial education has shown successful in enhancing financial literacy and encouraging sound financial practices in the short term, with long-lasting effects seen years later (Frisancho, 2022). This demonstrates how important it is to continuously expose people to financial concepts in order to shape their financial behavior over the course of their lives.

The significance of financial literacy in influencing financial behaviors and economic consequences is highlighted by current research. According to research by Lusardi and Mitchell (2011), there are notable differences in financial literacy amongst groups, with women and those with less education being disproportionately affected. The impact of financial literacy on

practices like retirement planning and saving has been the subject of international research, but rural, culturally diverse areas like Wayanad have received less attention. Furthermore, studies like those conducted by Frisancho (2022) and Kalwij et al. (2017) show how successful school-based financial education is at raising younger students' financial literacy. However, little is known about how these interventions affect rural college students' long-term financial habits when they become financially independent. Research on how cultural boundaries affect financial behavior is also lacking. Sociocultural issues, including low literacy, reliance on informal financial practices, and patriarchal control, hamper financial literacy in rural people, according to Mahapatra et al. (2016) and Mathivathani and Velumani (2014). However, the influence of these restrictions on rural college students' financial decision-making is not specifically addressed in these studies.

The gaps in the literature highlight the necessity of conducting localized research that examines how financial behavior, cultural barriers, and financial education interact in rural areas. In order to close these gaps, this study will evaluate the financial literacy of Wayanad District college students and look at how socioeconomic and cultural factors affect their financial behavior. The results should help guide educational and policy efforts by offering practical advice on how to overcome the particular difficulties rural communities encounter in obtaining and efficiently using financial resources.

2. Research Objectives

1. To Evaluate the financial literacy of Wayanad District college students, including their comprehension of fundamental financial ideas and procedures.
2. To examine the influence of cultural values and conventional norms on borrowing, spending, and saving behaviors
3. To investigate how sociodemographic characteristics, including family income, educational attainment, and rural upbringing, affect financial attitudes and financial literacy
4. To determine college students' willingness to engage in financial literacy programs and assess how important they believe financial education to be.

3. Research Questions

1. Are college students' financial literacy and decision-making processes get influenced by Wayanad District cultural norms and customs?
2. How do rural and urban differences affect financial literacy among college students?
3. What specific strategies can be created to improve financial literacy among college students?

4. Review of Literature

Lusardi and Mitchell (2011) emphasize how important financial literacy is in shaping financial practices, especially when it comes to retirement planning. Their study shows that financial illiteracy is common in nations including Germany, Sweden, Italy, and Russia and finds notable disparities in financial literacy according to age, gender, and educational level. Women routinely score worse than males on standardized tests measuring their understanding of interest compounding, inflation, and risk diversification, despite the fact that they are generally more conscious of their knowledge gaps. The most financially knowledgeable demographic is middle-aged people. The study also shows that retirement planning and financial literacy are strongly correlated. Higher financial literacy is associated with a much higher likelihood of retirement planning, a finding that is consistent across different pension systems. The direct

influence of financial literacy on planning behavior is confirmed by instrumental variable analysis. These results highlight the necessity of focused educational programs to close gaps in financial literacy. Many people have trouble understanding basic financial concepts, even in wealthy nations like the US and Sweden. This highlights the significance of strong financial literacy initiatives worldwide.

Kalwij et al. (2017) investigate the immediate effects of a 45-minute financial education event called the “Cash Quiz” on the financial literacy and saving habits of fifth and sixth graders. Schools were randomly assigned to treatment (taking the Cash Quiz) or control (not taking the Cash Quiz) groups in this controlled field experiment, which was carried out during Money Week in the Netherlands. Financial literacy and savings behavior were assessed using pre-and post-tests, and background information on age, gender, and financial habits was also gathered. Difference-in-differences (DID), linear probability models, and fixed-effects models were among the analytical approaches used to assess the program’s results while separating the impact of the intervention from individual-level factors. According to the results, one-third of the overall improvement that was seen was due to the program’s enhancement of financial literacy on particular subjects that were specifically covered in the test, like loan repayment and budget diaries. After the intervention, fifth graders showed a greater propensity to save for desired items, but sixth graders showed no discernible change. Although these differences were not statistically significant overall, it was shown that girls benefited more than boys. While pointing out that children’s restricted cognitive development may hinder their ability to generalize financial concepts, the study emphasizes the possibility of early financial education to improve specific abilities while emphasizing the significance of targeted and concrete information. These findings necessitate more investigation into long-term effects and the best possible program design.

Scoti et al. (2022) examines how traditional and digital financial education programs affect high school students’ financial literacy and confidence in the short and medium term. The study, which used a randomized controlled trial (RCT) and recruited 650 high school students between the ages of 16 and 18, was carried out in Reggio Calabria, Italy. Two treatment groups—traditional (in-person) or digital—or a control group (no intervention) were assigned at random to the students. While the digital program used the Kahoot platform to give interactive, gamified financial education, the traditional program consisted of four in-person classes taught by a qualified financial advisor. The “Big Three” questions (inflation, compound interest, and diversification) and self-assessed financial knowledge were used to measure financial literacy in baseline, three-week, and three-month follow-up surveys. The study assessed the programs’ effects while adjusting for background variables including age, gender, and past financial literacy using analytical approaches like difference-in-differences (DID) and probit regression models. The results show that both programs greatly increased financial literacy right after the intervention, but that the traditional program’s effects were stronger and more enduring three months later. Furthermore, students’ self-assessed financial literacy improved, especially those in the traditional curriculum, where there was a greater correlation between perceived and actual understanding. Although both programs assisted in closing the gender gap, gender inequalities were evident, with female students exhibiting lower confidence despite performing similarly to boys. Cost-effectiveness analysis emphasized the higher long-term benefits of the traditional program while highlighting the scalability of the digital program. In addition to stressing the need for customized, scalable solutions and further research into program design

and long-term effects, the study highlights the potential of both delivery methods to improve financial literacy among Generation Z.

Gerrans(2021) examines the effects of financial literacy on undergraduate students' persistence and decay. The research, which was carried out at The University of Western Australia, used a longitudinal design that included follow-ups over a three-year period in addition to pre- and post-surveys. Students who had signed up for the elective course "Managing Your Personal Finances" and a control group of qualified students who did not enrolled were included in the sample. A number of important outcomes were assessed, including financial behaviors, information-seeking habits, subjective financial literacy (based on self-assessments of knowledge and confidence), and objective financial literacy (using "Basic" and "Advanced" indices). To take into consideration potential biases brought on by attrition and self-selection, analytical techniques such multilevel mixed-effects models were employed. Three years after the intervention, the results show that the impacts of both objective and subjective financial literacy are significantly persistent, with modest to medium effect sizes. There was a noticeable decline, especially in sound financial practices, which emphasises the necessity of direct behavior- change initiatives. Gender-specific effects were highlighted by the fact that female students showed higher increases in a number of financial literacy domains. Concerns regarding overconfidence are also dispelled by the study, as the majority of students show better alignment between their perceived and actual financial knowledge. These findings imply that financial education at the university level, especially when given during periods of transition in life, can have long-term advantages. In addition to highlighting the value of include financial education in undergraduate programs, the study urges more research into long-term effects and methods for maintaining behavioral gains.

Rodriguez-Raga and Martinez-Camelo(2022) assess how well three financial education resources Game, Guide, and Website—improve financial literacy in kids in Bogota, Colombia, ages 6 to 18. The randomized controlled study (RCT), which was carried out in 2018, involved 1337 children from public and private schools in four grades: second, fourth, seventh, and tenth. The program's material was age- appropriate and focused on improving understanding of important financial subjects like budgeting, saving, financial planning, and decision-making. Pre- and post-tests were used to gauge the students' progress in their financial literacy, and they were randomly allocated to one of three treatment groups or a control group. Although there was no discernible overall treatment impact, the study did show some noteworthy improvements among public school pupils, especially in the seventh and tenth grades. Because it was structured and self-paced, the Guide had the greatest impact on older public school students. The Game had little beneficial effect on fourth-grade private school students but had a negative effect on younger public school students. The Website showed notable improvements, mostly for fourth-grade public school students. The findings also showed differences by type of school, with public school students gaining more from the interventions, especially when it came to closing existing gaps in educational resources and quality. However, younger children in public schools found it difficult to make significant progress, indicating difficulties with implementation. In order to optimize their effectiveness and effectively address disparities, the study highlights the significance of customizing financial education programs to particular situations, age groups, and delivery methods.

Kaiser and Menkhoff (2017) analyze the efficacy of financial education interventions by performing a thorough meta-analysis of 126 impact evaluation studies. With a focus on

demographic and intervention heterogeneity, the study methodically assesses how financial education affects financial literacy and behavior. An average effect size of 0.26 indicates that financial education considerably increases financial literacy, and an effect size of 0.09 indicates that it has a positive, but modest, impact on financial behavior. These findings are strong, as evidenced by the fact that they hold up even in rigorous randomized controlled trials (RCTs). The study identifies a number of critical elements affecting how well financial education initiatives work. Those in low- and lower-middle- income economies and those with low incomes gain less from financial education, which is indicative of the difficulties in reaching underprivileged populations. Second, it is important to consider the kind of financial behavior that is being addressed; for instance, borrowing behaviors are more difficult to modify than saving behaviors. Third, when financial education is provided at a “teachable moment,” like when making important financial decisions, its efficacy rises with the intervention’s intensity. Interestingly, the study finds that while volunteer programs have better benefits, required financial education programs typically have deflated effect sizes, possibly as a result of weaker participant involvement. In addition, the meta-analysis shows that the contextual relevance and intensity of the intervention have a more systematic effect on outcomes than participant demographics (age and gender) and delivery channels (classroom, online, or counselling) This study emphasizes how crucial it is to modify financial education initiatives to meet the requirements of particular target audiences and environments. To maximize impact, it urges concentrating on stepping up the intensity of interventions and matching programs with teaching moments. The results also point to the necessity of creative strategies to remove obstacles low-income groups encounter and enhance the efficacy of financial education in a variety of contexts.

Fernandes et al.(2023) examine how financial education programs can improve financial behavior and literacy in a variety of foreign contexts using a meta-analysis of 76 RCTs. In both rich and developing nations, the analysis includes more than 160,000 people from a variety of backgrounds, including workers, schoolchildren, and low- income groups. The study looks at the information learnt from financial education as well as how people’s behavior has changed in areas like budgeting, debt management, and saving. The methodology uses statistical methods including meta-regression models to account for study variability and Hedges’ g for effect size assessments. To address the variety in study designs and results, the analysis employs robust variance estimates and accounts for publication bias. Pre- and post-intervention assessments are used to determine the effectiveness of the programs under analysis, which include short-term interventions such as workshops, school-based education modules, and workplace activities. According to the findings, financial education significantly improves financial behaviors and knowledge, and its effects are similar to those of educational interventions in other subjects like reading and maths. Programs that integrated theoretical understanding with practical measures showed better behavioral results. Nonetheless, the research highlights variations in efficacy according on country setting, program design, and demographic characteristics. The most notable outcomes were produced by customized programs and initiatives aimed at low-income populations or developing nations. The study emphasizes that although there are clear short-term gains in financial behavior and literacy, it is unclear if these gains will last over time. In order to optimize program design, assess long-term effects, and investigate cost-effective scaling techniques for wider adoption, the study recommends additional research.

Mahapatra et al. (2016) analyze the sociodemographic traits, parental influence, and attitudes toward financial planning that affect postgraduate students' financial literacy in Hyderabad and Secunderabad. 425 students were given a standardized questionnaire with 34 items to complete. The study assesses financial literacy in areas such as general financial awareness, borrowing, investing, insurance, and savings. Using a survey-based methodology, the study collects information from 425 postgraduate students from universities in Secunderabad and Hyderabad. Participants came from a variety of educational backgrounds, including programs in science, technology, and business. A standardized questionnaire with 34 questions was used to collect the data. It was broken down into three sections: attitudes towards financial planning, financial literacy levels, and sociodemographic factors. Four areas of financial literacy general financial knowledge, borrowing and saving, insurance, and investment were evaluated. The study used logistic regression analysis to assess the association between financial literacy and independent factors, including attitudes towards financial planning, gender, age, education, family income, and parental influence.

The results show that financial literacy is significantly influenced by sociodemographic characteristics. Compared to younger students and those studying science or the arts, older students (ages 22 to 25) and those seeking business degrees demonstrated better levels of financial literacy. Additionally, gender inequalities were noted, with male students demonstrating superior understanding, especially in areas such as borrowing and saving. Students who had more financially responsible parents those who kept track of their spending or talked about money matters performed higher on tests of financial literacy, indicating that parental influence is a significant factor in determining financial literacy. It's interesting to note that the study discovered a disconnect between awareness and application. Students who showed a negative attitude towards financial planning also had lower levels of financial literacy.

According to the study's findings, parental attitudes, behaviors, and sociodemographic characteristics have a big impact on Indian youth's financial literacy. Although it emphasizes how parental education and sound financial practices improve financial literacy, it also draws attention to notable disparities, especially for women, those living in rural areas, and students who are not in the corporate world. The authors suggest addressing underprivileged populations and incorporating financial literacy initiatives into academic curriculum in order to close these disparities. They also stress how important it is to conduct further study to examine the behavioral components of financial literacy and how well focused interventions can enhance financial literacy and decision-making.

Frisancho (2020), evaluates the benefits and potential side effects of include financial education in school curricula using data from a large-scale randomized controlled experiment (RCT) conducted in Peru. The program included lessons on budgeting, saving, financial products, and responsible consumer behavior, and it was taught as part of regular school coursework. The study looks at how school- based financial education programs affect youth financial literacy, behaviors, and related personality traits. With an average learning increase of 0.15 standard deviations, the results demonstrate notable advancements in financial literacy. These findings are consistent with comparable research from Brazil and Spain, indicating that making financial education a required subject is very successful. Although small, the behavioral changes included better purchasing and saving practices, and there was some evidence that the individuals' patience and self-control had improved. Interestingly, the program had no negative

consequences on graduation rates or passing rates, thus these benefits did not come at the expense of academic achievement.

The study also looks into how inclusive financial education programs are, and it finds consistent effects across a range of subgroups, such as socioeconomic level, gender, and baseline financial skills. But, maybe as a result of having access to supplementary resources like technology at home, pupils from higher socioeconomic backgrounds tended to make marginally bigger increases. Crucially, the study finds no noteworthy unintended consequences, including growing disparities or higher student labor force involvement, which strongly supports the widespread adoption of financial education in schools.

The study urges more research to examine the long-term effects of such programs and improve their design for wider efficacy, further highlighting the importance of school-based financial education as a scalable and inclusive approach to empowering young people with critical financial skills.

The study also shows that the program's effects differed by demographic: students from less affluent families were more likely to use federal loans and less likely to rely on credit card debt, while students from more affluent families were more likely to use federal loans and take out private loans.

The study did not find any significant differences in enrolment in two-year versus four-year colleges, overall college attendance, or the type of institution chosen. Without changing more general educational routes, the results imply that financial education enhances decision-making by guiding students towards less expensive financing solutions. The significance of including financial education in high school curricula to better prepare kids for important financial decisions is highlighted by these findings.

Lusardi et al.(2009), analyses the level of financial literacy among young adults in the United States. It shows that financial literacy is alarmingly low among the young, with less than 30Numerous elements influencing financial literacy are identified by the study. Family history is important because people who have parents with more education, stocks, or retirement funds are far more likely to understand financial principles. Better financial literacy results are also correlated with peer traits, such as peers' educational goals. Although educational attainment and cognitive ability were both highly predictive of financial awareness, they were unable to completely explain the observed differences, pointing to the need of additional social and contextual factors.

The results highlight the value of focused financial education, especially for underprivileged populations. The authors support the inclusion of financial literacy in school curricula, particularly for students who may not have access to financial education at home. Additionally, they stress the importance of early interventions because gaps in financial literacy that are formed in youth can have long-term effects on financial security and asset creation. This study advances our knowledge of the role that financial education plays in consumer policy by advocating for creative and inclusive approaches to give young people the skills they need to successfully negotiate an increasingly complicated financial environment.

Frisancho (2022) investigates the results of a comprehensive financial education program that involved more than 20,000 students from 300 public high schools in Peru. The curriculum, which was taught to students in grades 9 through 11, covered subjects like responsible financial behavior, financial products, and budgeting. The study evaluated the program's immediate and medium-term effects using information from surveys and credit bureau records as well as a

randomized controlled trial (RCT). Some improvements in financial behavior, such as improved budgeting and shopping habits, were noted, but there was no significant increase in saving behavior immediately following the program. The results demonstrate significant short-term improvements in financial literacy, with treated students scoring 0.16 standard deviations higher than the control group on financial literacy tests. Grades and passing rates were unaffected by these gains.

Three years after the experiment ended, credit bureau data revealed modest but significant changes in the medium term. The program decreased arrears among those with loans by 20 percentages, indicating improved repayment practices, but it had no discernible impact on students' risk of having loans or falling behind. The program also improved teachers' financial knowledge by 0.32 standard deviations and increased their propensity to save.

The program's cost-effectiveness was demonstrated by the fact that each standard deviation gains in financial literacy cost dollar 30.70 per student. With potential long-term advantages for both students and instructors, these findings demonstrate the importance of school-based financial education in enhancing financial knowledge and behavior.

Akers and Chingo(2014) examines how well college students comprehend the expenses of their education and the debt they accumulate while pursuing their degrees. The study investigates the accuracy of students' views of borrowing and college costs using data from the National Postsecondary Student Aid Study (NPSAS) and a survey administered at a prestigious public university. With only 52 percentage of students properly identifying their college expenses within a dollar 5,000 range and over half of first-year students nationwide underestimating their student debt, the data reveals a concerning lack of financial awareness among college students. The study found notable differences in the knowledge that students self-reported. 14 percentages of those with federal loans said they had no student debt at all, and 28 percentages of those with federal loans said they had no federal debt. Furthermore, it was common for students to underestimate their debt by over dollar 1,000. These results point to a general lack of knowledge, especially among students at prestigious universities. This gap, according to the authors, may result in bad financial choices, unforeseen emotional strain when loan repayments start, and a wider spread of unfavorable stereotypes about student debt.

According to the study's additional analysis of demographic differences, students who were older and had higher SAT scores were slightly better educated about their borrowing. But misunderstanding remained in every group. These results highlight the significance of enhancing financial literacy instruction before to and during college, as well as raising transparency regarding college expenses. The authors contend that improving decision-making and upholding accountability in higher education pricing depend on providing students with accurate financial information.

Mathivathani and Velumani (2014) examines the financial literacy levels of Tamil Nadu's rural women and identifies the obstacles to their financial education. The report emphasizes how crucial financial literacy is for women, particularly in rural regions, because of their responsibility for managing household finances, saving money, and making financial decisions. Women who possess financial literacy are better able to avoid financial malpractices and participate in economic progress, making it an essential tool for personal empowerment and economic engagement. Financial literacy is widely regarded as essential to economic well-being, according to the evaluated literature. Prior research high- lights the importance of financial literacy and skills in improving financial decision-making (Atkinson and Kempson, 2004).

Worthington (2006) also emphasizes socio-economic issues, such as poverty and unemployment, as contributing to financial stress. In other studies, Marcolin and Abraham (2006) point out that defining and assessing financial literacy is difficult. Women in India have a marginally higher level of financial literacy than men, but they still fall short of international norms, according to Agarwalla et al. (2012).

The study finds that rural women face several obstacles to financial literacy. Women's access to financial services is restricted by social and cultural issues, including poverty, patriarchal dominance, and poor financial education. Physical obstacles like poor transport and a lack of local financial institutions make the problem even worse. Due to educational obstacles including low literacy and restricted access to technology, women are unable to efficiently use financial information. Financial limitations are also important, such as not having a source of income on one's own or being unable to pay for financial education.

According to the authors, certain initiatives could empower rural women. These include workshops, financial literacy programs, and more banking inclusion. Financial inclusion is emphasized as being facilitated by policies such as the Indian government's Jan Dhan Yojana. Enhancing rural women's financial literacy can improve their ability to make financial decisions, grow personally, and contribute to the national economy, according to the study's findings.

Umman and Satheesh(2023) examines the degree of financial inclusion among the Paniya tribal population, one of Kerala's most marginalized communities. The availability and affordability of financial services, such as insurance, credit, and savings, to underserved groups is known as financial inclusion. In tackling problems like poverty, illiteracy, and social marginalization, the study emphasizes the vital role that financial inclusion plays in enhancing the socioeconomic circumstances of marginalized communities like the Paniyas. The study gathers primary data through structured interviews with 100 respondents from Wayanad District using a survey method. Journals and published publications were used as secondary data sources. Mean and standard deviation analyses, chi-square tests, and descriptive statistics were among the statistical tools used to assess respondents' banking practices, financial product preferences, and financial awareness. 97 percentage of respondents, according to the survey, have bank accounts, with savings accounts accounting for 43 percentage and recurring deposits for 33 percentage. ATMs (43 percentage) and security (40 percentage) are the most often mentioned reasons for using banks. However, 77 percentage of respondents showed just an average level of understanding, indicating that awareness of financial products and services is still low.

According to the report, social and economic disadvantages, low literacy, a lack of financial expertise, and the physical inaccessibility of banking services are some of the major obstacles to financial inclusion. Just a small percentage of respondents are looking into contemporary financial products like mutual funds; the majority rely on unofficial savings methods like chit money and post office schemes. In order to promote more inclusion, the results highlight the necessity of focused interventions, such as financial literacy initiatives and improved banking facilities in tribal communities. This study emphasizes how crucial financial inclusion is for tribal communities' socioeconomic advancement. It urges more work from financial institutions and politicians to close the financial literacy gap and guarantee that underserved communities, such as the Paniyas, can access banking services.

Rajan et al. (2018) investigate Kerala undergraduate students' financial literacy, with a particular emphasis on commerce students in the Alappuzha District. Economic well-being is known to be significantly influenced by financial literacy, which includes managing personal funds and comprehending financial products. The study assesses financial behaviors, basic and advanced financial literacy, and the impact of demographic variables on financial awareness.

Convenience sampling was used in the study to collect data from 121 respondents using a standardized questionnaire. Questions concerning inflation, compound interest, diversification, and regulatory bodies were used to gauge participants' basic financial literacy. Inflation (43 percentage) and compound interest (46 percentage) had the lowest marks, while the average level of basic financial literacy was 64 percentage. With the highest comprehension in insurance (90 percentage) and the lowest in post-office savings plans (30 percentage), advanced financial literacy, which included subjects like insurance, equity shares, and provident funds, yielded an average score of 65 percentage.

The majority of demographic characteristics and financial literacy levels did not significantly correlate, according to the study. Nonetheless, certain financial items, such equity shares and national savings certificates, exhibited associations with particular categories, such as gender and course specialization. Just 5 percentage of respondents said they were unable to save money, whilst 58 percentage of respondents said they were both savers and spenders.

Thirty percent of respondents said their universities did not provide any financial information, highlighting the limited role of colleges in financial education. For 62 percentage of respondents, family members were their main source of financial guidance, with little to no dependence on banks or the internet.

The authors stress how important it is to incorporate financial literacy initiatives into academic curricula in order to help students become better financial decision makers. To support these programs, they need for community involvement, enough resources, and committed educators. Improving financial literacy is thought to be crucial for long-term economic expansion and equipping students to handle a challenging financial environment.

Research Methodology

5. Research Design

The study investigates financial behavior, financial literacy, and the impact of socioeconomic and cultural factors among Wayanad District college students. Direct data collection from the target population was made possible by the use of a structured, closed-ended questionnaire as the main instrument.

6. Hypotheses

Based on the review of literature and research questions, the following hypotheses are proposed for this study:

H1: Urban students have higher financial literacy than rural students.

H2: Cultural norms significantly influence saving and borrowing behaviors.

H3: Socioeconomic factors, including family income and parental education, are positively correlated with financial literacy levels.

These hypotheses will be tested using statistical tools such as chi-square tests, independent t-tests, and Pearson correlation to examine variations in financial literacy and behavior based on geographic and cultural contexts.

7. Population and Sampling

The study targeted college students aged 18 to 26 from both rural and urban areas of the Wayanad district. Four colleges—two from urban areas and two from rural regions—were selected for data collection. A total of 100 respondents were chosen, evenly distributed across the selected institutions. To ensure balanced representation across key demographic groups, a stratified random sampling technique was employed.

Stratified random sampling is a method where the entire population is divided into distinct subgroups or “strata” that share similar characteristics. In this study, the strata were based on:

Geographic Location: Urban vs Rural colleges

Demographic Categories: Such as gender, age, educational background, and family income

Within each stratum, participants were then randomly selected to be part of the sample. This method combines the advantages of stratification(ensuring the representation of key subgroups and randomness.

8. Relevance of Urban-Rural Comparison

The selected colleges were chosen to ensure representation from diverse socio-economic and cultural settings. Urban colleges were included to explore the potential influence of greater access to financial education and resources, while rural colleges were selected to understand the challenges faced in more isolated, resource-constrained environments. This comparison adds depth to the study by highlighting disparities and commonalities in financial literacy across different geographic and cultural contexts.

9. Data Collection Tool

A structured, close-ended questionnaire was designed and administered to collect data on financial literacy, financial behavior, and cultural influences. The questionnaire was divided into five sections, each aligned with the study’s objectives.

Socio-demographic profile: This section included questions on variables such as gender, age, educational background, family income parental education, and the place of upbringing, these questions aimed to identify the demographic factors influencing financial literacy and behavior.

Financial literacy and assessment: The section assessed the participant’s knowledge of key financial concepts such as inflation, compound interest, savings, and investments. The questions were framed to gauge both basic and applied financial literacy levels.

Financial behavior: Questions in this section captured participants’ practical financial habits, such as saving, borrowing, budgeting, and tracking expenses.

Attitudes Towards financial planning: This section Explored respondent’s confidence in managing their finances, their willingness to participate in financial literacy programs, and their attitudes toward saving versus spending.

Cultural Influences: Questions in this section addressed how cultural norms, traditional family practices, and community values impact financial decision-making, including saving and financial behaviors.

10. Questionnaire Design and Validation

The questionnaire was designed based on an extensive literature review and tailored to address the research objectives effectively. To ensure reliability and validity, a pilot test was conducted with a sample of 10 respondents from similar demographics. Feedback from the Pilot study was carefully analyzed and used to refine the questionnaire, ensuring that all questions were clear, relevant, and unambiguous. Adjustments made to the final version included rephrasing complex questions, refining response options, and ensuring that the questionnaire

comprehensively covered all thematic areas aligned with the study's objectives. This Process enhanced the overall clarity and accuracy of the instrument, ensuring its suitability for the target population

11. Justification for the Use of a Structured Questionnaire

The Structured, close-ended format was chosen for several reasons. Firstly, it ensures uniformity in responses, allowing for reliable and consistent data collection. The predefined response equations simplify the process for respondents, minimizing ambiguity and ensuring high response rates. Secondly, the questionnaire aligns directly with the research objectives, addressing all key dimensions of financial literacy, behavior, and cultural influences in a systematic manner. Thirdly this format facilitates the collection of quantifiable data, which can be easily analyzed to identify trends, patterns, and correlations. Lastly, the structured questionnaire is efficient to administer within the study's time constraints, making it an ideal tool for collecting data from a diverse population of college students.

12. Ethical Considerations

Ethical guidelines were followed to ensure the rights and privacy of all participants. Respondents were informed about the purpose of the study, assured of the confidentiality of their responses, and given the option to withdraw at any point. Informed consent was obtained before the administration of the questionnaire, and no personally identifiable information was collected.

13. Results and discussion

Demographic Profile of respondents

The Demographic Characteristics of the respondents are presented in Table 1.

Table 1: Demographic Distribution of Respondents

Demographic Characteristics	Category	Percentage(%)
Location	Rural	60.7(%)
	Urban	39.3(%)
Gender	Male	38.5(%)
	Female	61.5(%)
Age Group	18-20	44.3(%)
	21-23	49.2(%)
	24-26	6.6(%)
Course of Study	Art & Humanities	25.2(%)
	Commerce	21.1(%)
	Science	20.3(%)
	Poly Technic	33.3(%)

The demographic analysis reveals that the majority of respondents (60.7%) are from rural areas, with a notable dominance of female participants (61.6%) compared to males (38.5%). The age group 21-23 years comprises the largest segment (49.2%), followed by 18-20 years (44.3%), indicating that most respondents are young adults. In terms of educational background, polytechnic courses are the

most popular (33.3%), followed by Arts & Humanities (25.2%), Commerce (21.2%), and Science (20.3%), reflecting diverse academic representation.

14. Financial Literacy

The awareness of financial concept was assessed, and the findings are shown in Table 2

Table 2 : Financial Literacy of Respondents

Financial Concept	Response	Percentage(%)
Awareness of Inflation	Yes	68.5%
	No	31.5%
Understanding of Budget	A plan for how to spend	43.4%
	A way to borrow money	43.4%
	Don't Know	13.2%
Tracking Expenses	Yes	38.9%
	No	61.1%
Workshop Participation	Yes	34.1%
	No	65.9%
Awareness of Compound Interest	Don't Know	46.6
	Interest on the principal only	29.8
	Interest on both principal and accrued	23.6
Awareness of Saving Account	Yes	66.0%
	No	34.0%
Familiarity with Digital Payment Method	Yes	67.0%
	No	33.0%

The findings highlight moderate awareness of inflation, with 65.5% of respondents understanding the concept. However, budgeting shows mixed results, as equal proportions (43.4%) view it as a spending plan or a borrowing mechanism, while 13.2 are uncertain. While awareness of saving accounts is relatively high (66%), knowledge of compound interest remains a significant gap, with 46.6 % lacking understanding. Digital payment familiarity is increasing, as 67% of respondents use such methods, but only 38.9% actively track expenses. Moreover, willingness to attend financial literacy Workshops is low, with only 34.1% expressing interest, highlighting limited enthusiasm for educational initiatives.

15. Financial Behavior

The financial behavior of respondents is summarized in Table 3

Table 3: Financial Behavior of Respondents

Financial Habit	Response	Percentage(%)
Maintaining a Budget	Yes	53.4%
	No	46.6%
Borrowing Money	Yes	56.5%
	No	43.5%

The analysis of financial behavior reveals that a slight majority of respondents(53.4%) maintain personal budgets, while the remaining 46.6% do not. Additionally, over half (56.5%) have borrowed money in the past year, indicating a reliance on external financial support or credit, which reflects either financial dependence or occasional shortfalls.

16. Cultural Influences

Cultural and familial roles were analyzed and the results are in Table 4

Table 4: Cultural Influences on Financial Behavior

Influence Type	Response	Percentage(%)
Cultural Background Affects Saving	Yes	68.5%
	No	31.5%
Family Norms affect Borrowing	Yes	61.8%
	No	38.2%
Community Practices Encourage Saving	Yes	60.3%
	No	39.7%
Cultural Values Discourage Loans	Yes	61.8%
	No	38.2%

Cultural and family norms play a significant role in shaping financial behavior among respondents. A majority (68.5%) believe that cultural background influences saving habits, while 61.8% report that family norms affect borrowing decisions. Community practices, such as saving for festivals and events, are acknowledged by 60.3% of respondents as a motivating factor for saving. Additionally, 61.8% agree that cultural values discourage taking loans, reflecting a cautious approach to borrowing influenced by traditional values.

Chi-Square Test Results for Cultural Influences and Financial Behavior

Financial behavior	Pearson Chi-Square (χ^2)	df	Sig (P value)	Interpretation
Community practices encourage saving for festivals	33.197	6	0.000	Significant association; cultural practices influence saving habits
Cultural background influences saving and spending	106.652	4	0.000	Strong link between cultural background and budgeting practices
Cultural values discourage taking loans	159.923	4	0.000	Significant association; cultural values promote a cautious approach to borrowing.
Community practices affect budgeting habits	58.682	4	0.000	Clear relationship between community norms and maintaining a personal budget
Cultural values affect the tracking of expenses and savings	119.343	4	0.000	Significant impact; cultural norms influence financial discipline in expense tracking

Borrowing habits influenced by cultural background	102.95	4	0.000	Strong link; cultural values discourage borrowing and prioritize saving instead
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The chi-square test results indicate a significant relationship between cultural influences and financial behaviors across various aspects. Community practices, such as saving for festivals and events, have a statistically significant impact ($p=0.000$) on saving habits, showing how cultural traditions encourage saving over spending. Similarly, cultural background strongly influences

budgeting practices ($p= 0.000$), highlighting how financial planning is often shaped by traditional values and family norms.

Cultural values also play a critical role in discouraging borrowing ($p = 0.000$), emphasizing a preference for saving rather than relying on loans. This cautious approach to debt mirrors traditional beliefs that prioritize financial security and stability. Moreover, there is a strong association between cultural values and financial discipline, including tracking expenses and savings ($p = 0.000$). Respondents influenced by such values are more likely to follow organized financial habits.

Overall, these findings demonstrate that cultural and community practices significantly impact financial behavior, promoting saving habits and limiting borrowing tendencies. Financial literacy programs should account for these cultural influences and develop strategies that balance traditional practices with modern financial needs to encourage responsible borrowing alongside saving.

17. Financial Confidence

The confidence level of respondents are detailed in Table 5

Table 5 : Financial confidence levels by Rural/ Urban Backgrounds

Confidence Level	Rural(%)	Urban(%)
Not Confident	60.5	18.0
Somewhat Confident	31.6	41.7
Very Confident	7.9	58.3

The confidence levels among respondents vary significantly based on rural and urban settings. Rural respondents demonstrate lower confidence, with 60.5% feeling “Not Confident” and only 7.9% reporting “Very Confident” and only 18% being “Not Confident”. A notable portion of respondents in both rural (31.6%) and urban (41.7%) areas identify as “Somewhat Confident”, suggesting room for improvement across both groups.

Independent Samples t-Test for Financial Literacy Variables

Financial Concept	Mean(Urban)	Mean(Rural)	t-value	df	Sig(p value)	Interpretation
Do you know what inflation means?	1.19	1.45	-2.908	120	0.004	Significant difference; urban students have higher awareness of inflation
What is a budget?	2.60	2.14	3.636	120	<0.001	Highly significant difference; urban students better understand budgeting.

What is the purpose of a saving account?	1.38	1.74	-2.874	120	0.005	Significant difference; urban respondents know more about saving accounts.
Do you know the difference between Debit and	1.13	1.36	-2.870	120	0.005	Significant difference: urban students have better debit awareness.
What does interest mean in financial terms?	1.71	1.93	-1.674	120	0.097	No significant difference; both groups have similar knowledge of interest.

The results of the independent samples t-test reveal significant disparities in financial literacy between urban and rural respondents. Urban students demonstrated higher awareness of inflation ($p= 0.004$), indicating better exposure to economic concepts and financial education resources compared to their rural counterparts. A highly significant difference between ($p<0.001$) was observed in budgeting knowledge, with urban respondents showing a stronger understanding of how to plan and manage expenses, reflecting their greater access to structured financial education and tools. Similarly, urban participants exhibited a better understanding of the purpose of the saving accounts ($p= 0.005$), suggesting that rural students may lack familiarity with formal banking practices, potentially due to limited banking infrastructure or cultural barriers. Awareness of the difference between credit and debit also showed a significant gap ($p= 0.005$), highlighting urban student's superior knowledge, likely attributed to increased use of digital payment systems and modern banking methods. However, no statistically significant difference ($p=0.097$) was found in understanding the concept of interest, suggesting that both groups have similar exposure to basic financial terms, possibly due to the universal relevance of interest in day-to-day transactions.

The findings point to notable inequalities in financial literacy, particularly in areas requiring deeper conceptual understanding, such as budgeting and the use of banking products. The results emphasize the need for targeted financial literacy programs, especially in rural areas, to bridge these gaps. Interventions should focus on enhancing knowledge about inflation, budgeting, saving, and modern practices to ensure equitable access to financial education and decision-making skills across diverse demographic groups.

Correlation Analysis of Socioeconomic Factors and Financial Literacy

Variable	Pearson Correlation (r)	df	Sig (P value)	Interpretation
Family Income	0.525	98	<0.001	Moderate positive correlation; higher income is linked to better financial literacy.
Parental Education	0.562	98	<0.001	Moderate positive correlation; higher parental education is associated with better financial literacy.

The analysis reveals a moderate positive correlation between family income and financial literacy scores ($r=0.525$, $p<0.001$), as well as parental education ($r=0.562$, $p<0.001$). These results confirm that students from wealthier and more educated families tend to exhibit better

financial literacy. Both relationships are statistically significant, highlighting the influence of socioeconomic background on financial behavior and knowledge.

18. Findings and Discussion

Results of Hypothesis Testing

Hypothesis 1 (H1): Urban students have higher financial literacy than rural students. The results of the independent sample t-test reveal significant disparities in financial literacy between urban and rural respondents. Urban students demonstrated higher awareness of inflation ($p=0.004$), budgeting ($p<0.001$), and saving accounts ($p=0.005$). These findings support Hypothesis 1, indicating that urban students possess greater financial literacy compared to rural students.

Hypothesis 2 (H2): Cultural norms significantly influence saving and borrowing behaviors. Chi-square tests reveal a significant association between cultural values and saving and borrowing practices. Cultural values discourage loans ($p=0.000$), emphasize saving habits ($p=0.000$), and influence expense tracking ($p=0.000$). These results validate Hypothesis 2, confirming that cultural norms play a pivotal role in financial behaviour.

Hypothesis 3 (H3): Socioeconomic factors, including family income and parental education, are positively correlated with financial literacy levels.

Pearson correlation analysis reveals a moderate positive correlation between family income ($r=0.525, p<0.001$) and parental education ($r=0.562, p<0.0001$) with financial literacy scores. These findings support Hypothesis 3, indicating that higher family income and better parental education are associated with higher financial literacy levels.

19. Findings Related to Research Objectives

Objective 1: Evaluate financial literacy levels. The findings indicate that rural students exhibit lower levels of financial literacy, with gaps in understanding budgeting and saving concepts. Urban respondents demonstrated higher familiarity with the Digital payment method and saving account. Overall, the financial literacy level of Wayanad district was found to be moderate, with significant disparities between urban and rural populations. Rural areas, which include a higher proportion of the tribal population, face greater challenges due to limited access to financial resources and education tools. These disparities highlight the need for targeted interventions to improve financial literacy across the district.

Objective 2: Examine cultural influences on financial behavior. Cultural norms and community practices were found to promote saving habits ($p=0.000$) and discourage borrowing ($p=0.000$), indicating strong cultural influences on financial decisions.

Objective 3: Investigate socioeconomic factors. Statistical tests showed that family income and parental education significantly impact financial literacy. Students from higher-income families demonstrated better financial knowledge and behavior.

The findings indicate that family income and parental education have a moderate positive correlation with financial literacy levels. Pearson correlation analysis revealed that family income ($r = 0.525, p < 0.001$) and parental education ($r = 0.562, p < 0.001$) are significantly associated with higher financial literacy scores.

Students from higher-income families and those with better-educated parents demonstrated greater financial knowledge and better decision-making abilities compared to their peers from lower-income and less-educated backgrounds. These results emphasize the role of socioeconomic factors in shaping financial literacy and highlight the need for targeted interventions to address disparities in financial knowledge among disadvantaged groups.

Objective 4: Assess willingness to participate in financial literacy programs. Only 34.1% expressed willingness to participate in workshops, highlighting the need for programs tailored to address local barriers and cultural attitudes.

20. Suggestions

1. Develop targeted financial literacy programs focusing on rural students to address gaps in conceptual understanding.
2. Incorporate culturally relevant financial education models to align with traditional practices and encourage responsible borrowing and saving habits.
3. Introduce digital literacy initiatives to promote familiarity with modern financial tools and technologies.
4. Collaborate with educational institutions to integrate financial education into curricula and organize awareness workshops.
5. Provide family-oriented financial programs to leverage parental influence and reinforce positive financial behaviors.

21. Conclusion

This study highlights significant disparities in financial literacy between urban and rural students, emphasizing the role of cultural norms and socioeconomic factors in shaping financial behaviors. Urban students demonstrated better financial knowledge, while rural students exhibited stronger cultural influences on saving and borrowing decisions. The overall financial literacy level of Wayanad District is moderate, with rural areas lagging due to structural and educational barriers. The findings underscore the importance of targeted interventions to improve financial literacy, especially among rural and tribal populations. By addressing these gaps, policymakers and educators can promote equitable financial decision-making and economic stability in rural communities. Future research should explore the long-term impacts of financial education programs and strategies to sustain behavioral improvements.

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