

# Impact of Financial Literacy on the Financial Behaviour of College Students

*A Study of University of Delhi*

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**Abstract**— This study explores the impact of financial literacy on the financial behaviour of college students in Delhi, India. In today's complex financial environment, young individuals are exposed to diverse products such as digital wallets, credit facilities, and investment platforms, making financial literacy a critical life skill. The research examines whether students with higher financial knowledge, stronger financial attitudes, and greater confidence demonstrate more responsible financial behaviour, including budgeting, saving, borrowing, and investing. Drawing on global frameworks such as the OECD/INFE toolkit and the S&P Global FinLit Survey, the study situates financial literacy as a multidimensional construct encompassing knowledge, attitude, confidence, and behaviour. The Indian context, marked by rapid digital inclusion and social media influence, adds unique challenges and opportunities. By focusing on college students in Delhi, the research highlights the role of financial literacy in shaping habits during a transitional stage of life, with implications for long-term financial well-being and inclusion. (*Abstract*)

**Index Terms**— Financial Literacy, Financial Behaviour, College Students, Budgeting and Saving, Digital Payments, Credit and Investment Awareness, Financial Attitude and Confidence, India (Delhi Context), OECD/INFE Framework, S&P Global FinLit Survey. (*key words*)

## I. INTRODUCTION

Financial literacy has become one of the most important life skills in our life. In earlier times, the financial decisions of ordinary individuals were comparatively simple. Most people dealt mainly with cash income, household expenses, basic savings, and occasional borrowing from family, friends, or local lenders. The modern financial environment is very different. Today, even young individuals are exposed to a wide range of financial products and services such as bank accounts, debit cards, credit cards, digital wallets, Unified Payments Interface applications, online shopping platforms, buy-now-pay-later facilities, insurance products, mutual funds, stock trading applications, cryptocurrency platforms, and instant digital loans. These developments have created new opportunities for convenience, investment, credit access, and wealth creation, but they have also increased the risk of wrong decisions, overspending, fraud, debt traps, and financial stress.

In this changing environment, financial literacy is not merely the ability to understand money. It is the ability to make informed, responsible, and effective financial decisions. A financially literate person should understand basic concepts such as income, expenditure, saving, interest, inflation, risk, return, borrowing, budgeting, insurance, investment, and financial planning. However, knowledge alone is not sufficient. A person may know that saving is important but may still spend impulsively. A student may understand the meaning of interest but may still misuse credit or digital loans. Therefore, financial literacy must be understood as a combination of financial knowledge, financial attitude, financial confidence, and actual financial behaviour.

College students are an especially important group for such a study. They are at a transitional stage between dependence and independence. Many students still depend on their parents for money, but they also begin to make independent spending decisions. Some receive pocket money, scholarships, stipends, or income from internships and part-time work. They spend on food, transportation, mobile data, books, subscriptions, entertainment, clothing, travel, and social activities. Some students also begin using credit cards, personal loans, or app-based credit facilities. At this stage, their financial habits are still forming. If students learn to budget, save, compare costs, avoid unnecessary debt, and plan for the future, these habits can benefit them throughout life. If they develop careless spending patterns, dependence on credit, or low awareness of financial risks, those patterns may continue into adulthood.

This study therefore seeks to examine the impact of financial literacy on the financial behaviour of college students. It aims to understand whether students who possess higher financial knowledge, stronger financial attitudes, and greater confidence also demonstrate better financial behaviour. Such behaviour may include maintaining a budget, saving regularly, avoiding unnecessary debt, comparing financial options, planning expenses, controlling impulse purchases, and making informed decisions about digital payments and investments.

Financial literacy refers to the ability to understand and use financial knowledge in practical life. It includes the knowledge, skills, attitude, and confidence required to make effective financial decisions. A financially literate person should be able to understand how money works, how income is earned, how expenses should be controlled, how savings should be built, how credit should be used responsibly, how investments should be evaluated, and how financial risks should be managed.

A simple understanding of financial literacy may include basic awareness of budgeting, saving, banking, interest, loans, and investment. However, modern financial literacy is broader. It includes financial numeracy, understanding of inflation, awareness of risk and return, knowledge of diversification, ability to compare financial products, awareness of fraud, understanding of digital payments, and capacity to plan for future goals. The S&P Global FinLit Survey, one of the largest international financial

literacy measurement exercises, tested adults on four basic concepts: risk diversification, inflation, numeracy, and interest compounding. The survey was based on interviews with more than 150,000 adults in over 140 countries. These concepts are simple but powerful because they influence everyday decisions. For example, inflation affects purchasing power, compounding affects savings and loans, risk diversification affects investment safety, and numeracy affects the ability to compare prices, returns, and costs.

Financial literacy is also connected with financial capability. Financial capability means the ability to apply financial knowledge in actual decisions. A person may know that saving is good, but financial capability is shown when the person actually saves. A person may know that high interest debt is harmful, but capability is shown when the person avoids unnecessary borrowing. Therefore, financial literacy should not be limited to awareness; it must include behaviour.

### ***Financial Literacy on the Global Context***

Financial literacy is a global concern because people across countries face increasingly complex financial choices. Whether in developed or developing economies, individuals are expected to make decisions about saving, borrowing, insurance, pension, investment, digital payments, and retirement planning. Governments and financial institutions can provide access to financial products, but individuals must still understand how to use them responsibly. This makes financial literacy a core component of financial inclusion and financial well-being.

The S&P Global FinLit Survey provides one of the most widely cited international measures of financial literacy. It tested understanding of four basic concepts: numeracy, inflation, risk diversification, and interest compounding. These concepts were selected because they are relevant to common financial decisions. For example, a person who does not understand inflation may not understand why savings lose value over time. A person who does not understand compounding may underestimate the burden of debt or the benefit of early savings. A person who does not understand diversification may put all savings into one risky asset.

The OECD has also played an important role in developing tools for measuring financial literacy. The OECD/INFE framework treats financial literacy as a combination of financial knowledge, behaviour, and attitudes. The 2023 OECD/INFE international survey included 39 countries and economies and measured financial literacy using a globally recognised toolkit. It covered financial knowledge, financial behaviour, financial attitudes, financial inclusion, digital financial literacy, and financial well-being. This multi-dimensional framework supports the idea that financial literacy should be measured not only by what people know, but also by how they act.

Several international studies have found that financial literacy influences financial behaviour. Individuals with higher financial literacy are more likely to save, plan, invest carefully, avoid excessive debt, and make informed borrowing decisions. Low financial literacy is associated with poor saving behaviour, inadequate retirement planning, excessive borrowing, and vulnerability to fraud. Among students, financial literacy has been linked to budgeting habits, debt management, spending control, and confidence in financial decision-making.

### ***Financial Literacy in the Indian context***

India presents a unique context for studying financial literacy. It is one of the world's largest and fastest-changing economies, with a young population, growing digital infrastructure, rising financial inclusion, and expanding access to formal financial services. At the same time, India faces challenges such as income inequality, uneven education quality, gender gaps, rural-urban differences, informal employment, and varying levels of financial awareness. These factors make financial literacy both important and complex.

In recent years, India has made significant progress in financial inclusion. Bank account ownership has increased, digital payments have expanded, and formal financial services have become more accessible. Government initiatives, Jan Dhan accounts, Aadhaar-based systems, mobile connectivity, UPI, direct benefit transfers, and digital public infrastructure have changed the way people interact with money. However, financial inclusion is not complete unless people know how to use financial services effectively. Access without understanding can create new risks.

For example, opening a bank account is useful only when individuals understand how to save, withdraw, transfer, protect credentials, and avoid fraud. Digital payments are useful only when users understand transaction limits, wrong transfers, QR fraud, UPI PIN safety, and spending discipline. Investment access is useful only when individuals understand risk, return, liquidity, and diversification. Credit access is useful only when borrowers understand interest, repayment, penalties, and credit scores. Therefore, India needs financial literacy along with financial inclusion.

The Indian context also includes the influence of social media. Students often learn about money from influencers, reels, YouTube channels, peer groups, Telegram communities, and online advertisements. Some content promotes saving and investing, but some content may encourage unrealistic returns, speculative trading, or status-based consumption. Students may be attracted to quick money schemes, intraday trading, cryptocurrency speculation, fantasy gaming, or unverified investment tips. Financial literacy helps them distinguish between genuine education and misleading promotion.

Another important aspect is gender. Indian society has traditionally involved gendered roles in financial decision-making. In many households, men handle external financial matters while women may manage household expenditure but not investment or borrowing decisions. Among students, this may create differences in confidence and exposure. Female students may be equally capable, but they may have had fewer opportunities to participate in financial decisions. A study on college students should therefore consider whether gender affects financial literacy and behaviour.

Delhi is a particularly suitable location for this study. As the national capital and a major education hub, Delhi has students from diverse backgrounds, regions, income levels, and academic streams. It has strong exposure to digital payments, consumer culture, coaching culture, internships, part-time opportunities, and urban lifestyle spending. Students in Delhi may face higher living and transport costs, greater peer consumption pressure, and more exposure to financial products and digital services. At the same time,

they may also have access to better information, seminars, workshops, and online learning resources. Thus, the Indian context makes the present study highly relevant. India is financially expanding, digitally transforming, and educationally reforming. Yet, young people may not be fully prepared for financial decision-making. By studying college students in Delhi, this research can contribute to understanding how financial literacy affects real financial behaviour among youth who are close to entering the workforce and becoming independent earners.

### ***Importance of Financial Literacy for College Students***

College students represent one of the most important groups for financial literacy research because they stand at the beginning of adult financial life. During childhood and school years, most financial decisions are taken by parents or guardians. During full adulthood, individuals are expected to earn, spend, save, borrow, invest, insure, and plan independently. College years lie between these two stages. Students begin to experience financial freedom, but they may not yet have stable income or mature financial judgement. This makes college a crucial period for developing financial habits.

The financial decisions of college students may appear small, but they are significant. A student may decide how to use monthly pocket money, whether to save part of it, whether to track spending, whether to borrow from friends, whether to buy expensive items, whether to use credit, whether to invest, and whether to plan for future education or employment needs. These choices may not involve very large amounts, but they form habits. A student who learns to track expenses at age twenty is more likely to manage salary responsibly later. A student who becomes dependent on borrowing for lifestyle expenses may face debt problems in the future.

Saving behaviour is another important area. Many students believe that saving is possible only after earning a full salary. This belief is problematic. Saving is not only about the amount saved; it is also about building a habit. Even small savings from pocket money can teach discipline. Students who learn to save regularly may later build emergency funds, invest early, and plan for long-term goals. Financial literacy can help students understand that saving is a habit, not merely a function of income.

Financial literacy also helps students understand the difference between needs and wants. Needs include essential expenses such as food, transport, books, stationery, academic resources, and basic communication. Wants include discretionary expenses such as luxury items, branded clothing, frequent eating out, entertainment, and unnecessary upgrades. College life often brings peer influence. Students may feel pressure to match the lifestyle of friends. Social media also creates comparison pressure. Financial literacy can help students make spending decisions based on personal capacity rather than social pressure.

Credit behaviour is increasingly relevant for students. In the past, many students did not have access to credit. Today, credit cards, pay-later services, app-based loans, and informal borrowing are more accessible. Some students may use credit responsibly, but others may treat credit as extra income. This can lead to repayment stress. Understanding interest rates, due dates, penalties, credit scores, and debt traps is essential. Financial literacy can help students use credit only when necessary and repay on time. Investment awareness is also growing among students. Many young people are interested in mutual funds, stocks, cryptocurrency, digital gold, and trading apps. This can be positive if based on knowledge and long-term planning. However, it can be risky if driven by social media tips, peer excitement, or the desire for quick profits. Students may confuse trading with investing. They may not understand risk, diversification, liquidity, taxation, or market volatility. Financial literacy can help them approach investment carefully. Insurance and risk management are often ignored by students. Young people may feel that insurance is not relevant to them. However, understanding risk protection is part of financial literacy. Students should know the basic purpose of health insurance, life insurance, vehicle insurance, and emergency planning. Even if they do not buy these products immediately, awareness prepares them for future decisions.

Financial literacy also supports career and life planning. College students soon face decisions about higher education, professional courses, relocation, employment, entrepreneurship, student loans, and family responsibilities. Financial literacy helps them estimate costs, compare alternatives, plan savings, and avoid unrealistic decisions. A financially aware student can better evaluate whether to take an education loan, how to plan for competitive exam preparation, whether to invest in a certification, or how to manage income after getting a job.

### ***Financial Behaviour***

Financial behaviour refers to the way individuals actually manage money in daily life. It is the practical side of financial literacy. While financial knowledge shows what a person understands, financial behaviour shows what a person does. Financial behaviour includes budgeting, saving, spending, borrowing, investing, bill payment, use of credit, insurance decisions, digital payment habits, and planning for future goals. In the context of college students, financial behaviour can be observed through simple but meaningful practices. Does the student prepare a monthly budget? Does the student track expenses? Does the student save a portion of allowance or income? Does the student compare prices before purchasing? Does the student borrow frequently? Does the student repay borrowed money on time? Does the student use UPI or digital wallets responsibly? Does the student make impulsive purchases? Does the student plan for academic or career-related expenses? These questions reveal whether financial literacy is translating into action.

Budgeting is one of the most basic forms of financial behaviour. A budget helps individuals plan how money will be used. For students, a budget may include food, transport, phone recharge, study material, entertainment, savings, and emergency expenses. Without a budget, students may not know where their money goes. They may feel that money disappears quickly, even if spending is mainly on small items. Budgeting helps students create control and awareness.

Saving behaviour is another key component. Saving means setting aside money for future use instead of spending everything immediately. For students, savings may be used for emergencies, books, gadgets, travel, exams, courses, or future investment. Saving also creates financial discipline. A student who saves regularly learns delayed gratification, which is the ability to postpone immediate consumption for future benefit.

Spending behaviour is highly relevant in college life. Students often spend on both needs and lifestyle items. The rise of online shopping, food delivery, digital subscriptions, and social media advertising has increased spending opportunities. Digital payments make spending faster and easier. Many small payments may appear harmless individually but become significant collectively. Financial literacy can help students become more mindful of spending.

Credit behaviour is increasingly important. Responsible credit behaviour includes borrowing only when necessary, understanding repayment obligations, avoiding high-cost debt, and paying dues on time. Irresponsible credit behaviour includes frequent borrowing, late repayment, using credit for avoidable consumption, and ignoring interest costs. Students may not always use formal credit, but informal borrowing from friends and family is also a form of credit behaviour.

Investment behaviour among students is still developing. Some students may invest in mutual funds, stocks, digital gold, or other instruments. Others may avoid investment because of lack of knowledge or fear. Good investment behaviour involves understanding risk, starting small, diversifying, focusing on long-term goals, and avoiding speculation. Poor investment behaviour involves following rumours, investing borrowed money, chasing quick returns, or putting all money into risky assets.

The relationship between financial literacy and financial behaviour is central to this research. A student with high financial literacy is expected to show better financial behaviour. However, this relationship may not always be perfect. Some students may have high knowledge but poor behaviour due to lack of discipline. Others may have moderate knowledge but good behaviour due to family habits or personal control. This is why the present study does not assume the relationship; it investigates it empirically.

## II. OBJECTIVES OF THE RESEARCH

### 1. To measure the financial literacy level of college students.

The first objective is to assess how much college students know about basic personal finance concepts. This includes understanding of saving, budgeting, banking, interest, inflation, borrowing, investment, insurance, risk, return, and digital finance.

### 2. To examine the financial attitude and confidence of college students.

Financial literacy includes not only knowledge but also attitude and confidence. Therefore, the study aims to understand students' mindset toward money. It examines whether students believe saving is important, whether they feel confident managing money, whether they prefer planning, and whether they are willing to learn about finance.

### 3. To assess the financial behaviour patterns of college students.

The study examines how students actually manage money. This includes whether they prepare budgets, save regularly, control spending, borrow responsibly, use digital payments carefully, invest, compare financial options, and plan for future expenses.

### 4. To investigate the relationship between financial literacy and financial behaviour.

The main objective is to analyse whether students with higher financial literacy show better financial behaviour. This includes testing whether financial knowledge, attitude, and confidence are associated with budgeting, saving, spending control, and responsible credit use.

### 5. To examine the role of demographic and educational factors.

The study also aims to understand whether financial literacy and behaviour vary according to gender, academic stream, year of study, level of study, family income, parents' education, and exposure to financial education.

The above research objectives can be framed as following research questions.

- What is the level of financial literacy among college students in Delhi?
- What are the financial behaviour patterns of college students regarding budgeting, saving, borrowing, and planning?
- Is there a significant relationship between financial literacy and financial behaviour among college students?
- Do students with higher financial literacy are more responsible financial behaviour than students with lower financial literacy?
- How do demographic and educational factor influence financial behaviour?
- What role does financial attitude play in shaping financial behaviour?

These questions help me make the research focused and measurable.

## III. REVIEW OF LITERATURE

A literature review is an important part of study because it establishes the academic foundation on which the present research is built. It helps the researcher understand what has already been studied, what major conclusions have been drawn, what theories and frameworks have been used, and what gaps still remain. In the present study, the literature review is especially important because financial literacy and financial behaviour are closely related. A student may know financial concepts but may not necessarily apply that knowledge in day-to-day life. Therefore, the present chapter reviews existing studies on financial literacy, financial education, financial attitude, financial behaviour, student money management, demographic influences, and the specific Colleges. The present research is titled "A Study on the Impact of Financial Literacy on the Financial Behaviour of College Students. This literature review expands that base into a full chapter by discussing international and Indian studies, identifying patterns in past research, and developing the research gap for the present study.

Financial literacy has been studied globally because people today face a complex financial environment. Individuals must manage income, spending, savings, credit, insurance, investment, retirement planning, and digital financial transactions. The importance

of financial literacy has increased because financial markets have become more accessible, and digital technology has made financial transactions faster. At the same time, the risk of financial fraud has also increased. People may overspend, borrow at high interest rates, fall for fraud, misunderstand investment risks, or fail to plan for the future.

College students are a particularly important group in this field of study. They are young adults who are beginning to make independent financial decisions but may not yet have sufficient knowledge or experience. They may receive money from parents, scholarships, internships, part time jobs. They spend on transport, food, books, mobile data, online subscriptions, clothing, entertainment, and social activities. Many also use UPI, debit cards, online shopping platforms, investment apps, and sometimes credit facilities. These experiences make college students an ideal group for studying whether financial literacy influences financial behaviour.

The literature on financial literacy shows that knowledge is important, but knowledge alone is not enough. Many researchers now argue that financial literacy should include three major dimensions: financial knowledge, financial attitude, and financial behaviour. The OECD/INFE framework also measures financial literacy through financial knowledge, financial behaviour, and financial attitudes. This supports the approach of the present study because it does not treat financial literacy as only theoretical awareness.

Measurement is a major issue in financial literacy research. Different studies use different methods. Some studies measure only financial knowledge, while others include attitude and behaviour. Some use objective quiz questions, while others use self-reported confidence or behaviour scales.

The most common method is objective testing. Respondents are asked questions about interest, inflation, risk diversification, saving, borrowing, and investment. The S&P Global FinLit Survey used questions on numeracy, compounding, inflation, and risk diversification. These basic concepts are widely accepted because they are relevant across countries and income groups.

The OECD toolkit uses a broader approach. It measures financial knowledge, financial behaviour, and financial attitudes. The 2023 OECD international survey used the OECD 2022 toolkit and collected data across 39 countries and economies. It also included digital financial literacy, financial inclusion, and financial well-being. This approach is particularly relevant for the present study because students' financial literacy cannot be understood only through factual knowledge. Their budgeting habits, saving practices, digital payments, and attitudes toward money are equally important.

Financial knowledge questions usually test whether respondents understand basic concepts. For students, such questions may include simple interest, compound interest, inflation, risk-return relationship, diversification, banking terms, insurance, and credit. Financial attitude is usually measured through Likert-scale statements. Respondents may be asked whether they agree or disagree with statements such as "I believe saving is important," "I prefer to plan my expenses," "I feel confident managing money," or "I often think about future financial goals." Attitude scales help capture the psychological side of financial literacy.

Financial behaviour is measured through questions about actual practices. Respondents may be asked whether they maintain a budget, save regularly, compare prices, pay bills on time, borrow money, invest, or track expenses. For students, financial behaviour questions may also include digital payment habits, online shopping behaviour, and use of credit or pay-later services.

One challenge in measuring financial behaviour is that it is often self-reported. Respondents may give socially desirable answers. For example, a student may say they save regularly because saving 40 is considered good, even if they do not. Therefore, questionnaire design must use clear and specific questions. Instead of asking "Are you financially responsible?" it is better to ask "Do you maintain a monthly budget?" or "What percentage of your monthly allowance do you usually save?"

The OECD's 2023 international survey also supports the need to examine financial literacy as a multi-dimensional concept. It measures financial knowledge, financial behaviour, financial attitudes, digital financial literacy, financial inclusion, and financial well-being. This is useful for the present study because students' financial lives are increasingly digital and behaviour-based.

**Sabri and MacDonald (2010)** investigates the relationship between financial literacy, savings behavior, and financial problems among college students in Malaysia. The findings reveal that students with higher financial literacy scores were more likely to save and reported financial problems. The study emphasizes the importance of financial education during college years to correct poor financial habits formed earlier. Data were collected from students across 11 colleges and universities in Malaysia.

**Lusardi and Mitchell (2014)** highlight that financial literacy was a critical determinant of individual financial behaviour, particularly saving and investment decisions. Their study shows that low financial literacy leads to poor saving habits, excessive debt, and inadequate retirement planning. They focus on measurement of financial literacy using objective questions and its impact on saving and retirement. They used Quantitative research using survey based analysis.

**Lusardi and Mitchell (2014)** work shows that financial knowledge is linked to major financial decisions such as saving, retirement planning, debt management, and investment. They argue that people with low financial literacy are less likely to plan effectively and more likely to make costly financial mistakes. This provides a strong theoretical foundation for the present study.

**Rizwan et al. (2015)** examine students' awareness of financial products and services and conclude that limited financial literacy restricts effective saving and investment decisions. The study reveals that students often fail to utilize formal saving instruments due to lack of knowledge, reinforcing the importance of financial education in shaping positive saving habits. The research was a survey based descriptive research and their sample size was 200 undergraduate students.

**Sabri and MacDonald (2015)** studied college students in Malaysia and examined the relationship between financial literacy, savings behaviour, and financial problems. Their study found that students with higher financial knowledge scores were more likely to report saving behaviour and fewer financial problems. The sample was drawn from 11 colleges and universities, and the findings highlighted the importance of financial education during college years. This study supports the argument that financial literacy influences actual behaviour, especially saving.

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**Wann (2016)** evaluates the impact of teaching financial literacy to college students through a formal course. The results show significant improvement in saving behavior, budgeting, and debt management. Students saved more amounts during the course period, indicating that financial education can positively change financial behavior. The research adopts a descriptive design. The

sample consisted of 42 college students enrolled in a financial literacy course at a metropolitan university. Pre- and post-course surveys were used to assess behavioral changes related to saving and budgeting.

**Felipe, Ceribeli & Lana (2017)** This study investigates the level of financial literacy among university students and its effect on financial behavior. The findings reveal that while financial attitudes significantly influence financial behavior, financial knowledge alone does not necessarily lead to better behavior. Overall financial literacy levels among students were found to be low, indicating the need for structured financial education programs. The study uses a survey research design and financial literacy measured through knowledge, attitude and behavior components.

**Edirisinghe, Keerthipala (2017)** and Amarasinghe studied management undergraduates in Sri Lanka. Their sample included 223 management undergraduates from three government universities. The study measured literacy across money management, savings, investment, credit, and insurance, and it measured financial behaviour using similar dimensions. The results showed that most students had moderate financial literacy and that financial literacy in most dimensions had a significant positive effect on overall financial behaviour. This is highly relevant because it directly examines the link between literacy and behaviour among South Asian university students.

**S. Sriyanti, A. Asriany, Abid Ramadhan (2017)** examined the relationship between financial literacy and personal financial management behavior among university students. The study finds a strong positive association between financial literacy and saving behavior, indicating that students with higher financial knowledge were more likely to plan expenses, save regularly, and avoid unnecessary borrowing. The research underscores financial literacy as a foundation for sound saving decisions. This was a Quantitative research using structured questionnaires. They focus on relationship between financial literacy and personal financial management.

**Ergün (2018)** studied financial literacy among university students in eight European countries, including Estonia, Germany, Italy, Netherlands, Poland, Romania, Russian Federation, and Turkey. The study used an online survey and accepted 409 complete responses. The overall mean of correct answers was 72.2 percent, representing a medium level of financial literacy. This study shows that even in European contexts, students may have only medium literacy levels. It also suggests that higher education does not automatically create complete financial literacy.

**Nigam and Jain (2018)** examined financial literacy among students of the University of Delhi. The study surveyed 1,064 students and measured financial literacy through financial knowledge and financial awareness. The results revealed medium levels of financial literacy. It also found that male students had higher financial literacy, commerce students showed higher literacy compared to arts and science students, and there was a significant positive correlation between financial literacy and financial behaviour. The study identified banking, interest rates, inflation, and investment as areas where students lagged behind.

**Hamza and Arif (2019)** explores the impact of financial literacy on investment decisions. Although the primary focus is investment behavior, the study provides insights into how financial literacy affects financial decision. The study adopts a quantitative research design. Data were collected from 235 respondents in Karachi, Pakistan through a structured questionnaire.

**Chen et al. (2020)** demonstrate that technology-based financial education tools significantly improve financial knowledge and reduce financial stress among young users. Their findings indicate that improved financial understanding positively influences budgeting and saving behavior. The study suggests that interactive and personalized financial education can effectively encourage disciplined saving habits among students. This was a survey based quantitative study, there sample size is around 150 to 200 students participants

**Somya Awasthi (2023)** explores the role of artificial intelligence tools, particularly ChatGPT, in enhancing financial literacy. The study concludes that personalized digital financial education improves comprehension of complex financial concepts and encourages responsible financial behavior such as saving and budgeting. The research was conceptual and descriptive research. She use secondary data for their study. She focus on the role of ChatGPT and AI tools in enhancing financial literacy and decision making.

**Rehman and Mia (2024)** provides a systematic review of determinants of financial literacy and highlights that financial literacy is influenced by demographic, socio economic, psychological, and technological factors. The review emphasizes that financial literacy significantly affects saving, budgeting, and long-term financial well being, especially among young adults and students.

**Khom Raj Kharel, Yadav Mani Upadhyaya, Bisna Acharya, Dhruva Kumar Budhathoki and Achyut Gyawali (2024)** analyze financial literacy levels among MBA students in Nepal and identify education, parental influence, and media exposure as key factors affecting financial behavior. Although students showed positive attitudes toward saving, overall financial literacy scores were below average, especially in understanding investment risk. The study confirms that higher financial literacy is associated with better saving and spending discipline among college students. The research was a descriptive and analytical research using structured questionnaires with 320 MBA Students from four universities in Nepal. They focus on financial literacy levels, saving behavior, and influencing factors such as education and family background.

**Puji Muniarty (2025)** finds that the role of digital technology in student's financial literacy. The population in this study was all students in semesters IV (Four) and VI (Six) of the Financial Management study program with a total sample of 161 students. The research results show that the use of digital technology plays an important role in increasing financial literacy among students. Digital financial applications, social media, and online education platforms are proven to be able to help students manage personal finances, understand basic financial concepts, and make financial decisions. This study uses a descriptive qualitative approach to gain an in-depth understanding of topic.

#### IV. RESEARCH GAP

Based on the review of literature, the following gaps are identified.

##### 1. Limited updated research on University of Delhi's college students

The University of Delhi study by Nigam and Jain provides an important foundation, but financial behaviour has changed significantly in recent years due to UPI, digital payments, online shopping, fintech apps, and social media financial advice. There is a need for updated research on Delhi college students.

## 2. Need for a holistic framework

Many studies focus mainly on financial knowledge. The present study uses a broader framework including financial knowledge, financial attitude, confidence, and behaviour.

## 3. Need to connect literacy with behaviour

Some studies measure literacy levels but do not deeply examine how literacy affects actual behaviour. The present study focuses specifically on the impact of financial literacy on financial behaviour.

## 4. Need to include students from different academic streams

Existing studies often focus on one stream, one course, or one institution. The present study includes students from different academic streams, which allows comparison between Commerce, Arts, Science, Management, and other disciplines.

## V. RESEARCH METHODOLOGY

Research methodology is one of the most important chapters of a dissertation because it explains how the study is conducted in a systematic, logically. While the introduction chapter explains the background and importance of the study, and the literature review chapter discusses previous research, the methodology chapter explains the actual path to collect, organise, measure, and analyse data. It provides the foundation for the credibility of the study because the quality of any research depends not only on the topic selected but also on the method used to investigate that topic.

The present study is titled “the Impact of Financial Literacy on the Financial Behaviour of College Students.” The study focuses on college students, particularly students studying in University of Delhi. The central purpose of the research is to examine whether financial literacy influences the financial behaviour of college students. Financial literacy in this study is understood as a combination of financial knowledge, financial attitude, and financial confidence. Financial behaviour refers to the actual financial practices of students, such as budgeting, saving, spending, use of credit and financial planning.

The research uses primary data collected directly from college students in Delhi through questionnaire and that the questionnaire includes sections on demographics, financial literacy, financial attitude, and financial behaviour.

The study is empirical in nature because it is based on data collected from respondents. It is also descriptive and analytical because it describes the existing level of financial literacy and financial behaviour among students, and then analyses the relationship between these two variables.

The methodology chapter explains the research design, nature of the study, study area, population, sample, sampling technique, data sources, questionnaire structure, variables, measurement scales, scoring method, data collection procedure, tools of analysis.

The purpose is to make the research process transparent and replicable.

The methodology serves the following purpose.

- It explains the overall research approach.
- It identifies the target population of the study.
- It explains how respondents are selected.
- It describe the type of data used.
- It identifies the variables of the study.
- It explains the statistical tools used for analysis.
- It help readers judge the reliability and validity of the knowledge.

A clear methodology is important in a study like this because concepts such as attitude, confidence, saving habits, and budgeting behaviour are not directly visible. They must be measured through carefully designed questions. If the questions are unclear, biased, or poorly structured, the results may not reflect the real behaviour of students. Therefore, the methodology chapter carefully explains the design of the questionnaire and the process of analysis.

### *Nature of the study*

The study is empirical, descriptive, analytical and quantitative in nature.

It is empirical because it is based on data collected from actual respondents. The study does not rely only on theories. It collects primary data from college students through a structured questionnaire.

It is descriptive because it describes the financial literacy level and financial behaviour patterns of college students. For example, it describes how many students maintain a budget, how many save regularly, how many understand financial concepts, and how many feel confident in managing money.

It is analytical because it goes beyond description and examines the relationship between financial literacy and financial behaviour. The study attempts to analyse whether students with higher financial literacy also show better financial behaviour.

It is quantitative because the responses are converted into numerical form. Financial literacy scores, attitude scores, behaviour scores, percentages, averages, and correlations can be calculated. Quantitative research is appropriate because the study aims to measure levels and relationships.

The study is also cross-sectional. This means data is collected at one point in time from a group of respondents. The study does not track the same students over several years. It captures the current financial literacy and behaviour of college students at the time of data collection.

### *Research Design*

Research design is the overall blueprint of the study. It explain how the research problem will be investigated. A good research design ensures that the data collected is relevant and reliable.

The descriptive part of the design is used to understand the current level of financial literacy and financial behaviour among college students. It helps answer questions such as:

1. What is the level of financial literacy among students?
2. Do students understand basic financial concepts?
3. Do students maintain budget?
4. Do students save regularly?
5. Do students use credit responsibly?
6. What is the financial attitude of students?

The analytical part of the design is used to examine the relationship between financial literacy and financial behaviour. It helps answer question such as

- Is there a relationship between financial literacy and financial behavior?
- Do financially literate students show better budgeting habits?
- Does financial attitude affects saving behavior?
- Do demographic variables influence literacy and behaviour?
- Are there difference between students from different academic streams?

The study uses the survey method. Survey research is appropriate when information must be collected from a number of individuals regarding their knowledge, opinions, attitudes, and behaviour. the study deals with student perceptions and practices, a structured survey questionnaire is suitable.

### ***Scope of Study***

The study area is Delhi. Delhi is selected because it is one of the major educational centres of India. It has a large number of colleges, universities, professional institutes, and students from diverse backgrounds. Students in Delhi come from different regions, income groups, academic streams, and family backgrounds. This diversity makes Delhi a suitable location for studying financial literacy and financial behaviour.

Delhi is also an urban financial environment. Students in Delhi are exposed to digital payments, banking services, online shopping, food delivery platforms, internships, part-time opportunities, and financial products. This makes financial behaviour among Delhi students especially relevant.

The study focuses on students from different colleges in Delhi. These include students from Commerce, Arts, Science, Management, and other academic streams. Including students from multiple streams helps to understand whether financial literacy varies according to educational background.

Delhi is also suitable because many students live away from home or travel daily for college. Students who live away from home manage rent, food, transport, and daily expenses more independently. Students who live with family have different financial behaviour. Thus, Delhi provides a broad and varied student population.

### ***Sample of the Study***

The sample size was 100 Respondent. The population of a study refers to the entire group from which data can be collected. In the present research, the population consists of college students studying in Delhi.

The population includes students from different academic streams such as:

- Commerce
- Arts and Humanities
- Science
- Management
- Economics
- Other undergraduate or postgraduate programmes

The population may include both undergraduate and postgraduate students, depending on the scope of data collection. However, the main focus remains on college students who are in the age group where financial habits are developing.

The population is appropriate because college students are at a transitional stage. They may not be fully financially independent, but they make many daily financial decisions. They are also future earners, taxpayers, investors, borrowers, and household decision-makers. Studying their financial literacy and behaviour can provide useful insights for financial education policy.

### ***Data Sources***

Primary data refers to original data collected directly from respondent. In this study, both primary and secondary data use, but the main analysis is based on primary data.

Primary data is important because it provides current and specific information related to the research objectives. Since the study focuses on the financial literacy and behaviour of college students in Delhi, direct responses from students are necessary.

The questionnaire collects data on

- Demographic profile
- Financial Knowledge
- Financial attitude
- Financial behavior
- Saving behaviour
- Spending behaviour

➤ Budgeting behavior

Primary data is suitable because financial behaviour is personal and cannot be fully understood through secondary sources. Secondary data refers to information already collected and published by others. In this study, secondary data is used mainly for background understanding, literature review, and conceptual development.

Secondary data collected from

- Research papers
- Journal
- Books
- Reports
- Financial literacy surveys
- Previous dissertation

Secondary data helps to understand existing literature and identify the research gap. However, the main findings of the study are based on primary data.

The data collection instrument used in the study is a structured questionnaire. A questionnaire is a list of questions designed to collect information from respondents. It is suitable for this study because it allows standardised data collection from a large number of students.

financial literacy questions, financial attitude statements, and financial behaviour questions.

The questionnaire divided into the following sections

- Demographic profile
- Financial knowledge
- Financial attitude
- Financial behaviour

Each section is explained below.

### ***Structure of the Questionnaire***

#### ***Section A : Demographic Information***

This section collects background information about the respondents. It include :

- Age
- Gender
- College name
- Course or Programme
- Academic stream
- Level of study
- Monthly allowance or Income

Demographic information helps in analysing whether financial literacy and behaviour differ across groups.

#### ***Section B : Financial knowledge***

This section measures objective financial knowledge. It includes multiple choice or true/false questions on basic financial concepts.

Topic includes :

Budgeting  
Simple interest  
Compound interest  
Inflation  
Risk and return  
Diversification  
Savings  
Mutual funds  
Insurance  
Credit card

Each correct answer given 1 mark, and each incorrect answer given 0 marks. The total score represent financial knowledge score.

#### ***Section C : Financial Attitude***

This section measures students attitudes towards money management. It uses likert scale statements.

I believe budgeting is important for students.  
I prefer saving money over spending on wants.  
I feel confident managing my personal finances.  
I think financial planning is necessary even for students.  
I avoid borrowing unless absolutely necessary.  
I compare prices and alternative before buying expensive.

Respondent answer on a five point scale

Strongly disagree

Disagree

Neutral

Agree

Strongly agree

Higher scores indicate a more positive financial attitude.

#### ***Section D : Financial Behaviour***

This section measures actual money management practices.

Questions include:

Do you maintain a monthly budget?

How often do you track your expenses?

Do you save money each month?

If yes, approx. How much do you save?

Do you have separate saving account?

How often do you run out of money?

Do you have a credit card?

Have you ever invested in any financial product like FD, Mutual funds, stocks etc.

Do you read terms and conditions / interest rates before taking any loan/credit?

If you receive Rs. 10,000 unexpectedly, what would you do?

Before buying something expensive, you usually?

Responses recorded as yes/no, multiple choice etc.

#### ***Types of Question Used***

- Multiple choice questions  
These are used for financial knowledge. Respondents select one correct answer from given options.
- True/False questions  
These are also used for basic financial concepts.
- Likert scale questions  
These are used for attitude and confidence measurement.
- Yes/No questions  
These are used for simple behavioural practices such as whether the student maintains a budget or saves regularly.
- Frequency based questions  
These are used to measure how often students perform certain behaviours.  
For example: Always, Often, Sometimes, Rarely, Never.

#### ***Data Collection Procedure***

The data collection process should be systematic. The following steps followed.

1. The questionnaire is prepared after reviewing literature and identifying the objectives of the study. Questions are designed to cover demographic details, financial knowledge, attitude, and behaviour.
2. The draft questionnaire may be reviewed by the supervisor, teachers to check clarity and relevance. Wrong or lengthy questions were removed.
3. A small pilot test may be conducted with a few students before full data collection. This helps identify whether questions are understandable and whether the questionnaire takes reasonable time to complete.
4. After pilot testing, necessary changes are made. The final questionnaire is prepared in Google Forms
5. The questionnaire is distributed among college students in Delhi through online. Online distribution done through WhatsApp, Google Forms, or student groups.
6. Responses are collected from willing participants. Students are informed that participation is voluntary and their responses will be used only for academic purposes.
7. Responses are coded into numerical form. For example, gender, stream, and Likert-scale responses are assigned numerical codes.
8. Data analysis is done with the help of MS Excel.

#### ***Tools and Techniques of Data Analysis***

The collected data analysed using statistical tools. The choice of tools depends on the objectives and type of data.

##### ***Correlation Analysis***

Correlation analysis is used to examine the relationship between financial literacy and financial behaviour. If both variables are numerical scores, Pearson correlation may be used. If the data is ordinal, Spearman rank correlation may be used.

A positive correlation would indicate that higher financial literacy is associated with better financial behaviour.

Common critical value for correlation is **0.05**.

If  $|r| > r_{crit} \rightarrow$  Reject null hypothesis (significant correlation).

If  $|r| \leq r_{crit} \rightarrow$  Fail to reject null hypothesis (not significant).

#### **Chi Square Test**

Chi-square test used to examine association between categorical variables. For example: Gender and financial literacy category, Academic stream and budgeting habit, Family income category and saving behaviour.

#### **Anova**

ANOVA used when comparing more than two groups. For example: Financial literacy score across Commerce, Arts, Science, and Management students Financial behaviour score across different income groups.

#### **Regression Analysis**

Regression analysis used to examine the impact of financial literacy on financial behaviour. I use simple linear regression analysis

## **VI. DATA ANALYSIS AND EMPIRICAL RESULTS**

Data analysis and interpretation is the most important part of a research study. The earlier chapters established the background, reviewed existing literature, and explained the research methodology. This chapter presents the actual analysis of the survey responses collected for the study titled “A Study on the Impact of Financial Literacy on the Financial Behaviour of College Students.”

The purpose of this chapter is to examine the financial literacy level of college students, understand their financial attitudes, study their financial behaviour, and analyse whether financial literacy has relationship with financial behaviour.

#### **Relationship Between Financial Literacy and Financial Behaviour**

The main objective of this research is to examine whether financial literacy affects financial behaviour. To analyse this, financial literacy scores were compared with financial behaviour scores.

**The Correlation between financial literacy and financial behaviour is 0.716.** This indicates a strong positive relationship between financial literacy and financial behaviour.

**In simple words, students with higher financial literacy tend to show better financial behaviour as compare to student with lower financial literacy.**

A Chi square test was conducted to examine whether the association between financial literacy category and financial behaviour category is significant.

Chi square statistic is 66.78

Degree of Freedom is 4

p-value is less than 0.05

**The p value is less than 0.05, which means the association between financial literacy level and financial behaviour is statistically significant.** This confirms that financial literacy and financial behaviour are not independent of each other. Higher financial literacy is associated with better financial behaviour among the respondents.

Regression analysis was conducted to estimate the effect of financial literacy on financial behaviour.

**The regression coefficient is 0.716 and B value is 0.85** indicates a positive relationship between independent variable and dependent variable. This means according to regression analysis student who has high financial literacy are tend to high financial behaviour.

Anova test is also conducted in study, The F statistic (103.65) is very large which indicates that the regression model explains a significant portion of the variance in financial behaviour.

The **p-value (< 0.0001)** is far below the usual thresholds (0.05 or 0.01), meaning the relationship between **financial literacy and financial behaviour** is **statistically significant**.

In simple words, **students with higher financial literacy scores tend to show stronger financial behaviour** (budgeting, saving, planning, etc.)

The overall analysis shows that college students in the sample have good financial literacy, especially in terms of knowledge and attitude. Most students understand basic financial concepts and believe that budgeting, saving, and planning are important. However, actual behaviour is weaker than knowledge and attitude.

This means that the main issue is not only lack of awareness but also inconsistency in practice. Students know budgeting is important, but many do not budget regularly. Students save money, but many still run out of money before month-end. Students show interest in investment, but investment literacy and risk understanding may still need improvement.

The strong relationship between financial literacy and behaviour confirms that financial literacy matters. Students with higher literacy are more likely to show better behaviour. However, behaviour is also influenced by attitude, income, stream, and practical habits.

The findings support the need for practical financial literacy education in colleges. Such education should not be limited to theory. It should include budgeting exercises, saving plans, emergency fund planning, digital payment tracking, credit awareness, investment basics, and fraud prevention.

The survey covered demographic profile, financial knowledge, financial attitude, and financial behaviour. Financial knowledge was measured through objective questions on simple interest, compound interest, inflation, real savings value, insurance, loan principal, assets, and diversification. Financial attitude was measured through Likert-scale statements on budgeting, saving, confidence, financial planning, borrowing, price comparison, and willingness to learn finance. Financial behaviour was measured through practical questions on budgeting, expense tracking, monthly saving, emergency fund, month-end money shortage, credit card ownership, investment, reading loan terms, use of unexpected income, and expensive purchase behaviour.

**Major Findings of the Study**

- The sample is dominated by male and Commerce students.

The study found that 64 percent of respondents were male and 36 percent were female. Commerce students formed the largest academic group, representing 53 percent of the sample. Arts students represented 27 percent, Science students represented 18 percent, and other streams represented 2 percent.

This finding is important because the dominance of Commerce students may partly explain the relatively strong financial knowledge score. Commerce students usually have more exposure to accounting, economics, business studies, taxation, banking, and finance-related subjects. Therefore, their financial knowledge may be higher than that of students from non-commerce streams.

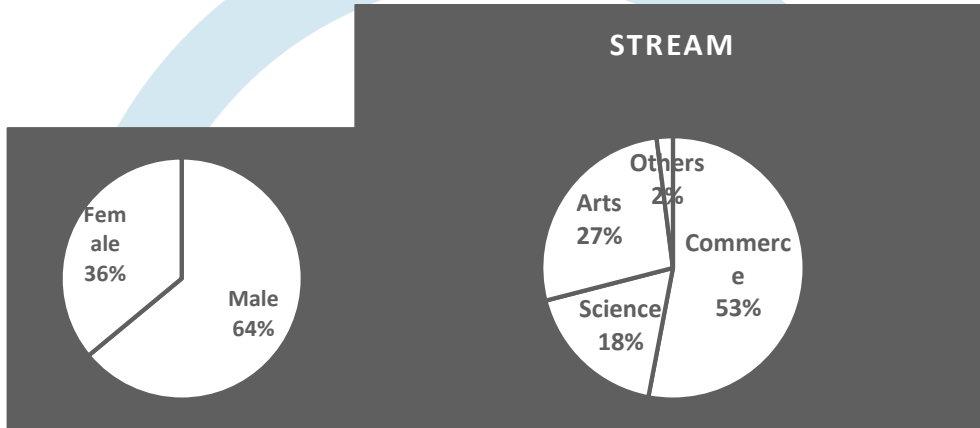


Figure 1 Composition of the sample

- Overall financial knowledge is reasonably good

A majority of students answered basic financial knowledge questions correctly. For example, 75 percent correctly answered the simple interest question, 70 percent correctly understood the effect of inflation on purchasing power, and 72 percent correctly identified the meaning of compound interest.

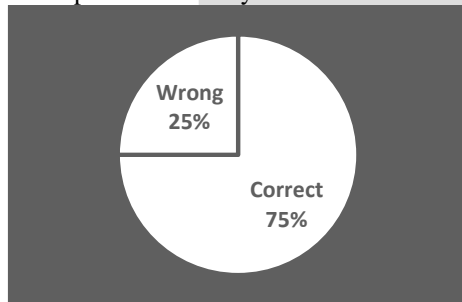


Figure 2 Question on simple interest

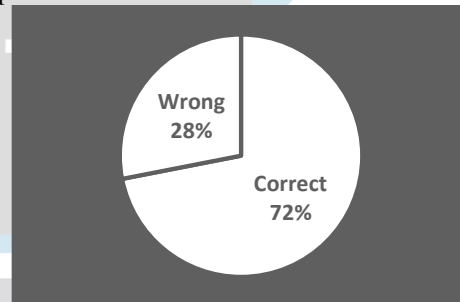


Figure 3 Meaning of compound interest

This finding suggests that many students possess basic financial awareness. They are familiar with common financial concepts such as interest, inflation, insurance, loan principal, and diversification. This is positive because financial knowledge is the foundation of responsible financial behaviour.

- Students are better at identifying concepts than applying them

The survey shows that students performed better on conceptual questions than on application based questions. For example, 72 percent correctly understood the meaning of compound interest, but only 63 percent correctly calculated the approximate amount after two years when ₹10,000 is invested at 10 percent compound interest. Similarly, 70 percent understood that inflation reduces purchasing power, but only 63 percent correctly understood that when bank interest is 6 percent and inflation is 7 percent, the real value of savings decreases.

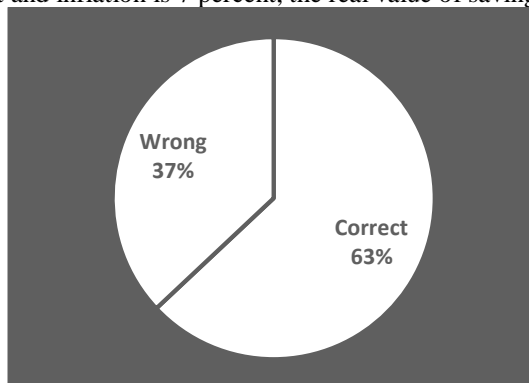


Figure 4 numerical on compound interest

➤ Financial attitude is strong among students

A strong 80 percent of respondents agreed or strongly agreed that budgeting is important for students. 76 percent agreed or strongly agreed that financial planning is necessary even for students. 70 percent agreed or strongly agreed that they are willing to learn about finance if resources are provided. These results show that students are interested in financial management.

➤ Budgeting is recognised but not consistently practised

The study found that 44 percent of students maintain a monthly budget regularly, 40 percent do so sometimes, and 16 percent never maintain a budget.

This means that less than half of the respondents budget regularly. At the same time, most students agree that budgeting is important. This shows that the problem is not lack of awareness but lack of regular practice.



Figure 5 Percentage of students practicing budget

➤ Saving behaviour is comparatively strong

The survey found that 75 percent of respondents save money each month. This is a positive finding. It shows that most students have some saving habit.

Among all respondents, 32 percent save above 20 percent, 23 percent save between 10 and 20 percent, and 20 percent save less than 10 percent. The remaining 25 percent do not save.

Saving behaviour is important because it builds discipline and prepares students for emergencies. Even if the amount saved is small, the habit is valuable. Students who save during college are more likely to save after entering employment.

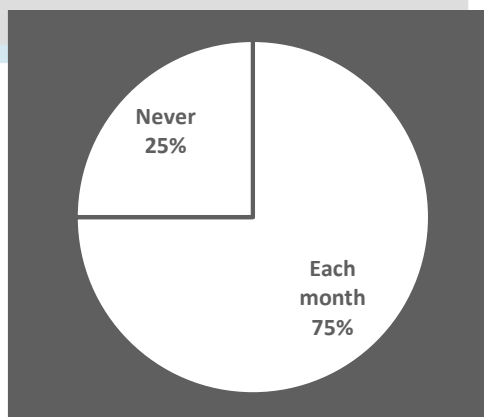


Figure 6 Saving behaviour of students

➤ Emergency fund behaviour is weak

Although 75 percent of students save monthly, only 51 percent have a separate savings account or emergency fund. This means that almost half of the respondents do not have a separate financial safety reserve.

This finding is important because ordinary saving and emergency saving are not the same. A student may save money but may use it for shopping, travel, or entertainment. An emergency fund is specifically meant for unexpected needs such as medical expenses, travel emergencies, exam fees, device repairs, or family needs.

The absence of emergency funds may make students dependent on parents, friends, or borrowing during unexpected situations. Therefore, emergency fund planning should be taught as a basic part of financial literacy.

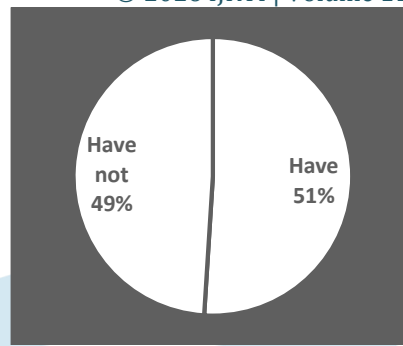


Figure 7 Student have separate saving account

### Objective wise Findings

1. To measure the financial literacy level of college students.

64 percent of respondents had high financial literacy, 20 percent had moderate financial literacy, and 16 percent had low financial literacy.

This objective is fulfilled. The result shows that the overall financial literacy level of the respondents is fairly high. However, the presence of 36 percent students in low or moderate categories indicates that there is still considerable scope for improvement.

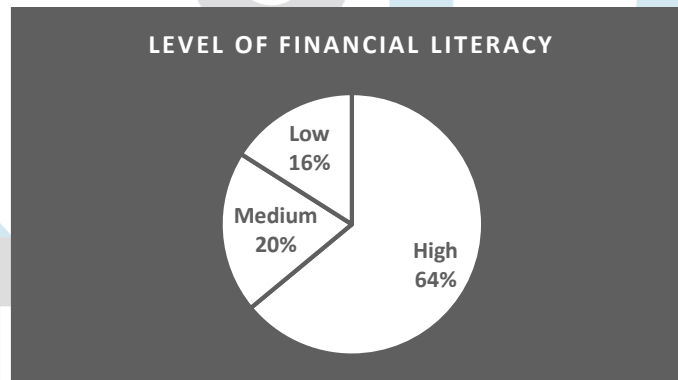


Figure 8 Financial literacy level of college students

2. To investigate the relationship between financial literacy and financial behaviour.

The study found a strong positive correlation of 0.716 between financial literacy and financial behaviour. The chi-square test also showed a statistically significant association between financial literacy category and financial behaviour category. Regression analysis showed that financial literacy explains about 65.1 percent of variation in financial behaviour.

This objective is strongly fulfilled. The findings clearly show that students with higher financial literacy tend to have better financial behaviour.

3. To examine the role of demographic and educational factors.

The study examined gender, stream, age, year of study, and family income.

male students scoring higher than female students in knowledge and literacy. However, the difference was not statistically significant.

Academic stream showed significant differences. Commerce and Science students scored much higher than Arts students. This suggests that academic exposure and financial subject matter.

4. To assess financial behaviour patterns among students.

The study examined budgeting, tracking expenses, saving, emergency fund, money shortage, credit card ownership, investment, reading credit terms, use of unexpected money, and purchase behaviour.

40 percent showed strong behaviour, 41 percent moderate behaviour, and 19 percent weak behaviour.

The behaviour analysis shows mixed results. Saving and investment behaviour are relatively strong, but budgeting, emergency fund, and month-end money management need improvement. This objective is fulfilled because the study provides a detailed picture of student financial behaviour.

5. To identify areas where students need financial education support.

The study identified several areas requiring improvement:

- Regular budgeting
- Practical compound interest calculation

- Understanding real return after inflation
- Emergency fund creation
- Month end cash flow management
- Careful reading of loan terms
- Investment risk awareness

## VII. CONCLUSION AND RECOMMENDATION

### *Conclusion*

The study concludes that financial literacy has a positive impact on the financial behaviour of college students. Students with higher financial literacy are more likely to show responsible financial behaviour, including saving, budgeting, investment awareness, and careful use of credit. The strong correlation between financial literacy and financial behaviour supports this conclusion.

The study also concludes that financial literacy among the respondents is fairly good overall. 64 percent of students were classified as having high financial literacy. However, this positive result should not hide the fact that 16 percent had low literacy and 20 percent had moderate literacy. Therefore, more than one-third of students still require improvement.

The most important conclusion is that financial behaviour is weaker than financial knowledge and attitude. Students understand many financial concepts and express positive attitudes, but they do not always act accordingly.

Budgeting is the clearest example of this gap. While 80 percent of students agreed that budgeting is important, only 44 percent maintain a monthly budget regularly. This shows that students need practical, not just theoretical awareness.

Saving behaviour is relatively strong, with 75 percent saving money each month. However, emergency fund behaviour is weaker, with only 51 percent having a separate savings account or emergency fund. This suggests that students may save, but they may not always save systematically or with clear financial goals.

The study also concludes that many students face cash-flow problems. 57 percent of respondents run out of money sometimes or every month before the month ends. This indicates that students need better monthly planning and expense control.

**In conclusion, the study confirms that financial literacy matters. It improves financial behaviour, but it must be practical, and behaviour-oriented. College students need not only information but also habits, tools, and confidence to manage money effectively.**

The study confirms that financial literacy plays a significant role in shaping the financial behaviour of college students. Students who has better financial knowledge and stronger financial attitudes are more likely to show good financial behaviour. The strong positive correlation between financial literacy and financial behaviour proves that financial literacy is not an academic concept; it has practical value in everyday student life.

At the same time, the study shows that financial literacy must be understood broadly. Knowledge alone is not enough. Students may understand financial concepts and still fail to budget regularly or manage money till the end of the month. Therefore, financial literacy programmes must focus on behaviour, discipline, and practical application.

The findings show that students are generally aware of the importance of budgeting, saving, and planning. However, their actual practices need improvement. Budgeting is not regular among a majority of students. Emergency fund behaviour is weak. Many students run out of money before the month ends. A significant minority does not always read credit terms. These findings show that students need practical financial guidance.

The study also shows that academic stream and family income influence financial literacy and behaviour. Commerce students and students from higher-income families generally perform better. This means that financial literacy opportunities are not equal for all students. Colleges and policymakers should therefore provide financial education across streams and especially support students from lower-income and non-commerce backgrounds.

The overall conclusion is that financial literacy should be treated as a life skill for every college student. It should not be restricted to Commerce or Management students. Students from Arts, Science, Humanities, and all other disciplines also need personal finance education. The ability to budget, save, borrow responsibly, use digital payments safely, invest wisely, and plan for the future is essential for every young adult.

Therefore, the present study recommends that colleges introduce practical financial literacy programmes, parents encourage guided financial independence, students develop disciplined money habits, and policymakers support youth-focused financial education. If students develop financial literacy during college years, they are more likely to become financially responsible adults. This will improve not only individual well-being but also family financial stability and broader economic development.

### *Suggestions*

1. Students should prepare a monthly budget

The study found that only 44 percent of students maintain a monthly budget regularly. This is low compared to the 80 percent who believe budgeting is important. Therefore, students should convert budgeting awareness into practice.

A simple student budget can divide monthly money into categories such as food, transport, mobile recharge, study materials, entertainment, savings, and emergency fund. Students do not need complicated accounting systems. Even a notebook, spreadsheet, or mobile notes app can be enough.

Budgeting helps students know where their money is going. It also prevents overspending at the beginning of the month. Students should prepare the budget as soon as they receive allowance or income.

2. Students should track expenses weekly.

The survey found that 21 percent rarely track expenses. Since digital payments are common, students may spend small amounts frequently without realising the total. Weekly tracking can help prevent this.

Students should review their UPI history, bank statements, wallet transactions, and cash spending every week. They should identify unnecessary expenses and adjust the next week's spending.

Weekly tracking is more practical than daily tracking for most students. It is frequent enough to control spending and simple enough to maintain.

3. Students should save before spending.

75 percent of students save monthly, many still run out of money before the month ends. This happens because students save only after spending. A better habit is to save first.

As soon as students receive money, they should set aside a fixed amount for savings. Even 10 percent is a good start. Students with higher allowance or income can save more. Saving first creates discipline.

4. Students should create an emergency fund.

Only 51 percent of respondents have a separate savings account or emergency fund. Students should create a small emergency fund for unexpected needs. This fund should not be used for shopping, outings, or entertainment.

An emergency fund can help with medical needs, travel emergencies, urgent academic expenses, device repair, or family needs. Even a small emergency fund is better than none.

Students can begin with a target such as ₹2,000, then increase it gradually. The habit is more important than the starting amount.

5. Students should avoid unnecessary borrowing.

The study found that 25 percent of respondents would use unexpected ₹10,000 to pay debt.

Students should borrow only for genuine needs, not for lifestyle spending. Borrowing from friends, family, credit cards, or apps should not become a habit. Before borrowing, students should ask:

- Is there expense necessary?
- Can it be delayed?
- Can it be managed within the budget?
- How will I repay it?
- What is cost of borrowing?

Avoid unnecessary borrowing protects students from stress and dependence.

6. Students should read all credit terms carefully.

Although 57 percent always read terms and conditions or interest rates before taking a loan or credit, 43 percent do not always do so. This is risky.

Students should read interest rates, repayment date, late fee, processing charge, penalty, and total repayment amount before accepting any credit. This applies to credit cards, education loans, app based loans, EMIs, and buy-now-pay-later services.

7. Students should learn investment basics before investing

The study found that 56 percent of respondents have invested in financial products. This is positive, but investment without knowledge can be risky.

Students should first learn basic investment concepts:

- Risk and return
- Diversification
- Liquidity
- Mutual funds
- SIPs
- Fixed deposits
- Stocks
- Importance of emergency fund before investing

Students should avoid investing based only on tips, trends, influencers, or peer pressure. They should start small and focus on learning.

8. Students should improve practical financial knowledge

The study found that students are better at definitions than application. Therefore, students should practise real-life calculations.

They should learn:

- How compound interest calculated
- How inflation affects savings
- How loan EMIs work
- How credit and interest works
- How insurance reduce risk
- How do financial products

This practical knowledge will help students make better decisions.

## 9. Students should treat financial literacy as a life skill

Students should not think financial literacy is only for Commerce students. Every student will handle money. Every student will need to save, spend, borrow, invest, insure, pay taxes, and plan future goals.

Therefore, financial literacy should be treated like communication skills or digital skills. It is useful for everyone.

### VIII. SCOPE OF FURTHER RESEARCH

The scope of the study defines the boundaries within which the research is conducted. This study focuses on the impact of financial literacy on the financial behaviour of college students. It is not general study of all age groups or all regions of India. It specifically examines college students, with a focus on Delhi.

The population of the study includes college students from different academic streams such as Commerce, Arts, Science, Management, and other disciplines. This is important because academic background may influence financial literacy. Students from finance-related fields may have more exposure to financial concepts, while others may rely more on family, media, or personal experience.

The study focuses on financial literacy as a multi-dimensional concept. It includes financial knowledge, financial attitude, and financial confidence. Financial knowledge includes understanding basic financial concepts. Financial attitude includes beliefs and mindset regarding money management. Financial confidence includes the student's perceived ability to manage finances.

The study also focuses on financial behaviour. This includes budgeting, saving, spending, borrowing, credit use, investment awareness, digital payment behaviour, and financial planning. The behavioural focus makes the study practical because it examines what students actually do with money.

The study does not attempt to measure long-term financial outcomes such as wealth accumulation, retirement planning, or lifetime debt. Since the respondents are college students, the focus is on current habits and early financial behaviour. The study also does not evaluate a specific financial education programme. Instead, it examines existing financial literacy and behaviour.

### IX. ACKNOWLEDGEMENT

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