

Financial Literacy Among Different Generations: A Study with Special Reference to Tirunelveli District

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Abstract

Financial literacy has emerged as a crucial life skill in the modern economic environment, influencing individuals' ability to make informed financial decisions. The study focuses on assessing key dimensions of financial literacy such as budgeting, saving, investment awareness, credit management, and risk perception. It also seeks to identify generational differences in financial behaviour and the factors influencing these differences, including education, income level, occupation, and access to financial information. Primary data is collected through a structured questionnaire from respondents across Tirunelveli District, while secondary data is gathered from relevant journals, reports, and publications. The findings of the study are expected to reveal significant variations in financial literacy levels across generations, with younger generations showing better awareness of digital financial tools, while older generations may exhibit more conservative financial practices. The study highlights the need for targeted financial education programs tailored to each generation to enhance overall financial well-being.

Keywords: *Financial literacy, economy, financial decisions, generational groups, Financial development*

Introduction

Financial literacy has become an essential life skill in the modern economic environment. It refers to the ability of individuals to understand financial concepts such as saving, budgeting, investment, credit management, and financial planning, and to use this

knowledge to make informed financial decisions. In a rapidly changing financial landscape characterized by digital banking, online investment platforms, and diverse financial products, financial literacy plays a crucial role in improving individual financial well-being and overall economic stability.

Different generations often exhibit varying levels of financial knowledge, attitudes, and financial behaviour due to differences in educational exposure, technological familiarity, economic experiences, and socio-cultural influences. For instance, older generations may rely more on traditional saving instruments such as bank deposits, gold, and land, whereas younger generations are increasingly exposed to modern financial tools like digital payments, mutual funds, and online trading platforms. These differences highlight the importance of examining financial literacy across generations to understand how financial knowledge and practices evolve over time.

In India, promoting financial literacy has become a major priority for policymakers and financial institutions to ensure inclusive economic development. Despite various initiatives by the government, banks, and regulatory authorities to improve financial awareness, a significant portion of the population still lacks adequate knowledge about financial management and investment options. This gap in financial literacy can lead to poor financial decisions, low savings, excessive borrowing, and vulnerability to financial fraud. The findings of the study are expected to contribute to the development of effective financial education strategies that can enhance financial decision-making and promote financial stability among the population.

Review of Literature

Antony & Joseph (2021) in their study opined that financial literacy is essential for achieving financial inclusion because it allows people to have more access to financial services and make informed decisions about how to use their money. Education with a focus on financial management can surely lead to a higher degree of competency, allowing each individual to respond to the everchanging economic landscape of their neighbourhood and the country as a whole. The level of financial inclusion can be increased by developing an effective delivery mechanism that is complemented by appropriate financial products and financial counselling.

Thavva (2021) in her study stated that (64 percent) have a reasonable level of financial literacy. This is an encouraging indicator. Basic literacy concepts such as simple interest, inflation, credit cards, and savings interest rate are well understood by 80 %. Only 56% of those polled understand advanced literacy topics including long-term returns, stock market movements, risk/return on stocks/bonds, and diversification. Financial literacy has also been shown to improve people's skills and capacities to make better decisions and, as a result, to lead to more favourable financial behaviour.

Mändmaa (2019) in her study viewed that financial literacy has evolved into a crucial life and work skill. Gender, nationality, age, and academic subject all have an impact on students' financial literacy. However, the level of education that students pursue, their work experience, and their parents' level of education have little bearing on their financial literacy. The study's primary findings were that financial literacy among Estonian students was low and that students' interest in long-term planning was low. Only 3.4 percent of respondents manage their financial affairs several years ahead of time, while 55.9% have considered pension savings.

Statement of the Problem

In the present economic environment, individuals are required to make several financial decisions related to saving, investment, borrowing, insurance, and retirement planning. The availability of a wide range of financial products and services, along with the rapid growth of digital financial platforms, has made financial decision-making more complex. In such a situation, financial literacy becomes essential for individuals to manage their personal finances effectively and to avoid financial risks.

However, despite the increasing importance of financial knowledge, many individuals still lack adequate understanding of basic financial concepts such as interest rates, inflation, investment diversification, and risk management. This lack of financial literacy often leads to poor financial planning, excessive debt, low savings, and vulnerability to financial fraud. The level of financial literacy also differs among people belonging to different generations due to variations in education, technological exposure, financial experience, and socio-economic conditions.

These generational differences can influence financial behaviour, saving habits, and investment decisions. Understanding these differences is important for designing appropriate financial education programs and policies. Therefore, the present study attempts to examine the level of financial literacy among different generations in Tirunelveli District and to identify the gaps in financial knowledge and financial behaviour among them.

Objectives of the Study

- To study the socio-demographic profile of the respondents in the study area.
- To assess the level of financial literacy among different generational groups in the study area.
- To identify the factors influencing financial literacy and decision-making in the study area.

Scope of the Study

This study explores the awareness and effectiveness of financial literacy across generational perspectives, focusing on its impact on financial decision-making. It seeks to analyze the differences in financial behaviour, knowledge, and practices among various generations.

Research Methodology

This is an empirical study based on both primary and secondary data. The Primary data was collected through a survey on Individual's financial literacy and awareness and their plans in this study area. This methodology and tools adopted in collection and analysing data are explained in detail.

The primary data has been collected from 100 sample respondents through Convenience sampling method with the help of the questionnaire which was distributed among the respondents. The secondary data has been collected from standard reference books, journals, articles and various websites.

Data Analysis and Interpretation

The following section presents the analysis of data and its interpretation,

Table 1 Socio-demographic Profile of the Respondents

Socio-demographic Profile	Categories	No of Respondents	Percentage
Gender	Male	28	28
	Female	72	72
Age	Below 20	46	46
	20-30	45	45
	31-40	6	6
	41-50	2	2
	Above 50	1	1
Area of residence	Urban	38	38
	Semi-urban	36	36
	Rural	26	26
Marital status	Married	14	14
	Unmarried	86	86

Source: Primary data

The table 1 shows that 28% of the respondents are male and remaining 72% of the respondents are female. The table further shows that 46% of the respondents are less than 20 years of age, 45% of the respondents are 21 – 30 years of age, 6% of the respondents are 31 – 40 years of age, 2% of the respondents are 41-50 years of age and 1% of the respondents are above 50 years of age. Thus, the majority of the respondents are Below 20 years. It is found from the table that 26% of the respondents resides in rural area, 38% of the respondents resides in urban area, 36% of the respondents resides in semi urban area. Hence, the majority of the respondents are residing in Urban area. The table also shows that 86% of the respondents are Unmarried and the remaining 14% of the respondents are Married.

Table 2 Level of Financial Literacy

Particulars	No of Respondents	Percentage
Budgeting skills	53	53
Savings habit	23	23
Investment knowledge	20	20
Tax awareness	04	04

Source: Primary data

The majority of respondents associated budgeting skills (52%) and saving habits (23%) with financial literacy, followed by investment knowledge (20%). Tax awareness (04%) was the least selected, indicating that taxation may not be commonly recognized as a core part of financial literacy, despite its practical importance

Table 3 Factors Influencing Financial Decisions

S. No	Factors Influencing	Garret Mean Score	Rank
1	Family/parental advices	65.62	I
2	Internet/social media	55.45	III
3	Educational background	56.38	II
4	Income level	52.30	IV
5	Peer influence	41.91	VI
6	Past experience	43.14	V
7	Advertisements	32.26	VII

Source: Primary data

The Garrett Ranking analysis of factors influencing financial decisions reveals that family or parental advice holds the highest influence among respondents, with a mean score of 65.62, securing the first rank. It is followed by educational background (56.38) and internet/social media (55.45), highlighting the growing role of both formal education and online platforms in financial awareness. Income level ranked fourth with a score of 52.30, indicating moderate influence. Past experience (43.14) and peer influence (41.91) were comparatively less impactful, while advertisements, with the lowest score of 32.26, had minimal effect on financial decision-making. Overall, the data suggests that personal, educational, and family-driven factors play a more crucial role than external or promotional sources.

Suggestions of the Study

- Financial literacy initiatives should be tailored to different generational groups. Younger generations can be trained in long-term financial planning and investment strategies, while older generations can be educated on digital financial tools and online safety.

- Educational institutions should integrate financial literacy into school and college curricula to equip students with essential money management skills from an early stage.
- Government agencies, banks, and financial institutions should organize regular awareness programs, seminars, and workshops in both urban and rural areas of Tirunelveli District.
- Special focus should be given to improving digital financial skills, particularly among older generations, to help them confidently use online banking, UPI, and other fintech services.
- Financial education materials should be provided in Tamil and presented in a simple, understandable manner to ensure wider reach and effectiveness.

Conclusion

The study on “Financial Literacy among Different Generations with Special Reference to Tirunelveli District” reveals that financial literacy levels vary significantly across generational groups, influenced by factors such as age, education, income, and exposure to financial information. While younger generations, particularly Generation Z and Millennials, demonstrate greater familiarity with digital financial services and modern investment options, they often lack depth in long-term financial planning and risk management. In contrast, older generations such as Generation X and Baby Boomers exhibit more cautious and experience-based financial behaviour, though they may have limited awareness of emerging financial technologies.

The findings emphasize that financial literacy is not uniform and requires a generation-specific approach. The gap between knowledge and actual financial behaviour is evident across all groups, indicating the need for practical and application-oriented financial education. Moreover, socio-economic factors and accessibility to financial resources play a vital role in shaping financial literacy levels in Tirunelveli District.

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