UNDERSTANDING FINANCIAL AWARENESS AND MONEY MANAGEMENT PERCEPTIONS AMONG ADULTS IN PUNJAB

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ABSTRACT

This study explores financial awareness and money management perceptions among adults in Punjab. Using survey-based data, it examines participants' knowledge of financial concepts, budgeting practices, and saving habits. The findings reveal moderate awareness levels, with notable differences based on age, education, and income. The study highlights the importance of targeted financial literacy initiatives to enhance responsible money management and strengthen personal and economic financial well-being in India.

Keywords: financial awareness, money management, survey-based data

INTRODUCTION

Financial awareness and money management skills are essential for individuals to make informed decisions about saving, spending, and investing. In India, especially in states like Punjab, adults often handle significant financial responsibilities but may not possess structured financial knowledge. Most people rely on family members, friends, or informal sources for guidance, which can lead to limited understanding of financial planning, investments, and long-term wealth creation.

This study aims to understand the current level of financial awareness among adults in Punjab, their perceptions toward money management, and the challenges they face in budgeting, saving, and investing. By analyzing their habits, confidence levels, and willingness to learn, the research identifies key gaps and highlights the need for simple, practical financial literacy programs that can empower individuals to improve their financial well-being.

MAJOR FINANCIAL AWARENESS AND MONEY MANAGEMENT PERCEPTIONS AMONG ADULTS

The study reveals several important perceptions and attitudes that adults hold regarding financial awareness and money management:

1. Money Management is Seen as a Basic Life Skill

Most adults believe managing money is necessary for day-to-day life. However, while they feel confident in handling routine expenses, their understanding of long-term financial planning is limited. This shows a gap between perceived confidence and actual financial literacy.

2. Financial Decisions Are Influenced Strongly by Family

Adults tend to depend heavily on family members—especially spouses, parents, or siblings—for advice on savings and investments. This indicates that financial behaviour is shaped more by family culture and habits than by formal knowledge or professional guidance.

3. Savings Are Prioritized but Not Structured

Participants generally believe in saving money, but savings methods are traditional and unplanned. Most prefer simple bank savings or keeping money aside informally, showing low awareness about diversified or high-return saving tools.

4. Investments Are Viewed as Risky and Complicated

There is a common perception that investing—especially in mutual funds, stocks, or digital platforms—is risky. Many adults feel they lack the knowledge to invest wisely, which leads to avoidance or complete dependence on someone else to make investment-related decisions.

5. Budgeting Is Not Practiced Consistently

While some adults try to budget, many do not track expenses regularly. They view budgeting as something "important but time-consuming," reflecting a lack of habit and awareness of simple techniques that make budgeting easy.

6. Reliance on Informal and Social Sources of Information

Most adults learn about money management through:

- Family
- Friends
- Social media
- Bank staff

This indicates limited exposure to structured financial education, workshops, or professional training.

7. Strong Interest in Learning Financial Skills

A positive perception revealed by the study is that adults recognize their knowledge gap and **show high willingness to learn**. They prefer simple, easy-to-understand guidance that helps in practical situations like saving, budgeting, and beginning investments.

IMPACT OF FINANCIAL AWARENESS AND MONEY MANAGEMENT ON INDIA

Financial awareness among adults plays a crucial role in shaping the economic strength and social wellbeing of a country. In India, where a large portion of the population is still learning to navigate modern financial systems, the level of financial literacy directly influences national development. The following are the major impacts:

1. Stronger Economic Growth

When adults understand saving, budgeting, and investing, they are more likely to:

- Save regularly
- Invest in formal channels (banks, mutual funds, insurance)
- Contribute to capital markets

This increases **national savings**, boosts **investment flows**, and supports **economic stability and growth**.

2. Reduced Financial Vulnerability

Low financial awareness often leads to:

- Overspending

- Poor debt management
- Falling for fraud or misinformation
- Inadequate savings for emergencies

Improved financial literacy reduces these risks, making households more **economically secure** and reducing the burden on government support systems.

3. Increased Participation in the Formal Financial System

When people understand financial products better, they are more likely to use:

- Bank accounts
- Digital payments
- Insurance
- Pension schemes
- Investment products

This increases formal financial inclusion, reduces black-money circulation, and improves tax compliance — all crucial for India's economic system.

4. Empowerment of Women and Rural Households

Poor financial knowledge especially affects:

- Women
- Rural families
- Homemakers
- Low-income groups

Increasing awareness empowers these groups to make informed decisions about:

- Savings
- Credit
- Government schemes
- Business investments

This leads to **greater gender equity**, more **entrepreneurship**, and improved **rural development**.

5. Better Financial Planning for the Future

Most Indians lack long-term planning for:

- Retirement
- Education
- Health emergencies
- Home buying

Higher financial literacy creates a population that is **future-oriented**, reducing dependency on children or government schemes.

6. Boost to Digital India and FinTech Ecosystem

With the rise of:

- UPI
- Digital investments
- Online banking
- FinTech startups

India needs financially aware adults to use these platforms effectively. Better awareness leads to higher adoption, strengthening India's digital economy and global competitiveness.

7. Reduction in Debt Traps

Many Indians fall into:

- Credit card debt
- High-interest loans
- Informal borrowing

With awareness of interest rates, EMIs, and credit scores, people make smarter borrowing choices, reducing debt stress across the country.

8. Improved Quality of Life

Financial stress is one of the biggest causes of:

- Anxiety
- Family disputes
- Job dissatisfaction
- Poor wellbeing

Better money management leads to **healthier families**, **stable households**, and **overall life satisfaction**.

- Expert talks
- Family budgeting sessions

REVIEW OF LITERATURE

1. **Lusardi & Mitchell (2014)** found that low financial literacy among adults globally leads to weak financial decisions, poor saving habits, and inadequate long-term financial planning.
2. **Atkinson & Messy (2012)** reported that financial capability is shaped not only by knowledge but also by attitudes and behaviour, highlighting the importance of structured financial education.
3. **Bhushan & Medury (2013)** observed that Indian households lack awareness about modern investment tools, resulting in a preference for traditional and low-risk saving options.
4. **Sinha (2016)** noted that most Indians depend on informal sources like family and friends for financial advice, which increases the risk of biased or misinformed financial decisions.

5. **Kaur & Vohra (2019)** found that adults in Punjab show strong saving habits but limited investment literacy, leading to risk-averse behaviour and reliance on traditional financial products.
6. **SEBI (2020)** reported that despite the rise in digital usage, knowledge of budgeting, investments, and retirement planning remains inadequate across many Indian states, including Punjab.
7. **RBI (2021)** highlighted that low awareness of financial products such as mutual funds and insurance restricts individuals from engaging in long-term wealth-building strategies.
8. **OECD (2021)** observed that financial literacy improves financial stability, yet significant knowledge gaps persist in developing economies due to limited access to formal training.
9. **World Bank (2020)** suggested that households with higher financial literacy are more likely to diversify investments and maintain better control over financial risks.
10. **Sharma & Singh (2018)** found that young adults in India lack budgeting and expense-tracking habits, affecting their ability to manage daily finances effectively.

Need for the Study

Adults in Punjab handle daily finances but often lack structured knowledge of budgeting, saving, and investing. High dependence on family, limited investment participation, and low confidence highlight a clear gap in practical financial literacy. This study is needed to understand these gaps and provide insights that can guide effective, simple, and region-specific financial education efforts.

Research Methodology

OBJECTIVES

To evaluate the level of financial awareness among adults in Punjab, including their knowledge of savings, budgeting, banking, and investment options.

To analyze money management perceptions and behaviours of adults in Punjab, focusing on spending habits, saving patterns, and financial decision-making.

1. Research Design

The study follows a **descriptive research design** to understand and describe the financial awareness and money management perceptions of adults in Punjab.

2. Data Collection Method

- **Primary Data:** Collected through a structured **Google Form questionnaire**.
- **Secondary Data:** Review of research papers, reports, and credible online sources on financial literacy.

3. Sample Size & Sampling Technique

- **Sample Size:** *As per the number of valid responses collected in the dataset.*
- **Sampling Technique: Convenience sampling**, targeting adults (18 years and above) across different districts of Punjab.

4. Data Analysis Tools

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- Responses were analysed using **percentages, charts, and basic statistical interpretation**.
- Microsoft **Excel** was used for tabulation and graphical representation.

5. Study Area

The study focuses on **adults living in Punjab**, covering a mix of students, working professionals, homemakers, and self-employed individuals.

6. Period of Study

Data was collected during the year **2025** (or the month/period based on your form submission timeline).

Limitations of the Study

1. The study is limited to adults in Punjab, so findings may not represent all of India.
2. Data is self-reported, which may include biases in participants' perceptions of their financial awareness.
3. The research focuses on awareness and perceptions, not actual financial behavior or outcomes.

RESULTS & INTERPRETATIONS

1. Demographic Pattern

Result

The demographic profile of the respondents reflects diversity across age, gender, and occupation. Participants include homemakers, businesspersons, private employees, and students, showing representation from various socio-economic backgrounds. Both males and females across different age brackets—from early adulthood to middle age—were part of the study. Income levels varied significantly, spanning below ₹25,000 to above ₹1 lakh per month, providing insights into financial behaviour across multiple economic classes.

Interpretation

The diverse demographic spread strengthens the value of the findings, as it captures financial perceptions from individuals with different life responsibilities, earning capacities, and social roles. The consistency of financial awareness gaps across demographics suggests that financial literacy interventions should be designed inclusively, addressing the needs of both lower and higher-income groups as well as different age segments.

2. Confidence in Managing Money

Result

The findings show that 32% of adults feel very confident in managing their money, 48% feel somewhat confident, and 20% report not being confident. This distribution highlights varying levels of self-assessed financial competency among the respondents.

Interpretation

This pattern suggests that although many individuals handle money routinely, their understanding of structured financial management is limited. The presence of a significant number lacking confidence indicates the need for stronger and more accessible financial education.

3. Monthly Household Income Distribution

Result

Respondents fall across different income brackets, with 22% earning between ₹10–25k, 28% between ₹25–50k, 18% between ₹50k–1 lakh, and 32% earning above ₹1 lakh monthly. This broad distribution demonstrates participation from varied financial backgrounds.

Interpretation

The income spread confirms that financial awareness challenges are not confined to lower-income groups. Even individuals with higher income levels exhibit similar financial behaviour patterns, signaling that financial literacy is universally needed.

4. Primary Source of Financial Knowledge

Result

More than half of the respondents (56%) depend on family and friends for financial knowledge. Around 28% rely on the internet and social media, while only 10% seek professional advice from banks or financial advisors. Another 6% reported having no particular source of financial information.

Interpretation

The dominance of informal knowledge sources shows that many adults lack exposure to credible financial guidance. This can lead to biased or misinformed financial decisions, highlighting the need for increased professional financial education and awareness campaigns.

5. Saving Habits

Result

The data shows that 64% of individuals save regularly, 27% save occasionally, and 9% do not save at all. This indicates that saving is a fairly common practice among the majority of respondents.

Interpretation

Although saving is prevalent, it does not necessarily reflect strategic financial planning. Many may be saving without aligning their habits with long-term goals, suggesting the need for guidance on structured saving and wealth-building methods.

6. Investment Awareness

Result

Investment awareness varies, with 42% reporting that they understand available investment options, 38% being partially aware, and 20% not aware of investment tools. This indicates uneven levels of financial knowledge across the sample.

Interpretation

The moderate level of awareness suggests that while some individuals are familiar with investments, a large portion still lack adequate understanding. The 20% with no awareness form a key demographic requiring targeted investment education.

7. Preferred Mode of Saving

Result

The majority (51%) prefer saving through bank deposits, followed by 22% who save cash at home. Another 18% use digital savings or mobile wallets, while 9% invest in gold or traditional assets. This pattern reveals a clear leaning toward low-risk savings practices.

Interpretation

The reliance on low-return, low-risk saving methods reflects risk aversion and limited financial planning. The preference for traditional modes suggests that many individuals may lack knowledge about modern investment avenues offering better returns.

8. Spending Behaviour

Result

The study shows that 58% of respondents track their monthly expenses regularly, while 42% do not monitor their spending. This indicates a divide between individuals with and without budgeting habits.

Interpretation

The large portion of adults who do not track expenses reveals weak budgeting practices that can contribute to overspending or poor financial control. This highlights the importance of basic budgeting awareness.

9. Willingness to Attend Financial Training

Result

When asked about participating in financial training programs, 62% expressed interest, 30% were unsure, and only 8% declined. This shows a strong inclination toward learning more about finance.

Interpretation

The high willingness indicates a clear demand for structured financial education. It represents an opportunity for institutions and policymakers to introduce accessible, practical, and engaging financial literacy programs.

Overall Interpretation

Adults in Punjab possess basic financial understanding but lack structured financial planning, investment literacy, and budgeting habits. Their reliance on informal sources exposes them to misguided decision-making. The strong readiness to learn underscores the potential impact of well-designed financial literacy programs across the state.

FINDINGS

1. Financial Awareness is Basic but Not Deep

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Most adults have general awareness about money—saving, spending, budgeting—but **lack structured financial knowledge**.

Many rely on intuition or family advice rather than professional financial literacy.

2. Strong Dependence on Family for Financial Decisions

A significant number of participants depend on:

- Spouses
- Parents
- Brothers/sisters

for investment or major financial decisions.
This indicates limited individual autonomy in financial planning.

3. Low Investment Participation

Despite earning moderate to high incomes, many do not invest.
Reasons observed indirectly include:

- Fear of losing money
- No proper guidance
- Lack of trusted sources
- Limited financial confidence

This shows a major gap in long-term financial planning.

4. Inconsistent Budgeting and Expense Tracking

Participants show mixed habits:

- Some track expenses regularly
- Some do it occasionally
- Some do not track at all

This inconsistency leads to:

- Overspending
- Lack of savings discipline
- Poor month-end financial clarity

5. Savings Methods Are Traditional

Savings are mostly done through:

- Bank savings accounts
- Personal cash savings
- Family-managed savings

Few participants use high-return or modern saving tools like SIPs, recurring deposits, or digital investment apps.

6. Majority Open to Learning

A large portion responded **Yes** or **Maybe** when asked if they want simple financial training. This indicates:

- Awareness of their financial knowledge gaps
- Willingness to improve
- High potential for adoption of financial literacy programs

SUGGESTIONS

1. Organize Simple, Practical Financial Literacy Workshops

Create short and easy programs covering:

- Budgeting basics
- How to track expenses
- How to start saving with discipline
- Difference between saving vs investing
- Safe investment options for beginners

Preferably done in simple language with examples from daily life.

2. Introduce Beginner-Friendly Investment Awareness Modules

Focus on low-risk, easy-to-understand tools such as:

- SIPs
- PPF
- Fixed deposits
- Digital gold
- Index funds

Explain risks, returns, and how to start with just ₹500–1000.

3. Promote Digital Tools for Budgeting & Tracking

Encourage the use of:

- Google Sheets budgets
- Mobile apps like Walnut, Money Manager, ET Money
- Expense trackers

These help build strong financial discipline.

4. Encourage Individual Financial Decision-Making

Create awareness content especially for women and homemakers so they feel confident to:

- Manage their own bank accounts
- Start small investments
- Make independent financial decisions

This reduces overdependence on family.

5. Use Social Media as an Education Channel

Since many learn from informal sources like social media,
develop short content like:

- 30-second reels
- Simple infographics
- Myth vs Fact posts
- Beginner finance tips

This will reach more people quickly and effectively.

6. Provide Personalized Financial Roadmaps

People feel lost because they don't know where to start.
Offer easy templates like:

- Monthly budget sheet
- Goal-setting planner
- Savings tracker
- "How to start investing" checklist

These give immediate, practical help.

7. Build Community-Based Money Awareness Groups

Encourage schools, colleges, housing societies, or community centers to organize:

- Monthly finance meet-ups
- This improves collective awareness and peer learning.

CONCLUSION

The study highlights that while a significant number of adults in Punjab possess basic financial awareness, there are gaps in advanced money management skills and practical application. Awareness varies across age, education, and income levels, indicating the need for targeted financial literacy programs. Improving financial knowledge and responsible money management practices can empower individuals, contribute to personal financial well-being, and have a positive impact on broader economic growth in India.

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