



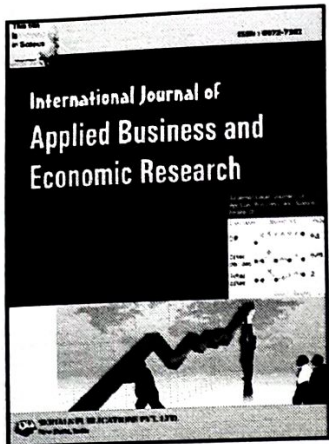
## A TWO DAY NATIONAL CONFERENCE

### *Certificate*

This is to certify that Dr / Mr / Ms *K. Sailatha*.....  
of *Amrita University, Mysuru*..... has  
presented / co - <sup>✓</sup> authored a paper titled *Awareness of Financial*  
*Literacy Among IT Professionals: A Study with*.....in  
*Special Reference to Bengaluru City.*  
the Two Day National Conference on Structural, Institutional and Financial  
Sector Changes (both Global and Indian) in the New Millennium and the  
Road Ahead held on 7<sup>th</sup> and 8<sup>th</sup> April 2017, organized by Department of  
Management & Commerce, Amrita University, Mysuru.

*K. Sailatha*  
Secretary  
Organising Committee

*Vidya*  
Chairperson  
Organising Committee



## Awareness of Financial Literacy among IT Professionals: A Study with Special Reference to Bengaluru City

Kasamsetty Sailatha<sup>1</sup> and Meghana P. S.<sup>2</sup>

<sup>1</sup> Department of Management and Commerce, Amrita University, Mysuru, India, E-mail: [sailatha\\_vishnu20@yahoo.co.in](mailto:sailatha_vishnu20@yahoo.co.in)

<sup>2</sup> Government First Grade College, Koppa, Maddur, E-mail: [Meghanapsgowda@gmail.com](mailto:Meghanapsgowda@gmail.com)

**Abstract:** Financial literacy among individual has been increasing as it increases the potential to manage the income and wealth of an individual. When an individual gains the capacity of managing one owns income which will lead to increase in wealth creation in turn helps in living with high standard of living. Financial literacy is also known as financial education, financial knowledge and economic education. The general understanding is that the IT professionals' income will be more when compare to the other sector employees. The main aim of this study is to know whether IT professionals possess the financial knowledge so that they can manage and maximize their income for wealth maximization.

**Key words:** Financial literacy, Awareness, IT Professionals, Savings and income, Investment decision, Investment and Risk and Return.

### INTRODUCTION

Finance plays a crucial role in the life of a person, irrespective of age, gender, education, income, caste and religion. Money is essential for personal well-being and also well-being of the family and society as a whole. Hence, knowledge and skills of money management is considered to be an important life skill in the current society which is known as financial literacy. Financial literacy is the possession of knowledge and understanding of financial matters. In short, financial literacy means knowledge and skills of management of personal finance. In broad sense, (PACEL-USA 2008) it refers to the ability to use knowledge and skills to manage financial resources successfully for a lifetime of financial wellbeing. And financial education is the process by which people improve their understanding of financial products, services and concepts, so that they are empowered to make informed choices, avoid drawback, know where to go for help and take other actions to improve their present and long term financial wellbeing. (Sanjib Das 2016).

Financial literacy is the major challenge faced by all countries internationally. Financial literacy is the mix of one's associate, skill and attitude towards financial matters. It helps to make informed decisions and well-being of an individual. In today's world which has a market with difficult products, the need for financial literacy becomes expectable. Country like India which has high young population, the government is in a position to increase the level of financial literacy. The government and other private institutions have taken ranking through financial education sequencers.

The main objective of financial literacy is, "spreading Financial Literacy amongst the poor, especially, women by building their financial awareness, knowledge and skill to empower them to manage their finances and thereby making them financially self-sufficient and provide them better and protected future".

The introduction of financial literacy will help people, specially, women to manage these transactions to their advantage. Hence, the concept of financial literacy for the poor was very vital. Poor people in developing countries, like people of all strata over the world, purpose for economic as well as social security for themselves as well as their families. However, they have fewer resources and opportunities and most of them live in high-risk and changeable environment. In this context, managing small amounts which they have becomes vital

## LITERATURE REVIEW

Sanjib Das (2016), Conducted a study to know about the research has been done in the area of financial literacy measurement and its determinants. His study also focused on finding research gap in existing Research of financial literacy. It has been found that most of the studies have been carried out having targeted the respondent, who comprises into Students, Teachers, and Working women, Young and Adult people & so on. Further few studies have been focused to understand overall financial literacy Rate, behavior and attitudes. Among the targeted Respondents. The study also reveals that the financial literacy among old age women in USA & other country is high. Olivia S. Mitchell and Annamaria Lusardi (2015), the study found that low level of financial literacy among younger respondents age between 23 to 28 years. Mark Brimble and Levon Blue (2015), the study was conducted to know how financial literacy helps on improvement in economic and social benefits. This study argues that having financial literacy doesn't help everyone to focus wealth accumulations that are socially justifiable. The study also argues that moving towards a more holistic sustainable approach to financial literacy education is timely and put forward an alternative approach to the often narrow and information provision approach that focus on technical issues such as budgeting. Tania Morris, Vivi Koffi (2015), this study found that the gender is negatively related to financial literacy score that means young women possess lower financial literacy than their male counterparts. Priyanka Agarwal *et al.*, (2015), this study aims to analyze the investment decision of saving among respondents, it also study the knowledge about the investment avenue and analyze the investment pattern of both the teaching and non-teaching female staff in education sector. Hence they concluded that the women should be more knowledgeable about the investment avenue since they are generally depends on their spouses or other family members. And they also suggested that Awareness Programme should be conducted for women by the Government to increase their Financial Literacy, and Financial Literacy Programmes should start at school level, as student and parents to be educated as early as possible and so on. Zahra Bahonar and Mohammad Mirmohammadi Sadrabadi (2014), the study was conducted to know the relationship between teachers' financial literacy and prosperity. The measurement of teachers' financial

prosperity showed more than 60 % of teachers are well off financially. They also discussed the age, education, gender, working degree variables are linked to teachers' financial well-being but the marital status variable is directly related to teachers' financial well-being. Thomas Githui and Philip Ngare (2014), Conducted a study to know about the research has been done in the area of Financial Literacy and Retirement Planning in the Informal Sector in Kenya. This study found that financial literacy remains low in Kenya. Financial literacy was found to have a positive impact on retirement planning. Annamaria Lusardi and Olivia S. Mitchell (2014), this study is mainly focused on the assessment of a rapidly growing body of economic research on financial literacy and they also discussed on the impact of financial literacy on economic decision making in the United States and elsewhere. Noor Azizah Shaari *et al.*, (2013), this study revealed that five factors including age, spending habit, gender, faculty and year of study are significantly affect the financial literacy level and also there was a positive relationship between the age and the college students' financial literacy. Deerajen Ramasawmy *et al.*, (2013), found that management students agreed that financial literacy is more important as a concern to their subject of study and they also found that the students believe that both low level of personal literacy and lack of personal interest do not affect level of financial literacy. Laura Elizabeth Pinto (2013), analyzed how policy narratives operated in Canada and Ontario to promote and ultimately enact financial literacy education policy and underscored the powerful ways in which narratives are used in the public sphere to legitimize certain types of policy solutions. Md Hafizi Ahsan (2013), they discussed on the financial literacy is becoming increasing important for undergraduate students in the Malaysian context and they also focused on the gender and ethnic issues as it seems that there are conflicts in the existing research findings. A national benchmark on the financial literacy level can be established by academicians and scholars to make sure the educational initiatives are effective and maintainable. Julie R. Agnew *et al.*, (2013), the study was conducted to know the relationship between financial literacy and retirement planning using a measure that includes questions requiring numeracy. Finally they said financial literacy measure is positively related to retirement planning. Mark Brimble and Levon Blue (2012), Conducted a study to know about the research has been done in the area of Tailored Financial Literacy Education: An Indigenous Perspective. They found that contextualized Financial Literacy Education based on an experiential group-learning model provides self-reported benefits to the participants. They also report on a range of practical issues that arise in Original Financial Literacy Education. Charles Corcoran (2012), he found that a positive relationship between adolescent financial literacy and successful adult financial practices and his also found the relationship between topical importance and subsequent performance is found to be weak, suggesting a need to be more attentive to student needs in order to achieve greater success in their mastery. Lynne Kelly *et al.*, (2011), Conducted a study to know about the research has been done in the area of A Review of Howard University's Financial Literacy Curriculum. This study evaluated that a financial literacy curriculum at the Howard University (HU) School of Business, by measuring the financial knowledge acquired after participating in a variety of programs and they also evaluated a baseline that can be used to augment and evaluate the HUBS financial literacy curriculum over time. Nurul shahnaz Mahdzan and Saleh Tabiani (2010), revealed on the influence of financial literacy on individual saving in the context of an emerging market, Malaysia. They suggested that it is important for policymakers to increase financial literacy of households by implementing various financial education programmes, to further saving rates at the national level. Hussein A *et al.*, (2009), this study aims to assess the financial literacy of the UAE individual investors who invest in the local financial markets. The study found that the financial literacy level is to be affected by income level, education level, and workplace activity.

### NEED FOR THE STUDY

The above review of literature reveals that most of the studies have been conducted to know the financial literacy rate among school students, PG students, working women, youth, and to know the relation between financial literacy and retirement plans of employees working in informal sector and educational sector. Few studies have been focused impact of financial literacy on individual saving and so on. No study has been conducted to know the awareness of financial literacy among the IT professionals having gender as base. Hence, the present study has been conducted to know the awareness of financial literacy among the IT professionals and to compare the awareness based on gender.

### RESEARCH METHODOLOGY

The present study centered on the financial literacy awareness level among the male and female working in IT sector. Both secondary and primary data were used in the study, secondary data was related to the review of literature and to understand the concept of financial literacy. The later was used to collect the opinion from the IT professional, who are based at Bengaluru City. A smart structured questionnaire served to 120 IT professionals through mails to collect their opinion on financial literacy awareness and these professionals identified based on convenient sampling technique. Chi-square test used to analyze the collected opinion from the IT professionals.

### OBJECTIVES OF THE STUDY

1. To compare opinion on awareness level of financial literacy between male and female IT professionals;
2. To compare awareness of different investment avenues between male and female IT professionals;
3. To compare preference of investment avenues among male and female IT professionals; and
4. To compare the management of living expenses without main source of income between male and female IT professionals.

### DISCUSSION

The awareness of financial literacy among IT professional has been analyzed based on the opinion collected on the level of percentage of awareness, awareness of various investment avenues both traditional and modern, the preference of investment avenue and management of living expenses without main source of income.

Level of Awareness in Percentage

Level of Awareness in Percentage	Gender		Total
	Male	Female	
0%-25%	36	32	68
25%-50%	19	11	30
50%-75%	12	8	20
75%-100%	2	0	2
Total	69	51	120

Chi-Square = 0.471

Source: Field survey.

**H0 = There is no relationship between Level of awareness in percentage and gender.**

**H1 = There is a relationship between Level of awareness in percentage and gender.**

The above table presents the opinion of IT professions on the percentage of awareness about financial literacy. It is evident that 36 and 32 male and female IT professionals' level of awareness is between 0% to 25% and 19 and 11 male and female respectively possess the financial literacy awareness between 25% to 50%. It is pathetic to note that only 2 male IT professionals revealed that they are aware of financial literacy about 75% to 100%. The chi-square value of 0.471 which is higher than the 0.05, hence, we accept the null hypothesis and reject the alternative hypothesis and conclude there is no relationship between gender and percentage of level of financial literacy awareness.

**Awareness of Various Investment Avenues**

Investment Avenues	Awareness	Gender				Total	
		Male		Female		Frequency	Percentage
		Frequency	Percentage	Frequency	Percentage		
Recurring Bank Deposit	Aware	43	62.32	16	31.37	59	49.17
	Not Aware	26	37.68	35	68.63	61	50.83
	Total	69	100.00	51	100.00	120	100.00
New Pension Scheme (NPS)	Aware	38	55.07	17	33.33	55	45.83
	Not Aware	31	44.93	34	66.67	65	54.17
	Total	69	100.00	51	100.00	120	100.00
Mutual Fund units	Aware	29	42.03	6	11.76	35	29.17
	Not Aware	40	57.97	45	88.24	85	70.83
	Total	69	100.00	51	100.00	120	100.00
Shares, Bonds and Debenture	Aware	31	44.93	16	31.37	47	39.17
	Not Aware	38	55.07	35	68.63	73	60.83
	Total	69	100.00	51	100.00	120	100.00
Exchange Traded Funds (ETFs)	Aware	17	24.64	11	21.57	28	23.33
	Not Aware	52	75.36	40	78.43	92	76.67
	Total	69	100.00	51	100.00	120	100.00

Source: Field survey.

The above table reveals the opinion of IT professional towards awareness of various traditional and modern investment avenues. 43 and 16 male and female IT professionals representing 62.32 per cent and 31.37 per cent were aware about traditional investment avenue of recurring bank deposit as against to this 26 and 35 male and female IT professionals representing 37.68 per cent and 68.63 per cent were not aware about the same. It is interesting to note that almost 31 and 38 male respondents were contrast in their opinion about awareness of modern investment avenue. 40 and 45 respondents of male and female respectively were not aware of mutual funds as against to this only 29 and 6 male and female IT professionals are aware of mutual funds. It is evident that only 55.07 percent of male and 33.33 per cent of male and female respondents are aware about the NPS. Finally, only 17 and 11 male and female IT professional were aware about the ETFs and the rest do not aware about the same. To conclude, most of the men are aware about the recurring bank deposit and new pension scheme when compared to female IT professionals. In contrast, very few respondents are aware ETFs and Mutual fund.

Investment Preference

Preference of investment	Investment	Gender		Total	Chi-Square Value
		Male	Female		
Real Estate	Invested	2	10	12	0.187 **
	Not Invested	61	49	110	
	Total	69	51	120	
Life Insurance	Invested	29	10	39	0.011 **
	Not Invested	40	41	81	
	Total	69	51	120	
Health Insurance	Invested	11	6	17	0.603 **
	Not Invested	58	45	103	
	Total	69	51	120	
Recurring Bank Deposit	Invested	7	6	13	0.776 **
	Not Invested	62	45	107	
	Total	69	51	120	
Fixed Deposits	Invested	32	16	48	0.131 **
	Not Invested	37	35	72	
	Total	69	51	120	
Shares	Invested	25	13	38	0.238 **
	Not Invested	44	38	82	
	Total	69	51	120	
Bonds	Invested	5	2	7	0.697 **
	Not Invested	64	49	113	
	Total	69	51	120	
New Pension Scheme	Invested	14	3	17	0.033 *
	Not Invested	55	48	103	
	Total	69	51	120	
Gold	Invested	8	33	41	0.000 *
	Not Invested	61	18	79	
	Total	69	51	120	
National Saving Certificate	Invested	16	4	20	0.028 *
	Not Invested	53	47	100	
	Total	69	51	120	
Post Office Saving	Invested	16	2	18	0.004 *
	Not Invested	53	49	102	
	Total	69	51	120	

Source: Field Survey.

\*\* indicates the higher chi-square values and

\* indicates the lower chi-square values.

**H0: There is no relationship between the investment preference and the gender.**

**H1: There is a relationship between the investment preference and the gender.**

The above table presents the investment preference of male and female IT professional investment preference. It is evidence from the table that the investment avenues such as real estate, recurring bank deposits, life insurance, health insurance, fixed deposits, shares and bonds scored higher chi square value. Hence we can conclude that there is no relationship between the gender & preference of above investment preference of above investment preference. Consequently new pension scheme, gold, national saving certificate & post office saving scored lower chi square value which indicates that there is a relationship between gender & the above investment preference.

**Management of living expenses without main source of income**

<i>Strength of Savings</i>	<i>Gender</i>		<i>Total</i>
	<i>Male</i>	<i>Female</i>	
Less than a week	7	6	13
At least a week, but not One Month.	16	14	30
At least One Month, but Not Three Months.	25	24	49
At least Three Months, but not Six Months.	13	5	18
More Than Six Months.	8	2	10
Total	69	51	120

Chi-Square Value 0.309

Source: Field Survey.

**H0= There is no relationship between management of living expenses without main source of income and gender.**

**H1= There is a relationship between management of living expenses without main source of income and gender.**

All most an equal number of 25 & 24 male and female respondents revealed that they can manage their living expenses without main source of income at least for one month but not up to three months. As against to this only 7 & 6 male & female respondent respectively. Revealed that they can manage their living expenses without main source of income for less than one week. Almost same number of respondent that is 8 & male and female IT professional accepted that they can manage living expenses without main source of income for more than 6 months. The chi square value is for the above statement is  $0.309 > 0.05$ . Hence we accept the null hypothesis and reject the alternative hypothesis and conclude there is no relationship between gender and management of living expense without main source of income.

**CONCLUSION**

Awareness of financial literacy is no more a new phenomenon. It has gained a vital importance irrespective of age, gender, caste, religion, sector and profession. Government and SEBI both continuously are working



towards improving awareness of financial literacy among the citizen of our country as it leads to fund flow from individual to the various sectors where the fund is scarce and also leads to improvement in growth of sector at a narrow level and economy at broader level. Most of the IT professionals earn a handsome salary when compared to other professional, hence it is expected that the higher flow of saved fund from these individuals to the sectors which are in need. The present study tried to understand whether these professional possess financial literacy or not and compare the same among male and female as gender analysis gains the prim face. It is very dejected to note that very less IT professionals aware of financial literacy and there is not difference in awareness based on gender. Further, it was evident that most of the men are aware about the recurring bank deposit and new pension scheme when compared to female IT professionals. In contrast, very few respondents are aware ETFs and Mutual fund. Since, these professionals possess lower financial literacy they were not sure about choosing their investment pattern. Finally, the lower financial literacy led to face problem of managing living expenses without main source of income. Since most of the modern investment avenues result in higher rate of return compare to the traditional investment avenues, therefore, irrespective of gender and profession one should gain financial literacy which improves self-revenue and helps in improvement of flow of fund to the various sectors which leads to economic growth.

## REFERENCE

- Sanjib Das (2016), "Financial Literacy: Measurement and Determinants", *EPRAI International Journal of Economic and Business Review* 4(6), Pp. 88-93.
- Olivia S. Mitchell (2015), "Financial Literacy and Economic Outcomes: Evidence and Policy Implications", *International Journal of Education and Research* Pp. 1-17.
- Mark Bramble (2015), "A holistic approach to financial literacy education", *Journal of Finance and Risk Perspectives Special Issue of Social and Sustainable Finance* 4(3), Pp. 34-47.
- Tania Morris (2015), "The Link between Financial Literacy and Education of Canadian University Students", *International Journal of Innovation and Research in Educational Sciences* 2(3), Pp. 160-170.
- Priyanka Agarwal (2015), "Study on financial literacy among working women in educational sector of Jhansi district: with special reference to investment avenue", *International Journal of Advance Research in Science and Engineering* 4(1), 55-61.
- Zahra Bahonar (2014), "Investigating the relationship between financial literacy and prosperity, and the determining association with demographic variables (case study: yazd county schools teachers)", *Indian Journal of Fundamental and Applied Life Sciences* ISSN 4(1). Pp. 1143-1152.
- Thomas Githui (2014), "Financial Literacy and Retirement Planning in the Informal Sector in Kenya", *International Journal of Education and Research* 2(1). Pp. 1-16.
- Annamaria Lusardi (2014), "The Economic Importance of Financial Literacy", *Journal of Economic Literature* 52(1), 5-44.
- Noor Azizah Shaari (2013), "Financial literacy: a study among the university students", *interdisciplinary journal of contemporary research in business* 5(2), Pp. 279-299.
- Deerajen Ramasawmy (2013), "A Study of the Level of Awareness of Financial Literacy among Management Undergraduates", *International Standard Book Number: 978-1-922069-19-1*.
- Laura Elizabeth Pinto (2013), "When politics trump argumentation: Financial literacy education policy", *Journals of Education Policy*, Pp. 1-15.
- Md Hafizi Ahsan (2013), "Financial literacy research on undergraduate students in malaysia: current literature and research opportunities", *International Journal of Education and Research* 1(11), Pp. 1-12.
- Julie R. Agnew (2013), "Financial Literacy and Retirement Planning in Australia". *International Journal of Education and Research* 6(2). Pp. 1-25.

- Mark Brimble (2012), "Tailored Financial Literacy Education: An Indigenous Perspective", journal of financial services marketing Pp. 1-19.
- Charles Corcoran (2012), "Personal finance literacy – formal preparation prior to college, what is sought in the university-level course, and student performance", Research in Business and Economics Journal. 11(4), Pp. 1-6.
- Lynne Kelly (2011), "A Review of Howard University's Financial Literacy Curriculum", American Journal of Business Education 4(10), Pp. 73-84.
- Nurul shahnaz mahdzan (2010), "The impact of financial literacy on individual saving: an exploratory study in the Malaysian context". International Standard Serial Number 1648-4460 12(1), Pp. 41-55.
- Hussein A. (2009), "Financial literacy and investment decisions of UAE investors", The Journal of Risk Finance 10(5), Pp. 505-515.
- Elizabeth Johnson (2000), "From Financial Literacy to Financial Capability among Youth", Journal of Sociology and Social Welfare 34(3), 119-145.
- PACL (2008), "President's advisory council on financial literacy", retrieved from:[http://jumpstart.org/assets/files/PACFL\\_ANNUAL\\_REPORT\\_1-16-09.Pdf](http://jumpstart.org/assets/files/PACFL_ANNUAL_REPORT_1-16-09.Pdf).