

A Study on Financial Literacy of Youngsters in Stock Market with Reference to Chennai City

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A Study on Financial Literacy of Youngsters in Stock Market with Reference to Chennai City

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Abstract:

The term financial literacy consists of financial knowledge, skills, and understanding of financial concepts for individuals. It improves the wealth maximization of young individuals and it helps to achieve financial independence. In general, various studies conducted to analyze the financial literacy of individuals in Chennai city. This Research study focuses on identifying the financial literacy of the stock market of an individual in Chennai city. The sample frame of the study analysis the literacy of young individual in Chennai city. It aims to identify the financial literacy level of youngsters in the financial decision of the stock market through a questionnaire, convenience, and snowball sampling method used for data collection. Identifies demographic factors like Age, Gender, and Education qualification which impact the level of financial literacy. It also finds out that knowledge and individual attitude towards the stock market. The study helps to provide a piece of adequate information and strategies for the improvement of the financial literacy of youngsters in Chennai city.

Keywords: Financial Literacy, Financial Independence, Knowledge, Wealth maximization.

INTRODUCTION

The financial literacy is important for every individual to achieve financial well-being. Financial literacy is a combination of financial knowledge, attitude, and behavior related to financial concepts like financial budgeting, taxation, financial management, planning, and financial management. In the current scenario, the world highlighted the characteristics of a financial instrument with a high level of complexity in the stock market, it requires financial literacy to become essential.

Now a days countries like India, has a huge level of young generation population have to be financially literate for the betterment of their future with adequate knowledge of financial instruments in a financial market, both government and private schools and colleges should

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conduct a campaign, and various webinar to spread awareness about financial literacy in the stock market. When it comes to investing in the stock market, a youngster should understand the fundamentals of the stock market without adequate knowledge causing a downfall in their investment in the stock market. This study examines the financial literacy of young individual.

LITERATURE REVIEW

Dr. T. V. Ambuli (2022) explored the strategies Identified for the Betterment in financial decision of Youngster. This Research Study analyzed that degree of Financial Literacy among youngsters in Chennai City. It identifies demographic factor such as Income, Gender, Qualification and Age affect the level of financial literacy. The findings of this study have shown that majority of the respondents choose a right decision for financial matters aims to developing the financial literacy and necessarily to increase the awareness of financial related Concepts among youngsters in Chennai city.

Dr. Carline Mary Desdemon A. (2018), it discovered the demographic traits that may influence financial literacy. This Research study conducted among various people living in Puducherry, India. The study Says that while the majority of respondents had an adequate level of financial literacy, a small proportion of respondents had a low level of Literacy. Regression analysis Results that married men with small families, at maximum three financially dependent children.

Lawrence T Lam and Mary K Lam (2017), explored whether financial literacy could have an impact on the problem of problematic online shopping among adults. The sample data from Europe, North America, and Asia, Participants are between the ages of 18 to 60. The Bergen Shopping Addiction Scale (BSAS) was used to measure how problematic participants' and a financial wellbeing questionnaire was used to measure their degree of financial literacy. According to the study's findings, financial literacy significantly lowers the likelihood of hazardous online purchase. The personal risk factor of financial literacy was (PIS). The study had a conclusion that increasing financial literacy would increase beneficial impact on the occurrence of Portfolio investment Scheme.

RESEARCH GAP

There are various Research papers that are already exist, but there is still a Research when it come into financial literacy on stock market among young individuals in Chennai city. Most of the existing studies on financial literacy in India have focused in general, without specific emphasis on financial literacy in the stock market.

STATEMENT OF THE PROBLEM

The statement of the problem of this study is lack of financial literacy among youngsters in Chennai city with regard to the stock market. The benefits of investing in the stock market many young individuals had lack of adequate knowledge and skills to make investment decision. This lack of financial literacy can lead to decrease the opportunities for wealth creation as well as maximization and a higher risk of Stock market investment in the future. It includes problem of statement highlights the need to identify the factor that contribute to the lack of financial literacy among Youngster in respect of Chennai city and there is necessary to develop the awareness to improve their knowledge and skills related to the stock market in Chennai city.

OBJECTIVE OF THE STUDY

- ❖ To identify the comfortability of discussing financial and investment topics with their friends and family.
- ❖ To analyse the association between Gender and Perspective of the respondents in Stock market.
- ❖ To find out the which factors to be consider when deciding to invest in a specific Stock.

RESEARCH METHODOLOGY

Research Design: Descriptive Research Design.

Sample frame: The sample frame of the study is youngsters in Chennai city.

Target population: During the study the target population is 250 Respondents.

Sample size: 214 Respondents.

Sampling method: The data collection method used for the study is Convenience sampling, Snowball sampling method.

Data Source: all the sources of data are Primary Data.

Tools for Analysis: ANOVA test.

ANALYSIS AND INTERPRETATION

TABLE 1: AGE

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	18-20	168	78.5	78.5	78.5
	16-17	43	20.1	20.1	98.6
	21-24	3	1.4	1.4	100.0
	Total	214	100.0	100.0	

INTERPRETATION

From Table 1 shown that 79 %, 20 %, 1%, and 0% of the respondents are from age Category 18-20, 16-18, 21-24. Hence it showing most respondents are from young individual.

TABLE 2: GENDER

Frequency					
Gender					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Male	140	65.4	65.4	65.4
	Female	74	34.6	34.6	100.0
	Total	214	100.0	100.0	

INTERPRETATION

The Table and graphs are shown that Data from this Questionnaire are 65 % are collected from Male and 35 % Collected from female.

It's comfortable discussing financial and investment topics with friends and family compared to Education qualification.

H₀ – There is no relationship between education and Comfortability on discussing Financial Topics with Friends and family.

H₁ - There is relationship between education and Comfortability on discussing Financial Topics with Friends and family.

TABLE 3: ANOVA

ANOVA					
Discussing					
	Sum of Squares	Df	Mean Square	F	Sig.
Between Groups	1.609	4	.402	.945	.439
Within Groups	89.012	209	.426		
Total	90.621	213			

INTERPRETATION:

Significant value is 0.439 which is Greater than 0.05. Hence null Hypothesis is Accepted. There is no Relationship between Education and Comfortability on discussing Financial Topics with Friends and family. The reason behind that, the maximum young individuals are Collect information through webinar as well as online research instead of discussing financial concepts with friends and family.

How knowledge level helpful buying Single Company stock usually provides a safer return than a stock mutual fund.

H₀ - There is no Relationship between Knowledge in stock market and return Knowledge in single company share investment than a mutual funds.

H₁- There is Relationship between Knowledge in stock market and return Knowledge in single company share investment than a mutual funds.

TABLE 4: ANOVA

Buying Single Stock					
	Sum of Squares	Df	Mean Square	F	Sig.
Between Groups	19.401	4	4.850	4.371	.002
Within Groups	231.893	209	1.110		
Total	251.294	213			

INTERPRETATION:

Significant value is 0.002. The Null Hypothesis is Rejected. Hence, there is a Relationship between Knowledge in stock market and return Knowledge in single company share investment than a mutual funds. It states that the young individuals are not more trust when investing on Buying single company stock, they are more engaged to maintaining diversified portfolio where the risk of insecurity is Reduced through proper portfolio construction.

What factors do you consider when deciding to invest in a specific Stock on the basis of Age group.

H₀– There is no significance between Age and factors to be considered while investing in Stock Market.

H₁-There is significance between Age and factors to be considered while investing in Stock Market.

TABLE 5: ANOVA

ANOVA						
		Sum of Squares	Df	Mean Square	F	Sig.
Company performance	Between Groups	1.900	2	.950	1.286E0	.278
	Within Groups	155.095	210	.739		
	Total	156.995	212			
Industry trends	Between Groups	1.484	2	.742	1.173E0	.311
	Within Groups	133.474	211	.633		
	Total	134.958	213			
Financial advisor	Between Groups	2.758	2	1.379	1.769E0	.173
	Within Groups	164.495	211	.780		
	Total	167.252	213			
Personal decision	Between Groups	4.508	2	2.254	2.065E0	.129
	Within Groups	230.352	211	1.092		
	Total	234.860	213			

INTERPRETATION

Company performance:

Significant value 0.278 which is Greater than 0.05. Hence null Hypothesis is Accepted. There is no significance difference between Age and Company performance be considered while investing in Stock. The research process being involved in various Age group of youngsters as a result the youngsters are not more aware to analyse the company performance when investing in particular stock in Chennai city.

Industry Trend:

Significant value is 0.311 which is Greater than 0.05. Hence null Hypothesis is Accepted. There is no significance difference between Age and Industry Trend be considered while investing in Stock market. It states that young individuals are not have adequate knowledge in analysing the industry trend, which is primarily used in Trading. The youngsters are aim to achieve capital appreciation of investment in stock market through fundamental analysis Compared to technical analysis.

Financial advisor:

Significant value is 0.173 which is Greater than 0.05. Hence null Hypothesis is Accepted. There is no significance difference between Age and Financial advisor be considered while investing in Stock. It explains that youngsters are being focused on themselves when investing on stock market. The young individuals are not interested in advice of financial advisor instead of that they planning to improve adequate knowledge of Company analysis, Industry analysis as well as financial analysis.

Personal decision:

Significant value is 0.129 which is Greater than 0.05. Hence null Hypothesis is Accepted. There is no significance difference between Age and Personal decision be considered while investing in Stock.it proves that young individual believe that factors affect the stock market, personal decision will increase the insecurity of investment and loss of capital, so that the youngsters are more concerned about the proper analysis should be made before investing in stock market.

FINDINGS

- 78.5% of the respondents are between the age group of 18-20 years. 20% of respondents fall under the age group of 16-17 years and 1.4% of respondents are fall under age group of 21-24 years.
- 65.4% of respondents are Male and 34.6% of respondents are female. Therefore, the majority of respondents are male.
- 82.2% of respondents are pursuing under graduate, 6.1% are post graduate, 10.3% are higher education level ,0.9% of respondents are pursuing professional studies and 0.5% of respondents are pursuing doctorate level.
- 14.5% of respondents are strongly agree the statement of knowledge in stock market is good, 36.9% of respondents are agree the statement, 42.5% of respondents are Neutral opinion that statement, 5.6% are disagree and 0.5% are strongly agree the statement mentioned above.
- The Significant value is 0.439 greater that 0.05 of hypothesis states that there no relationship between education and comfortability on discussing financial Topics with friends and family
- The Significance value is 0.002 greater than 0.05, hence there is relationship between knowledge in stock market and buying a single company stock.
- The significance value is 0.311 greater than 0.05, results that there is no significance between age and industry trend factor considered when investing in stock.

SUGGESTIONS

- The government should start implementing practical financial literacy classes on stock market in schools and colleges.
- The youngster should improve the discussion about financial investment topics and friends, family, financial advisor and portfolio manager to improve Knowledge on stock market.
- The young individual should increase their knowledge and interest on stock market with the help of financial podcast, news and Article as well as social media.

CONCLUSION

The study aimed to examine the level of financial literacy among the young adults. It involves the identification of hurdles faced by young individual on the stock market by lack of knowledge, experience, limited access to stock market resources, and understanding. It has identified the need for improvement in financial literacy among youngsters on the stock market, through campaigns, a financial newspaper, a magazine, and social media. The Analyses were made with the help of a Questionnaire and statistical analysis. The maximum number of respondents have basic knowledge about the stock market and its function this indicates the developing economy among young individuals. The findings of the study state that positive relationship between knowledge of the stock market and buying a single company stock and there is a significant gap between age and the factor when investing in the stock market. Furthermore, the initiative should take by the government to improve the financial literacy of youngsters in Chennai city, this helps to bridge the gap between the financial literacy of youngsters and stock market participation.

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