



A Study on Financial Literacy and Its Impact on Personal Saving Behaviour

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Abstract – Financial literacy has become an essential skill in the modern economic environment. The growing use of digital banking, online investments, and credit facilities has increased the need for individuals to understand financial concepts and make informed financial decisions. This research paper examines the relationship between financial literacy and personal saving behaviour among individuals from different demographic backgrounds. The study focuses on how financial knowledge, financial attitudes, and financial planning influence saving habits. The research is based on primary data collected through a structured questionnaire from 100 respondents. The study identifies that individuals with better understanding of financial concepts such as inflation, interest rates, budgeting, and diversification tend to save more consistently. The findings also reveal that income level, social pressure, and cost of living affect saving behaviour, even among financially aware individuals. The paper concludes that financial literacy positively influences saving behaviour and long-term financial stability. It recommends the inclusion of financial education programs in schools, colleges, and workplaces to improve financial decision-making among individuals.

Keywords – Financial Literacy, Saving Behaviour, Personal Finance, Financial Planning, Investment Awareness..

I. INTRODUCTION

Financial literacy refers to the ability of individuals to understand and manage personal financial matters effectively. It includes knowledge of budgeting, saving, investment, debt management, inflation, and financial planning. In recent years, financial literacy has gained importance because people are increasingly responsible for managing their own financial security.

Personal saving behaviour is an important indicator of financial stability. Savings help individuals meet emergency expenses, achieve future goals, and reduce financial stress. However, many people struggle to maintain regular saving habits due to lack of financial knowledge, rising expenses, and poor money management practices.

This study aims to examine how financial literacy influences personal saving behaviour. It explores whether financially educated individuals are more likely to budget, invest, and save regularly compared to those with limited financial understanding.

II. OBJECTIVES OF THE STUDY

The major objectives of the study are:

1. To understand the concept of financial literacy among individuals.
2. To examine the relationship between financial literacy and personal saving habits.
3. To identify factors influencing saving behaviour.
4. To analyze the role of financial education in improving financial decision-making.
5. To suggest measures for improving financial literacy and saving practices.

III. RESEARCH METHODOLOGY

The study is descriptive in nature and is based on both primary and secondary data.

Primary Data

Primary data was collected through a structured questionnaire distributed among 100 respondents from different age groups and occupations.

Secondary Data

Secondary information was collected from books, journals, research articles, websites, and financial reports related to financial literacy and savings.

Sampling Method

A simple random sampling method was used to select respondents.

Tools Used for Analysis

The collected data was analyzed using percentage analysis and interpretation techniques.

IV. FINDINGS AND DISCUSSION

The study highlights several important findings related to financial literacy and saving behaviour:

- A large number of respondents save money regularly, while some save only when surplus income is available.
- Most respondents believe that financial education helps in managing money more effectively.
- Individuals who understand inflation, risk diversification, and investment concepts are more likely to maintain savings.
- Many respondents use budgeting tools and digital financial applications to monitor expenses and savings.
- Emergency security and retirement planning are the major motivations for saving money.
- High cost of living and low income are the biggest barriers to saving.



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- Financially literate individuals show greater confidence in handling their financial future.

The study also reveals that knowledge alone is not enough. Behavioural factors such as peer pressure, impulsive spending, and social obligations often affect saving decisions. Therefore, practical financial education and disciplined financial habits are equally important.

V. CONCLUSION

Financial literacy plays a significant role in shaping personal saving behaviour. Individuals with sound financial knowledge are better prepared to manage expenses, avoid unnecessary debt, and plan for future financial security. The study confirms that financial literacy encourages regular saving habits and improves financial confidence.

However, economic challenges such as inflation, increasing living expenses, and low income can reduce the ability to save. Therefore, financial literacy programs should focus not only on financial knowledge but also on practical money management skills and behavioural improvement.

The study recommends introducing financial education at school and college levels, encouraging the use of budgeting tools, and conducting awareness programs through banks and financial institutions. Improving financial literacy can help individuals achieve long-term financial stability and better quality of life.

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