

Financial Literacy and Well-being in India

Financial Literacy and Well-being in India:

*A Case Study of Kalaburagi
District, India*

By

Channaveerayya Hiremath
and Bondita Saikia

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Dedicated to Both of our Families

“Financial literacy is an essential life skill. It empowers individuals to make sound financial decisions and improve their quality of life.”

—*World Bank*

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PREFACE

In a world increasingly defined by financial complexity, where choices about savings, investments, credit, and digital payments confront individuals daily, the ability to navigate financial landscapes has become not just advantageous—but essential. For millions of Indians, however, this ability remains elusive. The widening gap between access to financial products and the understanding required to use them responsibly is a silent barrier to economic empowerment. This book was born from a deep concern about the consequences of financial illiteracy and a desire to spotlight the lived realities of ordinary households, particularly in underrepresented regions like Kalaburagi. Through an analysis of financial knowledge, behavior, and attitudes, this work seeks to provide readers with a panoramic view of how financial literacy shapes well-being in everyday life. Drawing on real data and grounded analysis, the chapters that follow do not merely offer a diagnosis—they aim to inspire solutions. From government initiatives to grassroots behavioral trends, each section is crafted to enhance public understanding and provoke dialogue about the urgent need for financial education in India. Whether you are a policymaker, educator, student, or citizen striving for financial clarity, I hope this book equips you with insights, strategies, and hope for a more financially empowered future.

CHAPTER 1

INTRODUCTION

1.1 Background

Financial literacy has emerged as a crucial subject in recent times. The continual increase in the level of financial awareness has been observed among various age groups worldwide because of rapid improvements in financial services and various financial crises throughout the world (Boora & Agarwal, 2018; Hastings & Mitchell, 2020; Huston, 2010; Lusardi et al., 2009). Financial literacy includes two essential aspects: Understanding financial concepts theoretically and their practical application. These aspects are complicated, and it is difficult to bring them together in real life (Gale & Levine, 2010). This means that, besides understanding financial concepts, people must also be skilled in applying these concepts in day-to-day transactions (Boora & Agarwal, 2018). Financial literacy of individuals involves numerous parameters such as money, saving, financial investment, financial planning, and budgeting. Thus, people require adequate knowledge, proficiency, and attitude regarding economic issues to survive daily financial struggles (Boora & Agarwal, 2018; Mian, 2014).

In India, the financial and investment planning situation also unveils unique challenges and developments, mirroring some global economic trends but being influenced heavily by local factors and government policies. Unlike the case of a country heavily dependent on oil revenue, India's financial framework is diverse, with significant contributions from agriculture, manufacturing, and services sectors. However, India has its own challenges and policy measures that affect the financial planning of its citizens. The Indian economy has faced fluctuations due to internal and external factors such as changes in global market trends, domestic policy reforms, and shifts in consumer behavior. For instance, the demonetization in 2016 was a significant financial decision that aimed to curb illegal cash holdings and promote digital transactions but also led to a short-term economic slowdown and financial strain for many citizens who were not

adequately prepared for such a sudden shift (Banerjee & Kala, 2017). Inflation has been another critical issue affecting financial planning in India. The rise in prices of essential commodities affects household budgets, forcing individuals to adjust their spending and savings habits. In recent years, food and fuel inflation has particularly concerned Indian households, impacting their overall financial planning (RBI Reports).

Furthermore, the Indian government has introduced several financial reforms and policies to improve economic stability and provide better financial inclusion for its citizens. The introduction of the Goods and Services Tax (GST) in 2017 aimed to streamline the tax structure but required businesses and consumers to adapt to a new tax regime, impacting budgeting and financial planning (Mishra & Surana, 2018). Financial literacy and inclusion have been a significant focus for the Indian government. Various initiatives like PMJDY aim to increase banking access and encourage savings among the lower-income and rural populations, thereby promoting better financial planning (Chakravarty & Pal, 2019). Investment patterns in India have also seen changes, with more individuals looking towards mutual funds, stock markets, and other non-traditional investment options beyond traditional gold and real estate, spurred by increased financial literacy and digital platforms for investment (SEBI Reports). To manage financial expenses against fluctuating income levels, Indian citizens, like those in other changing economies, must focus on improving their financial literacy, understanding the implications of government policies on their finances, and adapting to new economic realities with informed and flexible financial planning strategies. The Indian government's role in promoting financial inclusion, digital transactions, and consumer education is crucial in aiding citizens in navigating through these economic changes effectively. At the same time, India does not face challenges from oil price fluctuations; its financial and investment landscape is shaped by factors like demonetization, inflation, tax reforms, and changing investment behaviors, necessitating adaptive financial planning and increased financial literacy among its population.

In the context of India, the importance of financial literacy becomes particularly significant considering its rapid economic growth and increasing access to a wide range of financial products and services. The Indian government, acknowledging the necessity of improving financial literacy among its citizens, has initiated several measures to enhance their understanding of financial matters, thereby Enhancing the country's economic development. Formal education is critical in improving individuals' cognitive abilities and productivity, directly impacting their ability to

make informed financial decisions. Research indicates that a higher level of financial literacy among the population leads to better personal financial management and contributes to overall economic stability and growth (Lusardi & Mitchell, 2014, Atkinson & Messy, 2012;). In India, the National Strategy for Financial Education (NSFE) 2020-2025 outlines the framework and strategic objectives to create a financially aware and empowered India (RBI, 2020).

Moreover, including financial education in the school curriculum at various levels ensures that young individuals are equipped with essential financial knowledge from an early age. The Central Board of Secondary Education (CBSE) in India has introduced financial literacy as a part of the school curriculum, aiming to instil basic economic concepts and skills among students (CBSE, 2020). Financial products and services in India have become increasingly accessible to the broader population, partly due to the digital revolution and initiatives like the PMJDY, which aims to increase banking services accessibility to the underserved population (Ministry of Finance, GoI, 2014). While this increased accessibility presents opportunities for economic participation, it also adds to the complexity of financial decisions that individuals have to make. With adequate financial literacy, individuals can effectively manage their finances, leading to better financial decisions and outcomes. Occupational education regarding finances is another area in which the Indian government can focus its efforts. Customizing financial education programs to cater to specific occupational groups can lead to more effective learning and application of financial knowledge. This approach can help in addressing the unique financial challenges faced by different sections of the population. In conclusion, enhancing financial literacy in India is essential for fostering economic growth and ensuring the financial well-being of its citizens. Through formal education, targeted financial education programs, and policy measures aimed at increasing financial literacy, India can work towards creating a more inclusive and financially stable economic environment.

The critical importance of education for the workforce is increasingly recognized for its strong correlation with a nation's economic prosperity. Barro (2001) and Ogundari et al. (2018) have identified that educational frameworks significantly enhance logical reasoning, value assessments, strategic decision-making, and proficient financial management abilities. These skills are essential for fostering an environment conducive to economic development. In the context of India, it is paramount that Indian citizens possess financial literacy to make informed financial decisions that contribute to the nation's economic advancement (Eades et al., 2011).

The role of the education system is pivotal in determining the financial literacy of a population (Sahlberg, 2007). Unlike the standardized education models prevalent in other regions, the Indian education system incorporates unique cultural, religious, and socio-economic dimensions that influence financial behaviors and capabilities. This complexity highlights the importance of a customized educational approach that addresses the specific needs and challenges of the Indian populace. In India, navigating personal finances involves understanding a diverse financial market and adapting to dynamic economic conditions. This complexity makes managing personal expenses and long-term financial commitments a significant challenge for many (Mahmood & Alkahtani, 2018). Consequently, the extent of household wealth in India is directly linked to the populace's level of financial literacy. Therefore, improving financial education within the country is a matter of personal improvement and a strategic necessity for national economic health and growth.

1.2 Financial Literacy in India

Financial literacy is the capacity to efficiently manage various financial skill sets, including personal money management, budgeting, and investing. Financial products and services have become more popular among people from different economic strata. The progress and measurement of financial literacy in India are carried out by the NCFE, according to the NCFE (2019), In India, just 27 per cent of the population is financially literate, which means that only one in every five Indians can deal with one of the most significant aspects of human well-being, i.e., financial literacy. The urban population is more financially literate than the rural population. According to the Global Financial Literacy Excellence Center (GFLEC 2015), the countries with the highest financial literacy rates are Australia, Canada, Denmark, Finland, Germany, Israel, the Netherlands, Norway, Sweden, and the United Kingdom. In these countries, about 65 per cent or more of adults have financial literacy. However, India lags behind other emerging economies, (BRICKS Nations) indicating a significant need for improvement in this area. Financial education is essential in bridging the socioeconomic gaps and enabling individuals to make informed decisions about complex financial matters.

1.3 Financial Literacy Initiatives in India

Strengthening financial inclusion has been a crucial developmental priority for the Government of India and the country's four financial sector

regulators: RBI, SEBI, IRDAI, and PFRDA. Financial literacy is vital in supporting financial inclusion by enabling individuals to make informed decisions, ultimately contributing to their financial well-being. Financial sector regulators have been working on improving financial literacy. Following are the initiatives undertaken by these organizations.

1.3.1 National Centre for Financial Education (NCFE)

NCFE has been conducting, among other initiatives, Financial Education Workshops, namely, the Financial Education Training Programme (FETP), the Money Smart School Programme (MSSP), Financial Awareness and Consumer Training (FACT), and the Financial Education Programme for Adults (FEPA) to promote the Financial Education in the country. For school students, NCFE started the National Financial Literacy Assessment Test (NFLAT) as per the recommendation of OECD. A Financial Education Website and social media platforms have been launched to reach a broader audience, available in English, Hindi, and 11 other regional languages. To promote financial awareness and protect financial service users, particularly depositors, the NCFE has set up large-format Digital Signage Systems (DSS) and interactive touchscreen kiosks in central locations to disseminate key messages. NCFE has launched a dedicated E-Learning Management System (LMS) with 20 e-content modules to spread financial literacy in the country. NCFE, in coordination with all financial regulators, started observing Financial Literacy Week and Digital Financial Services Day to create awareness among the public.

1.3.2 Reserve Bank of India (RBI)

The RBI has created primary financial education materials, including a financial literacy guide, a financial diary, and a set of 16 posters, as part of its dedicated Financial Education program. The content addresses important banking topics such as ATMs, payment systems like NEFT, UPI, and USSD, the sachet portal, avoiding Ponzi schemes and fraudulent communications, KYC, credit discipline, and the role of business correspondents. Additionally, a Financial Awareness Messages (FAME) booklet, which includes 20 messages for the general public and five posters for Financial Literacy Week, is available on the Financial Education webpage of the RBI's website. Financial literacy videos are shared on RBI's YouTube channel, and a separate Twitter handle @RBI Says' and the Facebook page 'RBI Says' provide informative messages and updates to enhance public understanding of the Bank's functions. RBI also

runs public awareness campaigns to educate people about their rights and responsibilities in banking-related matters. These campaigns are regularly featured in newspapers, TV, radio, cinema, digital channels, SMS, and hoardings under the tagline RBI Kehta Hai. Additionally, RBI uses its employee cricketers and badminton players in films related to safe digital banking, ease of banking for senior citizens, limited liability, and other topics, which are widely disseminated through media advertisements.

1.3.3 Securities and Exchange Board of India (SEBI)

SEBI has launched the Resource Persons Program to provide financial education to the public, offering free workshops in local languages that cover basic concepts of finance, banking, insurance, pension, and investments. These workshops target five groups: homemakers, self-help groups, executives, middle-income individuals, retirees, and participants who receive free financial education booklets. SEBI has also introduced a program where students visit SEBI and receive a financial education booklet that covers fundamental concepts such as financial planning, savings, investment, insurance, pension, borrowing, tax saving, avoiding Ponzi schemes, and grievance redressal. In addition, SEBI has started sector-specific financial education initiatives, including investor awareness programs, regional seminars, and commodity awareness programs. SEBI participates in World Investor Week with the International Organization of Securities Commissions (IOSCO) and has developed a Dedicated Investor Website that provides educational and awareness materials and other useful information for investors. Since 2012, SEBI has conducted a mass media campaign to convey important messages to investors through popular media. SEBI has also established an Investor Grievance Redressal mechanism to address investor complaints and launched toll-free helpline service numbers to assist investors.

1.3.4 Insurance Regulatory and Development Authority of India (IRDAI)

Since its inception, IRDAI has undertaken numerous initiatives in financial literacy, primarily focusing on content development. It prepared a brochure providing an overview of IRDAI and its functions and a documentary film on policyholder initiatives. Additionally, IRDAI developed the Policyholder Handbook and a comic book series on insurance in 12 regional languages. These were complemented by an animated film based on the comic book series and a virtual tour, both

available in 12 regional languages. Furthermore, handbooks covering topics such as employment opportunities in the insurance sector, details about crop insurance, and guidelines for purchasing insurance were released. IRDAI has organized numerous seminars, quiz programs, and awareness campaigns for the public through television, radio, print media, websites, social media, and metro rail. IRDAI also established an integrated grievance management system (IGMS) to create a central repository of grievances across the country and provide data analyses highlighting areas of concern for insurance policyholders. It also conducts surveys and sponsors research to enhance its initiatives further.

1.3.5 Pension Fund Regulatory and Development Authority of India (PFRDA)

In 2018, PFRDA launched Pension Sanchay, a dedicated website aimed at addressing financial literacy from a retirement planning perspective. The website's content focuses on four key concepts essential for financial decision-making: understanding interest rates, interest compounding, inflation, and risk diversification. Additionally, the website features a blog segment where financial professionals and PFRDA officers share insights on the fundamentals of finance, banking, and investments. PFRDA conducts subscriber awareness programs through its central record-keeping agencies across India. To enhance subscriber awareness and build capacity regarding the National Pension System (NPS) and Atal Pension Yojana (APY), PFRDA has established a dedicated training agency. Furthermore, PFRDA runs the Annuity Literacy Program in collaboration with NPS Trust and Annuity Service Providers to educate subscribers about their various annuity options.

1.4 National Strategy for Financial Education

RBI has introduced the National Strategy for Financial Education (NSFE) 2020-2025 to cultivate a financially informed and empowered India. The NCFE, under the guidance of the Technical Group on Financial Inclusion and Financial Literacy (TGFIFL), developed this strategy in consultation with all Financial Sector Regulators, including RBI, SEBI, IRDAI, and PFRDA.

The NSFE aims to conduct a comprehensive financial education campaign to help individuals manage their finances effectively and achieve financial well-being. This includes promoting the use of proper financial products and services provided by regulated entities and ensuring a fair and transparent consumer protection and grievance redressal system. The National Strategy for Financial Education recommends a ‘5 C’ approach for disseminating financial education across the country:

- I. **Content:** Financial Literacy content for various sections of the population.
- II. **Capacity:** Develop the capacity and ‘Code of Conduct’ for financial education providers.
- III. **Community:** Evolve community-led approaches for sustainably disseminating financial literacy.
- IV. **Communication:** Use technology, media, and innovative communication methods to disseminate financial education messages.
- V. **Collaboration:** Streamline efforts of other stakeholders for financial literacy.

Strategic Objectives of National Strategy for Financial Education

- i. Promote financial literacy across all segments of the population through financial education, making it a valuable life skill
- ii. Promote proactive saving habits.
- iii. Foster engagement in financial markets to attain financial goals and objectives.
- iv. Develop credit discipline and motivate individuals to seek credit from official financial institutions if needed.
- v. Improve the use of digital financial services safely and securely. Manage risk at different stages of life with relevant and appropriate insurance coverage.
- vi. Plan for old age and retirement with appropriate pension coverage.
- vii. Understanding of one's rights, responsibilities, and choices for resolving complaints. Improve research and assessment methodologies for measuring success in financial education.

1.5 Need for Financial Literacy

According to the NCFE (2019), the overall financial literacy of India stands at 27 per cent, and the remaining 73 per cent of the population needs to be financially literate and make informed financial decisions. As

a result of financial illiteracy, individuals rely on informal financial systems such as family, friends, and local money lenders/artisans to finance their necessities, often borrowing at exorbitant rates rather than approaching financial institutions. According to the Reserve Bank of India 2017 household survey, 56 per cent of household debt is unsecured and has high interest rates. Sixty-five per cent of Very low-income households save their income to pay past loans, and the Majority of the poorest income group wish to keep their annual income toward a single life event, namely marriage. Financial planning after retirement has yet to be given considerable importance. Retired households rely on unsecured debt, or most of the population (More than 50 per cent) depends on their children. According to a report from a household survey, 84 per cent of Indian families own real estate and other physical possessions, 11 per cent hold gold, and the remaining 5 per cent own financial assets. Results show that most people need to be aware of the country's financial system and cannot benefit from the formal financial system. People wish to invest in real estate and other physical goods rather than financial assets. Households are less bothered about their retirement and heavily saving their annual income to pay past loans or to spend it on marriage...etc. Financial literacy is about understanding the country's financial system, a pivotal instrument to include marginalized people in the country's formal financial system. It educates them to understand the key financial concepts. Financial literacy combines financial awareness, knowledge, skills, attitude, and behavior to make sound financial decisions and achieve individual financial well-being.

According to a standard and poor poll (2015), 3 out of 4 Indians lack financial literacy. It is evident that people are suffering from financial diseases like underinsurance, debt trap, insufficient retirement fund, low return on investment, etc., in India, and the cause of all these is the same i.e., Financial Illiteracy. OECD (2005). Financial literacy is critical in countries like India, where most of the population is poor and middle class. Managing and making informed decisions involves superior financial understanding from financial literacy or financial education.

1.6 Benefits of Financial Literacy

1. Ability to make better financial decisions by effectively managing money and debt.
2. Improve people's standard of living through financial stability.

3. It helps to make informed decisions regarding insurance, loans, and investments.
4. The effective creation of a structured budget gives a sense of control over finances.
5. Ensures financial solidity, reduces anxiety, and stimulates financial goal achievement.
6. It ensures a more stable financial future and peace of mind.
7. Financial literacy helps individuals in retirement planning.
8. Financial literacy educates people on complex financial products and concepts.
9. The benefits of achieving financial freedom include making smarter financial decisions.
10. Financial literacy can help you build wealth over time by saving and investing.
11. Financial literacy helps people avoid devastating mistakes and prepares them for unforeseen emergencies.

1.7 Financial Literacy and It's Elements

Individuals must have a general literacy to understand the world's complexities and attain personal success. With literacy, people are aware of numerous aspects of life and can access vital information and resources. Similarly, financial literacy is equally significant since everyone earns money and utilizes it for various purposes. However, lacking knowledge of prudent spending, wise investments, and effective saving strategies can hinder personal financial well-being. In countries like India, where a significant portion of the population belongs to the middle and lower-middle class, imparting financial literacy is essential. By providing individuals with the necessary financial knowledge and skills, they can make informed money management decisions and secure their financial futures. Recently, financial literacy has gained rapid attention around the globe as it is treated as a critical component for achieving individual financial well-being and helps achieve financial stability in a person's life. The increasing number of complex financial products, technological innovation, heavy and complicated information, digitalization of financial systems...etc., make financial literacy prominent, and these factors influence people to participate in risky market environments. Financial fraud and crimes are rapidly increasing as the country's digitalization increases. So, to have a better knowledge of financial products, digitalization, saving and investing, and risk and return, financial literacy is essential for an individual. A country with better, more financially literate people can have

an extraordinary financial system. Most of the population will invest in formal financial institutions such as banks, insurance companies, stock markets, retirement plans, and post offices. This will result in the country's growth and development. A thorough literature review has proven that financial literacy helps reduce poverty, debt burden, and financial loss and aids in achieving financial well-being. Financial literacy helps middle- and lower-class people, who often save and borrow money from others, primarily from informal sources.

If such people become financially literate and deal with formal financial institutions efficiently, they can improve their financial conditions, which helps them come out of the debt trap. The OECD (2005) mentions that Indians suffer from financial diseases like under insurance, debt trap, insufficient retirement funds, low return on investment...etc., and the cause of all these is the same, i.e., financial literacy. Often, there are two concepts: financial inclusion and financial literacy. Financial inclusion refers to making financial products and services accessible and affordable to all individuals. The definition clearly states that it is a supply-side strategy. The financial institute offers a variety of financial products, and the government makes efforts to include all the people in the formal financial system by offering such products in an accessible and affordable manner. It is a push strategy. However, financial literacy is a demand-side strategy, i.e., Pull strategy. It will educate people regarding complex financial products, saving and investment, risk, and return. The increased demand for formal financial products may improve risk sharing, reduce economic instability, improve intermediation, and speed up the overall financial development of the country. Investment in traditional financial institutions leads to allocating capital to various developing and needy sectors through this county, which can boost economic conditions. Understanding all the aspects, all major regulating institutions, i.e., RBI, SEBI, PFRDI...etc., have taken various initiatives to increase financial literacy in India.

Financial literacy involves educating and promoting understanding of financial products, as well as their operation. It enables consumers to make informed financial decisions that can lead to relatively high returns. It concerns understanding and using various financial skills, including personal financial management, budgeting, and investing. It plays a crucial role in individuals' lives and society. Financial literacy is necessary for financial well-being, economic stability, and informed decision-making. It enables persons to take proper control of their financial destinies, make responsible decisions, to make financially secure and prosperous society.

Financial literacy is the ability and knowledge to understand and manage finances effectively. It involves understanding financial concepts, such as budgeting, saving, investing, and managing debt so that a person can make informed decisions about his money and achieve financial goals. According to the OECD definition, three primary elements constitute financial literacy, i.e., Financial Knowledge, Financial Behavior, and Financial Attitude. Financial knowledge deals with basic understanding and knowledge of critical financial concepts. At the same time, Financial behavior deals with how a person behaves with various financial products. Financial attitude concerns a person's preferences and attitudes while dealing with financial products and services. Hence, these three elements are considered an essential element of financial literacy.

The Definitions of Financial Literacy are as Follows:

OECD (2013) “Financial literacy is a combination of awareness, knowledge, skill, attitude, and behavior necessary to make sound financial decisions and ultimately achieve individual financial well-being.” **The ANZ survey (2015)** defines financial literacy as “The ability to make informed judgments and effective decisions regarding the use and management of money. It is a complex combination of a person’s skills, knowledge, attitudes, and behaviors about money”. **Remund (2010)** defined “Financial literacy as a measure of the degree to which one understands key financial concepts and possesses the ability and confidence to manage personal finances through appropriate, short-term decision-making and sound, long-range financial planning, while mindful of life events and changing economic conditions. **Chakrabarty (2009)** defined financial education as “The capacity to have familiarity with and understand the financial market products, especially rewards and risks, to make informed choices. Viewed from this standpoint, financial education primarily relates to personal financial education, enabling individuals to take effective actions to improve overall well-being and avoid distress in financial matters”. The Ministerial Council for Education, Early Childhood Development, and Youth Affairs (**MCEECDYA 2009**) in Australia defines “Financial literacy as ‘the application of knowledge, understanding, skills, and values in...financial contexts and the related decisions that impact on self, others, the community, and the environment”. The Canadian Foundation for Advancement of Investor Rights (**FAIR**) defines **financial literacy (2009)** as “Having the knowledge, skills, and confidence to carry out the financial transactions encountered in everyday life successfully.” **Oanea and Dornean (2012)**. “Financial literacy implies minimum knowledge of a person about financial terms such as money, inflation, interest rate, credit, and others, but besides this, the abilities and skills of that person to use all this information in personal life, being aware of the consequences of its financial actions.”

Elements of Financial Literacy

According to the OECD, financial literacy has three significant elements i.e., Financial Knowledge, Financial Attitude, and Financial Behavior.

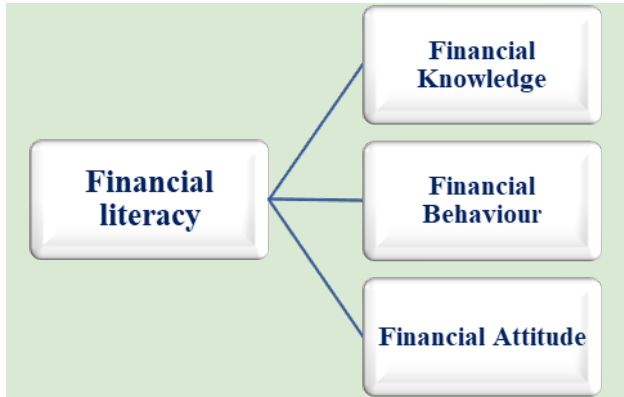


Fig 1-1: Elements of Financial Literacy
Source: National Centre for Financial Education

1.7.1 Financial Knowledge

Financial knowledge is an essential component of financial literacy for individuals, helping them compare financial products and services and make appropriate, well-informed financial decisions. Basic knowledge of financial concepts and the ability to apply numeracy skills in an economic context ensures that consumers can confidently navigate financial matters and react to news and events that may affect their financial well-being. A financially literate person will have some basic knowledge of critical financial concepts and the ability to apply numeracy skills in financial situations. The core questionnaire includes concepts such as simple and compound interest, risk and return, inflation...etc. To evaluate the respondents' basic knowledge, the questionnaire contained questions for respondents to answer concerning indicators related to the following.

- The ability of Mathematical Division.
- Understanding of the Time-Value of Money.
- Basic Knowledge of Simple/Compound interest
- Understanding of Interest Component on Loan
- Understanding of Risk-Return relationship

- Understanding of Inflation
- Understanding Diversification

1.7.2 Financial Behavior

Behavior is an essential element of financial literacy, arguably the most important. The positive outcomes of being financially literate are driven by behaviors such as planning expenditures and building up a financial safety net; conversely, certain behaviors, such as over-using credit, can reduce financial well-being. Financial behavior implies the actions and conduct of consumers that ultimately shape their financial well-being in the short and long term. Some types of behavior, such as putting off bill payments, choosing financial products without shopping around, or using credit to make up a shortfall in income, may negatively impact individuals' financial situation and well-being. On the other hand, habitual conduct, such as thinking before making a purchase, paying bills on time, budgeting, and saving, are examples of positive types of behavior for financial control. The major elements of financial behavior are as follows:

- Preparation and involvement in household budget and finance management
- Ability to meet monthly expenses and manage gaps (credit taken or not)
- Towards evaluation of options for selection of financial products/services
- Gathering information before purchase of financial products/services
- Towards saving money (Active/Passive)
- Setting long-term goals and striving to achieve them
- Keeping watch on personal financial Affairs
- Towards bills payment
- Towards affordability

1.7.3 Financial Attitude

Financial attitude refers to an individual's beliefs, feelings, and behavioral tendencies towards money and financial matters. It encompasses a person's thoughts and emotions regarding budgeting, spending, saving, investing, and overall financial management. A person's financial attitude can significantly influence their financial decisions and behaviors. It is defined as consumers' outlook or mental disposition, which influences their decision whether or not to work that way despite their adequate knowledge