



Financial Literacy among School Students: Assessing Knowledge, Attitudes, and Financial Behaviour for Building Responsible Future Citizens

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Abstract

Financial literacy has become an essential life skill in the modern world, particularly for school students who are preparing to become financially responsible citizens. The increasing complexity of financial products, digital payment systems, and economic decision-making requires individuals to possess adequate knowledge, attitudes, and skills related to personal finance. This study aims to assess the level of financial literacy among school students by examining their understanding of basic financial concepts, attitudes toward money management, and financial behaviour.

The paper explores the significance of financial literacy in school education and highlights the role of educational institutions in developing students' financial awareness. It discusses the importance of introducing financial education at the secondary and senior secondary levels to help students make informed decisions regarding saving, budgeting, spending, and investment. The study also examines factors that may influence financial literacy, including family background, access to financial information, educational exposure, and socio-economic conditions.

Keywords

Financial literacy, school students, financial knowledge, money management, budgeting, saving behaviour, financial attitude, personal finance education.

Introduction

In the twenty-first century, financial literacy has emerged as a critical competency for individuals to effectively manage their personal and economic lives. The rapid expansion of financial markets, digital banking, online payment systems, and consumer credit options has made financial decision-making increasingly complex. For school students, who are future consumers, earners, and investors, acquiring financial literacy at an early stage is essential for developing responsible financial habits and avoiding poor financial decisions later in life.

Financial literacy refers to the knowledge, skills, attitudes, and behaviours required to make informed and effective decisions regarding the use and management of money. It encompasses understanding concepts such as income, saving, budgeting, interest, investment, credit, insurance, and financial risk. A financially literate individual is capable of planning expenditures, managing resources efficiently, and making decisions that support long-term financial security.

In the Indian context, financial literacy has gained significant importance due to the increasing use of digital financial services, government initiatives promoting financial inclusion, and the growing need for economic self-reliance. Programs such as the Pradhan Mantri Jan Dhan Yojana, Digital India initiative, and financial awareness campaigns by the Reserve Bank of India and other institutions have highlighted the importance of educating citizens about financial matters.

However, despite these initiatives, many school students continue to have limited understanding of basic financial concepts and practical money management skills.

Schools play a vital role in shaping students' knowledge, attitudes, and behaviours. Incorporating financial literacy into the school curriculum can provide students with the opportunity to learn essential financial concepts in a structured and age-appropriate manner. Such education can help students develop habits of saving, budgeting, and responsible spending, which are crucial for their future economic well-being. Moreover, financial literacy education can contribute to the development of informed citizens who are capable of participating effectively in the economy and making sound financial decisions.

The present study seeks to examine the level of financial literacy among school students by focusing on three major dimensions: financial knowledge, financial attitudes, and financial behaviour. Financial knowledge refers to students' understanding of basic financial concepts and principles. Financial attitudes involve their beliefs and perspectives regarding money management, saving, and spending. Financial behaviour includes the practical actions students take in managing their money, such as budgeting, saving, and responsible spending.

Understanding these dimensions is important because financial literacy is not limited to theoretical knowledge alone. Students may possess knowledge of financial concepts but may not necessarily apply this knowledge in their daily lives. Therefore, assessing attitudes and behaviours alongside knowledge provides a comprehensive understanding of students' financial literacy levels. This study is particularly relevant in the context of school education, where there is an increasing emphasis on competency-based learning and life skills development. Financial literacy aligns with the broader goals of education by equipping students with practical skills that can enhance their personal and social well-being. The findings of this study can assist educators, curriculum planners, and policymakers in designing effective financial education programs that address the specific needs of school students.

Significance of the Study

- **Educational Significance:** The study can provide valuable insights into the current level of financial literacy among school students. This information can help educators identify areas where students require additional support and instruction.
- **Curriculum Development:** The findings can assist curriculum developers in integrating financial literacy concepts into school subjects such as mathematics, commerce, social science, and life skills education.
- **Policy Implications:** Policymakers can use the results of the study to design and implement financial education programs that address the needs of school students and promote financial awareness at the national level.
- **Parental Awareness:** The study can highlight the role of family environment and parental guidance in shaping students' financial attitudes and behaviours. This can encourage parents to engage in financial discussions with their children.
- **Contribution to Research:** The study adds to the existing body of literature on financial literacy by focusing specifically on school students. It can serve as a reference for future researchers interested in exploring financial education and youth financial behaviour.
- **Societal Benefits:** Financially literate students are more likely to become responsible adults who can manage their resources effectively, avoid financial difficulties, and contribute positively to the economy. Thus, improving financial literacy among students has long-term benefits for society as a whole.



Review of Literature

Introduction to the Literature Review

Financial literacy has gained worldwide attention as an essential life skill that enables individuals to make informed financial decisions. International organizations such as the **OECD**, the **World Bank**, and the **International Network on Financial Education (INFE)** have consistently emphasized that financial education should begin during school years to cultivate responsible financial behaviour among future citizens.

Researchers across the world have investigated financial literacy among children, adolescents, college students, teachers, and adults. Most studies conclude that financial knowledge positively influences saving behaviour, budgeting practices, investment decisions, and long-term financial well-being. However, many studies also report inadequate financial literacy among young people, particularly in developing countries.

Concept of Financial Literacy

Financial literacy is a multidimensional concept comprising financial knowledge, financial attitude, financial skills, and financial behaviour. According to the **OECD (2020)**, financial literacy is defined as:

"A combination of awareness, knowledge, skills, attitudes and behaviours necessary to make sound financial decisions and ultimately achieve individual financial well-being." Similarly, **Lusardi and Mitchell (2014)** describe financial literacy as the ability to understand financial concepts and apply that knowledge effectively in making financial decisions. Modern financial literacy extends beyond knowing financial terminology. It includes practical competencies such as:

- Budget preparation
- Personal financial planning
- Saving regularly
- Understanding interest rates
- Managing debt responsibly
- Using digital payment systems safely
- Evaluating investment opportunities
- Recognizing financial fraud

Thus, financial literacy is regarded as a fundamental life skill necessary for economic participation and responsible citizenship.

Global Perspective on Financial Literacy Education

Many developed countries have incorporated financial education into school curricula.

United States

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The United States introduced financial education programs in many states to improve students' understanding of:

- Personal budgeting
- Credit management
- Taxes
- Insurance
- Retirement planning

Studies found that students receiving financial education demonstrated improved financial decision-making and higher saving tendencies.

Australia

Australia's national curriculum integrates financial capability across mathematics, economics, business studies, and social sciences. Students are introduced to financial concepts progressively from primary school onwards.

United Kingdom

The UK has made financial education compulsory in secondary schools through subjects such as citizenship and mathematics. Research indicates that early financial education improves confidence in managing personal finances.

Singapore

Singapore emphasizes practical financial education through project-based learning and simulations. Students learn budgeting using real-life financial scenarios. These international experiences demonstrate that structured financial education contributes significantly to responsible financial behaviour.

Financial Literacy in India

India has experienced remarkable growth in digital banking, online transactions, Unified Payments Interface (UPI), and financial inclusion. Consequently, financial literacy has become increasingly important. Several initiatives have been undertaken by governmental and financial institutions, including:

- Financial Inclusion Campaigns
- Financial Education Programmes by banks
- School awareness programmes
- Investor awareness initiatives
- Digital payment awareness campaigns

Despite these efforts, studies consistently reveal that many Indian students possess only basic financial knowledge and often lack practical financial management skills.

Common deficiencies include:



- Poor budgeting habits
- Limited understanding of compound interest
- Inadequate investment awareness
- Lack of insurance knowledge
- Weak understanding of inflation
- Limited awareness of financial planning

Researchers therefore advocate integrating financial literacy into school education rather than treating it as an optional topic.

Research Gap Statement

Based on the review of literature, it is evident that there is a need for a comprehensive study examining financial literacy among secondary and senior secondary school students by assessing financial knowledge, attitudes, and financial behaviour simultaneously. Furthermore, there is a need to explore how financial literacy education can be effectively integrated into the school curriculum in alignment with the National Education Policy (2020) and competency-based education. The present study aims to address these gaps by providing empirical evidence and practical recommendations for strengthening financial literacy among school students.

Financial Literacy and the National Education Policy (NEP) 2020

The National Education Policy (NEP) 2020 advocates a shift from rote learning to competency-based, experiential, and multidisciplinary education. Financial literacy aligns closely with the policy's emphasis on life skills and real-world learning.

Key objectives of NEP 2020 that support financial literacy include:

- Development of critical thinking and problem-solving skills.
- Promotion of experiential and project-based learning.
- Integration of vocational and skill education.
- Enhancement of digital literacy.
- Preparation of learners for twenty-first-century challenges.

Financial literacy can be incorporated across multiple disciplines, including mathematics, commerce, economics, social science, business studies, and vocational education. Activities such as budget preparation, business simulations, entrepreneurship projects, and financial case studies provide authentic learning experiences consistent with NEP 2020.

A Conceptual Framework for Financial Literacy in Schools

A comprehensive school-based financial literacy framework should integrate four interconnected dimensions:

Knowledge → Attitude → Behaviour → Financial Well-being

This progression is influenced by several supporting factors:

- School curriculum



- Teacher competence
- Family financial practices
- Peer influence
- Digital learning resources
- Community engagement

The framework emphasizes that financial literacy is not a single subject but a lifelong competency developed through continuous interaction between educational experiences and real-life financial situations.

Financial Literacy as a Twenty-First Century Life Skill

Modern education aims to prepare learners for rapidly changing social and economic environments. Financial literacy complements other essential twenty-first-century skills, including:

- Critical thinking
- Problem-solving
- Communication
- Collaboration
- Digital literacy
- Information literacy
- Entrepreneurship
- Adaptability
- Responsible citizenship

These competencies enable students to become financially independent and socially responsible adults capable of contributing to sustainable economic development.

Financial Literacy and Sustainable Development

Financial literacy contributes directly and indirectly to several Sustainable Development Goals (SDGs), particularly:

- **SDG 1:** No Poverty
- **SDG 4:** Quality Education
- **SDG 8:** Decent Work and Economic Growth
- **SDG 10:** Reduced Inequalities
- **SDG 12:** Responsible Consumption and Production

Financially educated citizens are more likely to make informed economic decisions, save regularly, avoid financial exploitation, and participate actively in the formal financial system. Consequently, strengthening financial literacy at the school level contributes to inclusive and sustainable national development.

Role of Teachers

Teachers act as facilitators who transform theoretical financial concepts into meaningful learning experiences.

Their responsibilities include:

- Explaining financial concepts through real-life examples.
- Encouraging inquiry-based learning.
- Designing practical financial activities.
- Promoting responsible financial behaviour.
- Demonstrating ethical financial practices.
- Integrating financial discussions into multiple subjects.
- Guiding students in digital financial safety.

Continuous professional development programmes should equip teachers with updated financial knowledge and pedagogical strategies.

Role of Parents and Families

Financial socialization begins within the family. Parents significantly influence children's financial attitudes through everyday practices and conversations.

Parents can support financial literacy by:

- Providing structured pocket money.
- Encouraging regular saving.
- Discussing household budgeting.
- Involving children in shopping decisions.
- Demonstrating responsible spending habits.
- Teaching delayed gratification.
- Promoting digital payment safety.

Collaborative partnerships between schools and families strengthen financial education outcomes.

Role of Government and Educational Authorities

Government agencies play a vital role in establishing supportive policies and institutional frameworks for financial education.

Key responsibilities include:

- Developing national financial literacy standards.
- Integrating financial literacy into school curricula.
- Supporting teacher training.
- Preparing age-appropriate learning resources.
- Funding financial education initiatives.
- Promoting digital financial awareness.
- Encouraging public-private partnerships.

Educational boards should ensure that financial literacy becomes a competency assessed through practical and experiential activities rather than solely theoretical examinations.



Role of Financial Institutions

Banks, insurance companies, regulatory authorities, and financial organizations possess extensive expertise and resources that can support school financial education.

Potential contributions include:

- School financial awareness programmes.
- Student banking initiatives.
- Financial literacy workshops.
- Digital payment demonstrations.
- Cybersecurity awareness campaigns.
- Educational resource development.
- Entrepreneurship mentoring.

Collaborative efforts between schools and financial institutions enhance the authenticity and relevance of financial education.

Policy Recommendations

To strengthen financial literacy among school students, the following recommendations are proposed:

1. Introduce financial literacy as a compulsory component of the school curriculum from the primary level onward.
2. Align financial education with the objectives of the **National Education Policy (NEP) 2020**.
3. Develop age-appropriate textbooks, activity books, and digital learning resources.
4. Organize regular teacher training programmes on financial education.
5. Promote project-based learning, budgeting exercises, and entrepreneurship activities.
6. Strengthen collaboration among schools, parents, banks, and financial institutions.
7. Increase awareness of digital financial security, cyber fraud, and safe online transactions.
8. Establish Financial Literacy Clubs in schools to encourage experiential learning.
9. Encourage partnerships with financial experts for workshops and seminars.
10. Include financial literacy competencies in school assessment systems.

Conclusion

Financial literacy is an essential life skill that prepares students to navigate an increasingly complex financial world. Beyond understanding money, it encompasses knowledge, attitudes, behaviours, and decision-making skills necessary for personal and social well-being. As digital financial services continue to expand, financial education has become indispensable for promoting responsible financial behaviour and protecting young people from financial risks. Schools play a pivotal role in developing financially responsible citizens by integrating financial literacy into everyday learning. The principles of competency-based education advocated by NEP 2020 provide a strong foundation for incorporating financial literacy through experiential, interdisciplinary, and project-based approaches. Effective collaboration among teachers, parents, policymakers, and financial institutions is crucial for creating a financially informed generation. This theoretical paper concludes that financial literacy should not be viewed merely as a commerce-related topic

but as a universal life competency that empowers students to make informed decisions, achieve financial well-being, and contribute positively to sustainable national development.

Limitations of the Study

This paper is conceptual in nature and is based on a review of existing literature. It does not include primary empirical data collected from school students. The conclusions are derived from theoretical perspectives and previous studies; therefore, they may not represent the financial literacy levels of all student populations. Future empirical studies are required to validate the proposed framework across different educational contexts.

Future research may focus on:

- Measuring financial literacy among students of different school boards (CBSE, ICSE, and State Boards).
- Comparative studies between rural and urban schools.
- Evaluating the effectiveness of financial literacy programmes implemented under NEP 2020.
- Assessing the relationship between digital financial literacy and cybersecurity awareness.
- Developing standardized financial literacy assessment tools for school students.
- Examining the role of Artificial Intelligence and digital technologies in financial education.
- Longitudinal studies on the impact of school financial education on adult financial behaviour.

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