

International Journal Research Publication Analysis

Page: 01-06

FINANCIAL LITERACY AND PERSONAL WELL-BEING: A STUDY ON FEMALES IN CHANDIGARH

*¹Yadi, ²Pankaj Sareen, ³Dr. Pallvi Rani

¹PGP Student, IIM Indore.

²Assistant Professor, SPN College Mukerian.

³Assistant Professor, Mehr Chand Mahajan DAV College for Women, Chandigarh.

Article Received: 10 January 2026

*Corresponding Author: Yadi

Article Revised: 30 January 2026

PGP Student, IIM Indore.

Published on: 18 February 2026

DOI: <https://doi-doi.org/101555/ijrpa.1628>

ABSTRACT

Financial well-being has emerged as a critical component of overall personal welfare in the twenty-first century, particularly in the context of increasing financial complexities and expanding economic participation among women. Financial literacy, broadly defined by scholars such as Annamaria Lusardi and Olivia S. Mitchell as the knowledge and ability to apply financial concepts effectively, plays a pivotal role in shaping individuals' financial behaviors and long-term security. This study examines the relationship between financial literacy and personal well-being among female college students in Chandigarh, India, with a specific focus on saving habits, investment decisions, and financial management practices.

Primary data were collected through a structured questionnaire administered to 110 female respondents, primarily college students. The instrument measured financial attitudes, knowledge, and behaviors using a Likert scale. Statistical tools such as the Chi-Square test and descriptive statistics (mean and standard deviation) were employed to analyze the data. The findings reveal that respondents exhibit a moderate level of financial literacy (mean = 68.21%) and a moderate level of financial well-being, particularly in terms of saving behavior. The Chi-Square analysis indicates no significant difference in savings behavior between those who prepare budgets and those who do not; however, individuals possessing financial knowledge demonstrate comparatively better physical and financial well-being.

The study concludes that financial literacy significantly contributes to improved financial decision-making, enhanced savings behavior, risk assessment capability, and overall

satisfaction with financial conditions. It underscores the importance of integrating financial education into higher education curricula to empower women, promote economic independence, and strengthen long-term financial security. The responsibility for enhancing financial literacy lies not only with individuals but also with educational institutions and policymakers to ensure practical and accessible financial education for sustainable personal and national development.

KEYWORDS: Financial Literacy; Financial Well-Being; Women Empowerment; Saving Behavior; Investment Decisions; Financial Management; Risk Aversion; Financial Inclusion; Personal Finance; Economic Security.

1. INTRODUCTION

One of the essential things in life in the twenty-first century is having enough money to live comfortably. Financially literate people have been found to have a high level of personal well-being in several research studies. The degree to which a person is financially secure is a matter of personal opinion. Individuals perceive their financial well-being in a variety of different ways, each according to their definition. Financial well-being can be projected as a measure of happiness in the present and the future. For some affluent people, financial well-being is defined by their ability to save money after they have spent it.

On the other hand, some people define financial well-being as the ability to eat two square meals a day without going hungry. Lusardi and Mitchell (2007) define financial literacy as financial knowledge and the ability to apply it. Meanwhile, Houston (2010) and Widyawati (2012) stated that financial literacy occurs when an individual has a set of skills and abilities that enable the person to utilize the existing resources to achieve the expected goals.

To assess one's financial well-being, one must look at his or her income, debt, ability to deal with unforeseen circumstances, and knowledge of financial goods and markets. Furthermore, it depends on how content you are with your financial situation after achieving your financial goals.

This is not the first time that the concept of financial well-being has been pushed into the public consciousness. Since the number of women in the general and working populations continues to grow, it is becoming more vital to research their financial well-being and security in the modern world.

The correlation between female financial literacy and personal well-being is being examined in this study, which is an attempt to comprehend the relationship. The goal of this study is to take a deep dive into the financial behaviors shown by women, as well as the way by which they manage their money, to evaluate how these behaviors influence their well-being.

2. Literature Review

Many research studies undertaken to understand the relationship between financial literacy and well-being reported that the lack of financial literacy often leads to people making adverse financial decisions and investing their wealth without considering the consequences of the investment decision, which eventually affects their well-being.

The United Nations Development Programme and the Pacific Financial Inclusion Programme stated a positive correlation between financial literacy and personal well-being. The World Bank also highlighted that financial inclusion is an enabler in achieving sustainable development goals, one of which is good health and well-being. In addition, the World Bank also asserts that financial inclusion is a critical enabler in empowering women and ensuring their equal rights. The TISCO Working Paper Series on Banking, Finance, and Services No. 3 (2012) contends that financial literacy differs significantly across cohorts, one of which is gender. The Women and Financial Literacy: OECD/INFE Evidence, Survey, and Policy Responses (2013) stated that women's financial knowledge was typically the same as or lower than men's. In addition, some financial capability/literacy studies show that women tend to do better at day-to-day household money management; they still fare worse in other critical areas of planning, choosing products, and staying informed. Various authors tested the relationship between literacy and well-being in their studies. For instance, a study by Beal and Delpachitra (2003) concluded that financially literate people are in a better position to handle their financial affairs and behave responsibly regarding financial health. Another study by Neill et al. (2005) examined the relationship between financial knowledge and health and asserted that financially literate people are less likely to stress and have better personal relationships. Suhartini and Renata (2007) concluded that in households, there is a need for financial management that is aimed at managing cash flow, and finance is better organized. Financial management is intended to achieve a level of prosperity in the future. Adri Putra, Sri Handayani, and Ari (2014) testified that sound financial management could prevent someone from financial distress and financial problems. A study on Women and

Financial Literacy (2022) highlighted the impact of financial literacy on women's lives. Therefore it is significant for women to be financially informed for their well-being.

3. RESEARCH METHODOLOGY

The current research was carried out in the context of Indian citizens only. The sample respondents are primarily female college students from Chandigarh, who comprise most of the sample. We chose this category because it better represents the link between financial knowledge and well-being among females, which was our goal.

3.1 Objectives

1. To find out the relationship between financial literacy and personal well-being.
2. To analyze the impact of financial literacy on the saving habits of the women.
3. To understand the degree to which financial literacy affects their investment decisions.

3.2 data collection

The Questionnaire approach was used to collect primary data. The questionnaire has been deliberately intended to be appropriate to persons with varying levels of education and money and varied ethnic backgrounds. The questions cover a variety of attitudes and knowledge, as well as behavior relating to topics such as money management, planning for short- and long-term financial goals, and awareness of and selection of financial products, among others. The questions are divided into two categories: attitudes and knowledge and behavior. The questions are constructed in a relative rather than absolute manner. A Likert scale (with one being 'Always' and five being 'Never') is used to make it easier for respondents to reply to questions.

A total of 110 replies were received, and the procedure took around two weeks.

3.3 Profile of Sample Respondents

The sample population is made up entirely of female respondents. According to the study results, 62.2 percent of respondents are between the ages of 20 and 25 years, followed by 35.1 percent who are between the ages of 20 and 25, and the remaining respondents are beyond the age of 25. Similarly, 52.3 percent of respondents were now enrolled in undergraduate courses, with the remaining respondents had previously completed their degrees.

A large proportion (89.2 percent) of the females who participated in the poll were college students, while the remaining 10.8 percent were either running their businesses or working part-time.

4. Test and Analysis

Chi-Square Test

As the P value is greater than the significant value, there is no significant difference between the people who make a budget and who do not make a budget on their savings.

Whereas the persons having financial knowledge are better physically as well as financially as the P value is slightly less than the significant value.

Descriptive Statistics

Level of Financial Literacy

The descriptive measures like mean and standard deviation used to measure the level of financial literacy among respondents reveal that the sample respondents possess a moderate level of financial literacy having knowledge about financial products with a mean of 68.21% and standard deviation of 27.11%. The level of risk aversion is also moderately high.

Level of Financial Well being

The examination of mean and standard deviation shows that the sample respondents depict a moderate level of financial well-being with the element of saving having a mean score of 19.98% and a standard deviation of 16.06%.

5. CONCLUSIONS & SUGGESTIONS

Based on the findings of the research, we were able to conclude that maintaining one's financial well-being is just as essential as maintaining one's physical well-being. A greater understanding of finances allows for improved decision-making, which in turn makes it easier to save money and generate higher returns while maintaining an acceptable risk-to-reward ratio. Literacy in finance enables individuals to become more self-sufficient and promotes improved financial planning. Even though there is no discernible difference between financially literate persons and those who are not, we discovered that there were a few criteria where this was not the case. As opposed to those who are not aware of their financial situation, however, those who have information about their finances are reported to be in a far better position. If a person is knowledgeable about finances, they will be able to

have superior control over their financial situation and enjoy more satisfaction. People who are financially educated are more likely to have a more accurate assessment of the risk and to take steps to reduce the risk. It also contributes to an increase in the standard of living index and economic success of a nation. When a person is preparing to join the working population and contribute to both the national and personal front, it is of the highest importance for them to have a solid understanding of financial matters throughout their time in college. Therefore, the duty for disseminating the necessary information and inspiring individuals to put that knowledge into practice resides not only with the person but also with the government and educational institutions like schools and universities. Simply having an education is not enough; rather, it is the combination of theoretical understanding and practical application that is necessary for success.

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