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Financial Literacy and Financial Well-being among the People of Assam: An Empirical Investigation

Dr. Sanjib Das

Abstract

This study is an attempt to measure the levels of financial literacy and financial well-being among the people of Assam through the use of an objective test approach. It also analyzes the factors that determine financial literacy, and explores the relationship between financial literacy and financial well-being. The study is based on a sample survey of 400 respondents from various districts in Assam. The collected data were analyzed using SPSS, and statistical tests such as ANOVA and Pearson correlation were employed to test the hypotheses. The findings of the study indicate a low level of financial literacy and an average level of financial well-being among the people. The study identifies several key factors, including gender, place of residence, occupation, education, income, social category, and religion, that significantly influence people's financial literacy level. Furthermore, the study reveals a positive correlation between financial literacy and financial well-being, and concludes that an increase in financial literacy leads to an improvement in the financial well-being position of the people.

Keywords: Financial Literacy, Major Components, Key Determinant Factors, Financial Well-being, Association.

JEL Classification: C12, D14, I31

Assistant Professor, Department of Commerce, Darrang College, Tezpur, Assam

Introduction

Finance is the practice of effectively managing available resources, such as money, wealth, investments, and securities. Within this realm, personal finance plays a crucial role, encompassing all financial decisions and activities undertaken by individuals or households. This includes the practice of saving, investing, and spending money. However, it is important to note that financial literacy is an integral component of personal finance. Financial literacy refers to the possession of knowledge, skills, and confidence necessary to navigate the various financial transactions encountered in everyday life (Foundation for Advancement of Investor Rights [FAIR], 2009). The ultimate objective of financial literacy is to enhance individuals' financial well-being. Financial well-being is characterized by the ability to meet current and ongoing financial obligations, feel secure about one's financial future, and make choices that enable a fulfilling life. It entails achieving financial sufficiency and safeguarding against economic risks such as unemployment, illness, bankruptcy, and destitution (Consumer Financial Protection Bureau [CFPB],2015). Several factors contribute to an individual's level of financial literacy, primarily of demographic and socio-economic nature. Age, sex, marital status, residential location, education, profession, earnings, religion and ethnicity are among the most significant determinants of financial literacy (Luksander et al., 2014). In recent years, financial literacy has emerged as a significant concern in numerous countries worldwide. The level of financial literacy varies across regions and population. According to a global survey conducted by the S&P, financial literacy ranges from 14 percent to 71 percent globally, with South Asian countries falling into the lower financial literacy group, where only one-third of the population possesses adequate financial literacy (Klapper et al., 2014). In India, the level of financial literacy stands at 27 percent (National Centre for Financial Education [NCFE],2019). The need for financial literacy in India is particularly pressing, as a significant portion of the population relies heavily on the formal financial system, and possesses comparatively low financial literacy.

Literature Review

A good number of literatures on "financial literacy and financial well-being" have been reviewed, and briefly presented here, in this section of the study.

Agarwalla et al. (2013) measured financial literacy and studied the determinants of financial literacy of the urban youth in India. The findings of the study revealed that 24 percent of respondents possessed good financial literacy, with the majority exhibiting desirable financial behavior and a positive financial attitude. Moreover, the study showed that factors such as gender, education, and family income significantly influence an individual's overall financial knowledge, understanding, attitude, and behavior.

Shaari (2013) assessed the financial literacy of university students in Malaysia and found that the overall level of financial literacy among students was moderate, with 65.7 percent scoring between 5-8 on a 12-point scale. The study also revealed that financial literacy is influenced by socio-economic variables such as age, gender, faculty and academic year, and spending patterns. Paul (2014) emphasized the risks of financial illiteracy and highlighted the importance of financial literacy at both micro and macro levels. The author argued that financial literacy extends beyond personal finances and encompasses an understanding of the power of money, the impact of financial choices on economic well-being, and the achievement of goals. The low literacy rate and a significant portion of the population outside the formal financial system were identified as the main reasons for low financial literacy in India. Labery (2015) investigated the financial literacy status of women in Australia and found lower levels of financial literacy among specific groups, such as young women, women without formal education, low-income women, and women with disabilities. The author recommended for allocating resources and establishing financial education programs to promote financial literacy in the country. Devi (2016) assessed women's financial literacy in the Kamrup district of Assam and compared the levels of financial literacy among different categories of women, such as rural-urban and independent-dependents. The findings indicated that urban women and working women had significantly higher financial knowledge compared to rural women and nonworking women, respectively. Adam et al. (2017) examined the effects of financial behavior, financial literacy, family size, monetary support, and retirement planning on the financial well-being of pensioners in Ghana. The study revealed that retirement planning, family support, and financial literacy all had a significant impact on the financial well-being of pensioners. Hasibuan et al. (2018) conducted research on the effects of financial behavior and literacy on the financial satisfaction and well-being of entrepreneurs in Medan city, Indonesia. The investigation found that financial behavior and literacy had statistically significant effects on the financial contentment and well-being of entrepreneurs. Hermawan et al. (2019) investigated the relationship between financial behavior, wellness, satisfaction, and financial literacy among Indonesian university students. Despite their lower levels of financial literacy, the study discovered a significant relationship between students' financial wellness, satisfaction, behavior, and their financial literacy. West and Cull (2020) explored the relationship between financial behavior, attitudes, satisfaction, and expectations among Australian university students. The findings revealed that negative financial habits, attitudes, and future expectations were associated with financial discontent among students, and the majority of students had inadequate financial literacy, making it challenging to manage their daily financial affairs. Yakoboski et al. (2021) evaluated the financial literacy and well-being of American adults of various generations. The assessment revealed low levels of financial well-being and a lack of financial knowledge across the population, particularly among the young adults. The study also found a strong correlation between financial literacy and individuals' financial well-being. Sabri et al. (2022) examined the relationship between financial literacy and well-being among Malaysian adults. The data indicated that adults' financial knowledge, behavior, and locus of control significantly influenced their financial well-being. The study highlighted that adults' financial behavior is influenced by their level of financial knowledge and understanding, which ultimately impacts their financial well-being. Rabeta and Sumi (2023) studied financial literacy and behavior among Bangladesh's urban middle class people. The findings of the study revealed that people have moderate understanding on financial literacy concepts such as interest calculation, inflation, and risk-return. Moreover, the findings of the study suggest that higher financial literacy generally leads to better decision-making but varies across individuals. The authors emphasized on the need for tailored financial education to improve financial resilience and well-being among the people.

From the literature review, it is evident that while numerous studies have been conducted on financial literacy and well-being in various regions and economies worldwide, such studies are scarce in the context of Assam. Additionally, most studies focused solely on financial knowledge and neglected other dimensions such as financial behavior and attitude. The influence of key determinant factors such as age, marital status, occupation, place of residence, education, social category, income, and religion on financial literacy was rarely examined. Furthermore, the association between financial literacy and financial well-being was investigated only in a few studies.

Considering the research gaps, the study was carried out with the following objectives.

i. To measure financial literacy and financial well-being among the people of Assam;
ii. To analyse the influence of the key determinant factors, viz., age, gender, marital status, place of residence, social category, education, religion, occupation, and income on financial literacy; and
iii. To examine the association of financial literacy with financial well-being.

In order to examine influence of the key determinant factors, viz., place of residence, gender, marital status, religion, social category, age, education, occupation and income on financial literacy, the following hypotheses were framed and tested.

$H_0$1: Financial literacy is not significantly influenced by place of residence.
$H_0$2: Financial literacy is not significantly influenced by gender.
$H_0$3: Financial literacy is not significantly influenced by marital status.
$H_0$4: Financial literacy is not significantly influenced by religion.
$H_0$5: Financial literacy is not significantly influenced by social category.
$H_0$6: Financial literacy is not significantly influenced by age.
$H_0$7: Financial literacy is not significantly influenced by education.
$H_0$8: Financial literacy is not significantly influenced by occupation.
$H_0$9: Financial literacy is not significantly influenced by income.

Moreover, in order to examine the association of financial literacy with financial well-the following hypothesis was framed and tested.

$H_0$10: Financial literacy is not significantly associated with financial well-being.

Research Methodology

Population and Sample Size: The target population for this study consists of the household families in Assam. The minimum sample size for the study was determined as 384, using the Krejcie & Morgan (1970) model of sample size determination. To ensure a sufficient sample size, the minimum required sample of 384 was rounded up to the nearest hundred, resulting in a total of 400 respondents from whom data for the study were collected.

Sampling Technique: The present study applied a multi-stage random sampling technique to select the respondents. All total 27 districts of Assam (Census of India, 2011) were arranged in a sequential order based on the prevailing literacy rates in the districts. These districts were then divided into three groups, i.e., high literacy rate districts, medium literacy rate districts, and low literacy rate districts, each group containing nine districts. *In the first stage,* one district was randomly selected from each group.

Table 1: Sample Selection Process

Districts	Population	Percent	Sample Unit	Area(rural-urban)	Percent	Sample Unit	Selected Area	Sample Unit
Kamrup (M)	12,53,938	20.81	83	Urban	14	12	Gauhati Municipal Corporation (G.M.C.)	12
				Rural	86	71	Sonapur G.P.	35
							Malaibari G.P.	36
Nagaon	28,23,768	46.85	188	Urban	14	26	Nagaon Municipal Board	26
				Rural	86	162	Samaguri G.P.	81
							Rupahi G.P.	81
Dhubri	19,49,258	32.34	129	Urban	14	18	Dhubri Municipal Board	18
				Rural	86	111	Golakganj G.P.	55
							Paglahat G.P.	56
Total	60,26,964	100	400					400

Source: Author's self-construct.

**Data relating to the population in the selected districts were extracted from the Census of India, 2011.

Consequently, three districts, viz., Kamrup (M), Nagaon, and Dhubri district, were selected with literacy rates of 88.71 percent, 72.37 percent, and 58.34 percent from the high, medium and low literacy districts group respectively. Such selected districts represent low, medium, and high literacy rate areas of Assam, ensuring the samples drawn are representative.
In the second stage, the selected districts were further divided into urban and rural areas to enhance the representativeness of the samples. Municipal corporation/boards were selected from the urban areas, while Gram panchayats were chosen from the rural areas. One Municipal corporation/board was selected comprising of the district headquarter from the urban area of each district. Additionally, two Gram panchayats were randomly selected from the rural area of each district. The composition of the sample respondents was determined to be 86 percent from the rural areas, and 14 percent from the urban areas, maintaining a parity with the rural-urban composition in the state (Census of India, 2011). *In the third and final stage,* respondents were randomly selected from the respective Municipal corporation/boards and Gram panchayats. Throughout all the stages of sampling, the lottery method was employed to select the required number of samples. Table 1 presents sample selection process.
The number of samples selected from each district is proportionate to the population in the respective district. In case of urban areas, the required samples were selected from one Municipal corporation/board, and in case of rural areas, the required samples were selected from two Gram panchayats in equal proportion in each district. For selecting the sample respondents, the list of voters/household families available with the Municipal corporation/board and Gram panchayats in the respective area formed the base. Within a selected household, only one member of the household who is a permanent resident and whose age is above 18 years was considered.

The required data were collected through a standardised questionnaire containing 30 multiple choice questions, of which, 20 questions were on financial literacy, and the rest 10 questions on financial well-being.

Data Analysis: The data obtained for the study were analyzed using SPSS software (version 20.0). Various statistical tests, including ANOVA and Pearson correlation analysis, were employed in the analysis process.

Measurement Scales: There are two primary methods for measuring financial literacy: the self-assessment approach and the objective test approach. The self-assessment approach involves asking individuals subjective questions to gauge their own financial literacy. For example, respondents may be asked to rate their overall financial literacy on a scale from 1 to 10. However, this approach has not gained widespread popularity due to the tendency of respondents to overestimate their financial knowledge and present a positive financial attitude and behavior. On the other hand, the objective test approach involves asking individuals multiple-choice questions in a questionnaire or interview. Each question is scored based on the correctness of the respondent's answer, and the overall score is used to determine their level of financial literacy. This approach has been found to be more effective in assessing financial literacy compared to the self-assessment approach (Organisation for Economic Co-operation and Development [OECD], 2006).

In this study, the measurement of financial literacy was done using a standardized scale developed by the NCFE, India (NCFE, 2013). This scale was designed based on the objective test approach and underwent a pilot survey to ensure its validity. Approval for the use of this scale in financial literacy surveys in the country was obtained from the National Institute for Securities Market (NISM). The scale used in this study measures financial literacy by combining three main components: financial behavior, financial knowledge, and financial attitude. It consists of a total of 20 multiple-choice questions, with 8 questions focusing on financial knowledge, 9 questions on financial behavior, and 3 questions on financial attitude. To determine the level of financial literacy, a cutoff score of 15 points was fixed. This cutoff score includes 6 points from financial knowledge, 6 points from financial behavior, and 3 points from financial attitude. An individual who achieves the minimum required score or higher in each of these dimensions, and has a total score of 15 points or more out of the maximum aggregate score of 22 points, is considered financially literate. However, within the financially literate segment, two categories were identified: moderately literate and highly literate. Respondents who scored 15 points or more on an aggregated basis, but less than or equal to 20 points, were classified as moderately literate. On the other hand, respondents who scored more than 20 points on an aggregated basis were classified as highly literate.

The financial well-being of individuals in Assam was assessed using a standardized scale developed by the CFPB, United States (CFPB, 2015). This scale, which follows an objective test approach, was originally employed in the national consumer financial well-being survey conducted in the United States in 2016.

It consists of 10 questions that aim to gauge financial security, financial freedom of choice, and the overall perception of financial well-being. Each question offers five response options, with scores ranging from 0 to 4. Consequently, the maximum attainable score on the financial well-being scale is 40, while the minimum is 0. The financial well-being position of the respondents are divided into three levels: low financial well-being (score from 5 to 19), moderate financial well-being (score from 20 to 24) and high financial well-being (score from 25 to 40) based on the Z-conversion formula (Sood, 2011).

Results and Discussion

Financial Literacy among the People of Assam

The level of financial literacy along with the levels of financial knowledge, financial behavior and financial attitude of various socio-economic and demographic groups of people in Assam were measured, and are presented here in this section of the study. Table 2 gives category and component wise financial literacy level among the people of Assam.

Table 2 shows that financial literacy among the people of Assam is 34.5 percent of which 24 percent is moderate financial literacy and 10.5 percent is high financial literacy. Financial literacy among the urban people is higher than that of the rural, i.e.,38 percent and 31. Male are more financially literate than the female respondents which stands at 41.5 and 26.6. Married people have more financial literacy than the unmarried people. In case of religion, Hindus have the highest level of financial literacy which stands at 39.4 followed by the Muslims and Christians at 29.2 and 28 percent. So far as social category is concerned, respondents from the general category have the highest level of financial literacy, i.e.,41.4 percent followed by OBC, MBOC and SC category. Respondents belonging to ST category have the lowest level of financial literacy, i.e., 24.1 percent. In case of age, respondents from the age group of 44-56 years have the highest financial literacy level, i.e., 44.4 percent followed by 31-43 years and 57-69 years. Respondents from the age group of 18-30 years and 70 & above have the lower financial literacy, i.e., 26.8 and 26.9 percent. Financial literacy differs depending on educational qualification. PG and above qualified respondents have the highest level of financial literacy, i.e., 58.6 percent followed by the graduates and high school pass respondents. Financial literacy is the lowest among the illiterates, i.e., 14.3 percent followed by the respondents having primary education. Occupation makes difference in financial literacy level. Service holders have the highest financial literacy, i.e.,63.3 percent followed by the businessmen at 47.8 percent. It is the lowest among the agricultural people, i.e., 15.5 percent followed by house wives, students, and others (informal). So far as income is concerned financial literacy is the highest, i.e., 61.5 among the respondents having income Rs.25, 001-35,000 followed by the respondents of the income group of Rs.15, 001-25,000 and above Rs. 35,000. Financial literacy is the lowest, i.e., 17.5 among the respondents of income below Rs.5, 000.

Influence of the Determinants of Financial Literacy

Influence of the key determinant factors, viz., place of residence, gender, marital status, religion, social category, age, education, occupation and income on financial literacy of the people was tested using the ANOVA technique. Table 3 gives results of the ANOVA test which shows the differences of the mean score of financial literacy among the socio-economic and demographic groups under the study.

The results of the ANOVA test as presented in Table 3 show that place of residence, gender, marital status, religion, social category, age, education, occupation and income of the people have influence on their financial literacy level.

Influence of Place of Residence on Financial Literacy: Financial literacy level differs with place of residence of the people. The mean score of financial literacy of the rural people (13. 48 percent) is lower than the urban people (15.47 percent), and the difference is significant at 5 percent level of significance(p=.000<.05). Hence, H_01: Financial literacy is not significantly influenced by place of residence is rejected, and concluded that financial literacy is significantly influenced by place of residence of the people.

Table 2: Financial Literacy among the People of Assam

Categories and Components		Financial Knowledge		Financial Behaviour		Financial Attitude		Financial Literacy		Moderate Literacy		High Literacy		Illiteracy		Total	
		Count	%	Count	%	Count	%	Count	%	Count	%	Count	%	Count	%	Count	%
Assam		*170*	*42.5*	*178*	*44.5*	*274*	*68.5*	*138*	*34.5*	*96*	*24*	*42*	*10.5*	*262*	*65.5*	*400*	*100*
Place of Residence	Rural	84	42.0	78	39.0	132	66.0	62	31.0	44	22.0	18	09.0	138	69.0	200	100
	Urban	86	43.0	100	50.0	142	71.0	76	38.0	52	26.0	24	12.0	106	53.0	200	100
Gender	Male	100	47.2	104	49.0	160	75.5	88	41.5	58	27.4	30	14.1	124	58.5	212	100
	Female	70	37.2	74	39.4	114	60.6	50	26.6	38	20.2	12	06.4	138	73.4	188	100
Marital Status	Married	88	41.1	110	51.4	152	71.0	86	40.2	60	28.0	26	12.1	128	59.8	214	100
	Unmarried	82	44.1	68	36.6	124	65.6	52	27.9	36	19.3	16	08.6	134	72.0	186	100
Religion	Hindu	96	46.1	100	48.0	146	70.2	82	39.4	60	28.8	22	10.6	126	60.6	208	100
	Muslim	56	39.4	50	35.2	94	66.2	42	29.2	28	19.7	14	09.8	100	70.4	142	100
	Christian	18	36.0	28	56.0	34	68.0	14	28.0	08	16.0	06	12.0	36	72.0	50	100
Social category	General	64	45.7	80	57.1	104	74.3	58	41.4	38	27.1	20	14.3	82	58.6	140	100
	SC	32	38.1	42	50.0	52	61.9	26	30.9	18	21.4	08	09.5	58	69.0	84	100
	ST	22	37.9	20	34.5	30	51.7	14	24.1	10	17.2	04	06.9	44	75.9	58	100
	OBC	42	47.7	24	27.2	68	77.7	30	34.1	22	25.0	08	09.1	58	65.9	88	100
	MOBC	10	33.3	12	40.0	20	66.7	10	33.3	08	26.6	02	06.6	20	66.7	30	100
Age (Years)	18 – 30	34	41.5	30	36.6	54	65.9	22	26.8	18	21.9	04	04.9	60	73.2	82	100
	31 – 43	40	44.4	44	48.9	68	75.5	30	33.3	22	24.4	08	08.9	60	66.7	90	100
	44 – 56	38	42.2	46	51.1	56	62.2	40	44.4	28	31.1	12	13.3	50	55.6	90	100
	57 – 69	38	44.19	38	44.19	62	72.1	32	37.2	18	20.9	14	16.3	54	62.8	86	100
	70 and above	20	38.5	20	38.5	34	65.4	14	26.9	10	19.2	04	07.7	38	73.1	52	100
Education	Illiterate	08	14.3	16	28.6	32	57.1	08	14.3	06	10.7	02	03.6	48	85.7	56	100
	Primary	12	14.6	42	51.2	38	46.3	16	19.5	12	14.6	04	04.9	66	7.3	82	100
	High school	24	28.6	42	50.0	60	71.4	28	33.3	20	23.8	08	09.5	56	66.7	84	100
	Graduate	82	68.3	46	38.3	94	78.3	52	43.3	34	28.3	18	15.0	68	56.7	120	100
	PG and above	44	75.9	32	55.2	50	86.2	34	58.6	24	41.4	10	17.2	24	41.4	58	100
Occupation	Student	44	46.8	26	27.6	70	74.5	24	25.5	18	19.1	06	06.4	70	74.5	94	100
	House wife	12	20.0	20	33.3	28	46.7	12	20.0	10	16.6	02	3.33	48	80.0	60	100
	Agriculture	24	18.2	34	51.5	38	57.6	10	15.1	08	12.1	02	3.0	56	84.8	66	100
	Business	48	52.2	44	47.8	68	73.9	44	47.8	28	30.4	16	17.4	48	52.2	92	100
	Service	42	70.0	40	66.7	52	96.7	38	63.3	22	03.3	16	26.7	22	36.7	60	100
	Others (Informal)	12	42.8	14	50.0	12	42.8	10	35.7	10	35.7	00	00.0	18	64.3	28	100
Income (Monthly in Rs.)	Below 5000	14	17.5	34	42.5	42	52.5	14	17.5	10	12.5	04	05.0	66	82.5	80	100
	5001-15000	48	37.5	40	31.2	88	06.2	28	21.9	22	17.19	06	04.7	100	78.1	128	100
	15001-25000	50	67.6	32	43.2	56	75.7	34	45.9	22	29.8	12	16.2	40	54.1	74	100
	25001-35000	28	53.8	32	61.5	48	92.3	32	61.5	28	53.8	04	07.7	20	38.5	52	100
	Above 35000	30	45.4	40	60.6	40	60.6	30	45.4	14	21.1	16	24.2	36	54.5	66	100

Source: Primary data.

Influence of Gender on Financial Literacy: Financial literacy level differs with gender of the people. The mean score of financial literacy of male respondents (14.39 percent) is higher than that of the female respondents (13.55 percent), and the difference is significant at 5 percent level of significance ($p=.042<.05$). Hence, H_02: Financial literacy is not significantly influenced by gender is rejected, and concluded that financial literacy is significantly influenced by gender of the people.

Table 3: Results of ANOVA Test

Variables		Mean Score	F-value	p-value
	Rural	13.48		
Place of Residence	Urban	15.47	19.232	.000
	Male	14.39		
Gender	Female	13.55	4.170	.042
	Married	14.41		
Marital Status	Unmarried	13.49	4.944	.027
	Hindu	14.56		
Religion	Muslim	13.59	5.119	.006
	Christian	12.82		
	General	14.66		
	SC	14.64		
Social Category	ST	13.13	2.572	.037
	OBC	13.80		
	MOBC	13.00		
Age (Years)	18 – 30	13.45		
	31 – 43	13.92		
	44 – 56	14.33	.810	.519
	57 – 69	14.44		
	70 and above	14.20		
	Illiterate	12.40		
	Primary	13.23		
Education	High school	13.57	9.363	.000
	Graduate	15.16		
	PG and above	15.79		
	Student	13.57		
	House wife	13.48		
	Agriculture	13.07		
Occupation	Business	14.81	5.873	.000
	Service	16.08		
	Others (Informal)	12.94		
	Below 5000	12.19		
	5001-15000	13.22		
Income (Monthly, in INR)	15001-25000	14.47	10.176	.000
	25001-35000	14.90		
	Above 35000	15.79		

Source: Author's computation based on primary data.

**Level of significance (α) =.05

Influence of Martial status on Financial Literacy: Financial literacy level differs with marital status of the people. The mean score of financial literacy of the married respondents (14.41 percent) is higher than that of the unmarried respondents (13.49 percent), and the difference is significant at 5 percent level of significance (p=.027<.05). Hence, $H_0$3: Financial literacy is not significantly influenced by marital status is rejected, and concluded that financial literacy is significantly influenced by marital status of the people.

Influence of Religion on Financial Literacy: Financial literacy level differs with religion of the people. The mean score of financial literacy of the Hindu respondents (14.56 percent) is the highest followed by the Muslim respondents (13.59 percent) and Christian respondents have the lowest mean score of financial literacy (12.82 percent). The difference in the mean financial literacy scores of various religious groups is significant at 5 percent level of significance (p=.006<.05). Hence, $H_0$4: Financial literacy is not significantly influenced by religion is rejected, and concluded that financial literacy is significantly influenced by religion of the people.

Influence of Social category on Financial Literacy: Financial literacy level differs with social category of the people. The mean score of financial literacy of the respondents belonging to the General category (14.66 percent) is the highest followed by the respondents belonging to the SC category (14.64 percent).

Respondents belonging to the MOBC category have the lowest mean score of financial literacy (13 percent) followed by the respondents belonging to the ST category (13.13 percent).

The difference in the mean financial literacy scores of various social categories is significant at 5 percent level of significance (p=.037<.05).

Hence, $H_0$5: Financial literacy is not significantly influenced by social category is rejected, and concluded that financial literacy is significantly influenced by social category of the people.

Influence of Age on Financial Literacy: Financial literacy differs with age of the people. The mean score of financial literacy of the respondents belonging to the age group of 57-69 years (14.44 percent) is the highest followed by the respondents of the age group of 44-56 years (14.33 percent). Mean score of financial literacy is the lowest among the respondents of the age group of 18-30 years (13.45 percent) followed by the respondents of the age group of 31-43 years (13.92 percent). The difference in the mean financial literacy scores of various age groups is not significant at 5 percent level of significance ($p=.519>.05$). Hence, $H_0 6$: Financial literacy is not significantly influenced by age is accepted, and concluded that financial literacy is not significantly influenced by age of the people.

Influence of Education on Financial Literacy: Financial literacy level of the people differs with their educational qualification. The mean score of the PG and above qualified people is the highest (15.79 percent) followed by the Graduates (15.16 percent). The means score of financial literacy level of the illiterate people is the lowest (12.40 percent) followed by the Primary school passed (13.23 percent). The difference in the mean financial literacy scores of various educational qualification groups is significant at 5 percent level of significance ($p=.000<.05$). Hence, $H_0 7$: Financial literacy is not significantly influenced by education is rejected, and concluded that financial literacy is significantly influenced by education of the people.

Influence of Occupation on Financial Literacy: Financial literacy level changes with occupation of the people. The mean score of the service holders is the highest (16.08 percent) followed by the businessmen (14.81 percent). The mean score of financial literacy is lowest among the others (informal) occupational (12.94 percent) followed by the house wives (13.48 percent) and students (13.57 percent). The difference in the mean financial literacy scores of various occupation groups is significant at 5 percent level of significance($p=.000<.05$). Hence, $H_0 8$: Financial literacy is not significantly influenced by occupation is rejected, and concluded that financial literacy is significantly influenced by occupation of the people.

Influence of Income on Financial Literacy: Financial literacy of the people increases with the increase in their income level. The mean score of financial literacy is the highest among the people having income above Rs.35, 000 (15.79 percent) followed by people of the income group of Rs.25, 001-Rs.35, 000 (14.90 percent). The mean score of financial literacy is the lowest among the people having income below Rs.5, 000 (12.19 percent) followed by the income group of Rs. 5,001-Rs.15, 000 (13.22 percent). The difference in the mean financial literacy scores is significant at 5 percent level of significance ($p=.000<.05$). Hence, $H_0 9$: Financial literacy is not significantly influenced by income is rejected, and concluded that financial literacy is significantly influenced by income of the people.

To sum up, it is concluded that financial literacy among the people of Assam is significantly influenced by the place of residence, gender, marital status, social category, religion, education, occupation and income of the people, except age of the people which does not have significant influence on financial literacy.

Financial Well-being among the People of Assam

Financial well-being among various socio-economic and demographic groups of people in Assam were measured in terms of high financial wellbeing, moderate financial wellbeing and low financial wellbeing. Table 4 gives category and component wise level of financial well-being among the people of Assam.

Table 4 shows financial well-being among the people of Assam as 41.0 percent low financial well-being, 42.5 percent moderate financial well-being, and 16.5 percent high financial well-being. Majority of the people have moderate and low financial well-being, and only a few have high financial well-being. Urban respondents have better financial well-being than that of the rural. Again, financial well-being is better for the male respondents as compared to the female. Married respondents have better financial well-being position than the unmarried. Moderate and high financial well-being is higher for the respondents from the Hindu religion and Christians have more of low financial well-being. Most of the respondents from all the age groups have medium financial well-being, only a small percentage has high financial well-being. Respondents from the General and SC category have higher percentage of high financial well-being, and low financial well-being is more among the respondents of MOBC category.

High and moderate financial well-being is better for the higher age group and respondents from low age group have lower level of high and moderate financial well-being. Post-graduation and above qualified have more of high financial well-being, and graduates have higher of moderate financial well-being.

Illiterates and Primary school pass respondents have more low level of financial well-being. Moderate level of financial well-being is flat for respondents from all the income groups. High financial well-being is more among the respondents having higher income and respondents of low-income group have more of low financial well-being. Businessmen and service holders have more high and moderate financial well-being. Students and agricultural people have less high financial well-being and it is nil for the respondents having other (informal) occupation. Low financial well-being is more for the respondents belonging to other (informal) occupation.

Table 4: Financial Well-being among the People of Assam

Categories and components		High Count	High %	Moderate Count	Moderate %	Low Count	Low %	Total Count	Total %
Assam		*66*	*16.5*	*170*	*42.5*	*164*	*41.0*	*400*	*100*
Place of Residence	Rural	28	14.0	84	42.0	88	44.0	200	100
	Urban	38	19.0	86	43.0	76	38.0	200	100
Gender	Male	46	21.7	100	47.2	66	31.1	212	100
	Female	20	10.6	70	37.2	98	52.1	188	100
Marital Status	Married	42	19.6	94	43.9	78	36.4	214	100
	Unmarried	24	12.9	76	40.9	86	46.2	186	100
Religion	Hindu	38	18.7	86	41.3	84	40.4	208	100
	Muslim	18	12.7	78	47.9	56	39.4	142	100
	Christian	10	20.0	16	32.0	24	48.0	50	100
Social category	General	30	21.4	56	40.0	54	38.6	140	100
	SC	16	19.0	36	42.8	32	38.1	84	100
	ST	08	13.8	32	55.2	18	31.0	58	100
	OBC	10	11.4	40	45.4	38	43.2	88	100
	MOBC	02	06.7	06	20.0	22	73.3	30	100
Age (year)	18 – 30	04	04.9	32	39.0	46	56.1	82	100
	31 – 43	16	17.8	42	46.7	32	35.5	90	100
	44 – 56	14	15.5	38	42.2	38	42.2	90	100
	57 – 69	20	23.2	36	41.9	30	34.9	86	100
	70 and above	12	23.1	22	42.3	18	34.6	52	100
Education	Illiterate	02	03.6	20	35.7	34	60.7	56	100
	Primary school pass	12	14.6	28	34.1	42	51.2	82	100
	High school pass	18	21.4	32	38.1	34	40.5	84	100
	Graduate	16	13.3	68	56.7	36	30.0	120	100
	PG and above	18	31.0	22	38.0	18	31.0	58	100
Occupation	Student	12	12.8	40	42.5	42	44.7	94	100
	Agriculture	10	15.1	26	39.4	30	45.5	66	100
	Business	24	26.1	42	45.6	26	28.3	92	100
	Service	10	16.7	38	63.3	12	20.0	60	100
	Others (Informal)	00	00.0	12	42.8	16	57.2	28	100
Income (Monthly in Rs.)	Below 5000	08	10.0	34	42.5	38	47.5	80	100
	5001-15000	18	14.1	50	39.1	60	46.8	128	100
	15001-25000	12	16.2	32	43.2	30	40.5	74	100
	25001-35000	10	19.2	24	46.2	18	34.6	52	100
	Above 35000	18	27.3	30	45.4	18	27.3	66	100

Source: Primary data.

To sum up, it can be concluded that financial well-being among the people of Assam is average as most of the people have moderate or low financial wellbeing and least of them have high financial well-being.

Financial Literacy and Financial Well-being

Financial literacy and financial well-being are closely linked to each other. Financial literacy leads an individual towards better financial well-being position in life. Higher the financial literacy, better is the financial well-being and vice-versa (Taft,2013). Table 5 shows the association of financial literacy and financial well-being.

In Table 5, it is observed that financial literacy is associated with financial well-being of the people. Majority of the low financially literate people, i.e., 51.91 percent have low level of financial well-being, and only 6.11 percent of the low financially literate people have high financial well-being. In case of moderate financially literate people most of them have moderate and high financial well-being, i.e., 39.58 percent and 35.42 percent. High financial well-being as well as moderate financial well-being is the highest for the high financially literate people, i.e., 38.10 and 52.39 percent. High financially literate people have the lowest percentage of low financial well-being, i.e., 9.21 percent only.

The results of the correlation analysis show significant association between financial literacy and financial well-being(p=.000<.05). Hence, $H_0 10$: Financial literacy is not significantly associated with financial well-being is rejected, and concluded that financial literacy is significantly associated with financial well-being of the people, and the association is positive and strong (r=.581) (Cohen, 1988).

An increase in financial literacy results into the increase in financial well-being of the people.

Table 5: Association of Financial Literacy and Financial Well-being

<table>
<tr><td rowspan="6">Financial Literacy</td><td rowspan="3"></td><td colspan="6">Financial Well-being</td><td colspan="2" rowspan="2">Total</td><td rowspan="2">Pearson correlation</td></tr>
<tr><td colspan="2">High</td><td colspan="2">Moderate</td><td colspan="2">Low</td></tr>
<tr><td>Count</td><td>%</td><td>Count</td><td>%</td><td>Count</td><td>%</td><td>Count</td><td>%</td><td rowspan="4">r =.581
p-value =.000
α =0.01</td></tr>
<tr><td>Low</td><td>16</td><td>6.11</td><td>110</td><td>41.98</td><td>136</td><td>51.91</td><td>262</td><td>100</td></tr>
<tr><td>Moderate</td><td>34</td><td>35.42</td><td>38</td><td>39.58</td><td>24</td><td>25.00</td><td>96</td><td>100</td></tr>
<tr><td>Highly</td><td>16</td><td>38.10</td><td>22</td><td>52.39</td><td>04</td><td>09.51</td><td>42</td><td>100</td></tr>
</table>

Source: Author's computation based on primary data.

**Low financial literacy (score<15).

Summary of the Findings

The financial literacy level in Assam is reported to be 34.5 percent, with 24 percent of the population having moderate financial literacy and 10.5 percent having high financial literacy. Various factors contribute to the level of financial literacy, including place of residence, gender, marital status, religion, social categories, age, education, occupation, and income. Gender, place of residence, social category, education, occupation, and income are found to have a positive, strong, and significant association with financial literacy, while age does not show statistical significance. In case of financial well-being, 41.0 percent of the population in Assam has low financial well-being, 42.5 percent has moderate financial well-being, and 16.5 percent has high financial well-being. Financial literacy and financial well-being are closely associated, as the level of financial well-being is influenced by one's financial literacy. Correlation analysis reveals a positive, significant, and strong association between financial literacy and financial well-being among the people of Assam. Furthermore, an increase in financial literacy is found to lead to an improvement in financial well-being.

Conclusion

From the above analysis it is concluded that financial literacy among the people of Assam is more than the Indian national average, and the level of financial literacy has a positive, strong and significant association with gender, place of residence, social category, education, occupation and income of the people, except age of the people which does not have significant influence on financial literacy. In case of financial well-being, majority of people have medium and low financial well-being, and only a few of them have high financial well-being. Financial literacy and financial well-being are closely linked. The results of the correlation analysis show positive, strong and statistically significant association between financial literacy and financial well-being. An increase in financial literacy of the people results in an increase in their financial well-being. Therefore, it is suggested to take necessary measures by the stakeholders in order to improve knowledge, skills, understanding and awareness of the people on financial matters, especially for the students, women and the poor people which will promote their financial well-being and accelerate economic growth and development.

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