

# Financial literacy for Financial Well Being- A Study of Chandigarh Region

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## Abstract

Stress is a big threat to both our mental health and financial well-being. Whether an individual struggle with financial stress or simply wants to improve his/her overall health he/she shall take the time to invest in both and prioritize our well-being. However by being Financial literate one can possess the skills, knowledge, and behaviors that allows an individual to make informed decisions regarding money. In this paper an attempt has been made to analyse and compare the financial well being scale according to the gender using t test analysis.

**Keywords:** Financial Well Being, Financial Wellness, Financial Literacy, Financial Stress, Financial Stigma, Mental Health

## Introduction

Mental health and financial well-being are two important aspects of our lives that are often viewed in isolation from each other. However, the truth is that these two elements are deeply connected and plays a crucial role in determining our overall health and happiness. Despite all amenities in our life, stress can still leave us mentally drained and exhausted. Nowadays, we pay lot of attention to our mental health, as taking care of mind helps in fueling our cells and muscles in our bodies. However with the fast-pace, busy and goal-oriented lifestyle followed nowadays, individuals aren't taking care of their mental health. Stress is a big threat to both our mental health and financial well-being. Because of its hazardous nature, stress overpower our judgment which may lead to impulsive decisions that can have damaging consequences on our finances. Making good financial decisions is harder when our mental health is challenged, as you might be more prone to impulse purchases, not paying bills on time or not setting aside enough money to build up your savings account. These actions, in turn, only serve to compound the financial stress we experience.

It's important to remember that mental health and financial well-being go hand in hand and neglecting one will ultimately impact the other. Whether you're struggling with financial stress or simply looking to improve your overall health, take the time to invest in both and prioritize your well-being.

Variety of factors influences how people respond to money and mental health challenges, including stigma, shame and our social relationships. These include:

1. Financial stigma- Often due to shame, a person is not very reluctant to speak or seek help about financial challenges they face in everyday life due to concerns about what other people might think.
2. Social comparison- Social Media is a main cause of this problem. Often the comparison starts and the pressure to keep up financially with others is developed when one uses excessive social media.

3. Mental health stigma- Many are facing numerous issues in personal lives and we all are very reluctant to speak or act on the challenges due to fear of discrimination or shame about their condition.
4. Frauds and Scams- There are many frauds and scams prevalent in the economy and youngsters are more sceptical to it. They can effect their health in a major way.

In the above regard there is the need of being financially literate to protect and safeguard individuals from financial frauds and scams and solve their issues financial stigmas.

### **Literature Review**

According to Gerrans et al., 2014; Xiao et al., 2014, financial wellbeing is associated with financial literacy and financial behaviour. In the same way financial behaviour is one of the components that relates to financial satisfaction or financial well being (Gerrans et al., 2014; Xiao et al., 2014).

According to Bureau, 2017 financial well being is referring to person's ability to manage the current situation and also ongoing of financial obligations. It is how people feel secure about their financial matters at present or in the future, as the financial ability to make selections for them to enjoy life. Generally financial wellbeing is referring to person's ability to manage the current situation and also ongoing of financial obligations. It is how people feel secure about their financial matters at present or in the future, as the financial ability to make selections for them to enjoy life.

Meanwhile, a finding by (Fiksenbaum et al., 2017) also reported that 3.6% of people worldwide show the symptom of anxiety disorders, and 4.4% are suffering from depressive disorder. The mental health problem can lead to premature mortality and affects the quality of life. Research has also found mental health problems are among the most important contributors to the burden of other diseases and disability. Mental illness is a major source of loss of productivity and well being. Losing the mental stability is additional burden to the economic development.

According to Uma Narang and Pooja Sareen, 2025 Financial literacy is a combination of Financial awareness, Knowledge, skills, attitudes and behaviour necessary to make sound decisions which ultimately achieve individual financial well being.

### **Objective of the Study**

1. To enumerate the importance of financial literacy or well being.
2. To evaluate the wellness scale among individuals.
3. To create an awareness for being financial literate.
4. To suggest the ways to achieve financial wellness or literacy.

### **Financial Literacy for Financial wellness**

Financial wellness is also termed as financial well being which can be achieved is found when an individual gain financial confidence or resilience and is able to make the efficient use of money.

Financial literacy is the skill that plays a crucial role in an individuals overall financial wellness. The term "financial literacy" includes developing numerous financial skills and concepts. It is the possession of skills, knowledge, and behaviors that allow an individual to make informed decisions regarding money. Financial literacy is the ability to understand and apply the financial skills and knowledge effectively, regarding individual's financial management, budgeting, and saving. Financial literacy also helps in achieving individual's self-sufficiency and his financial stability.

Financial literacy helps individuals make informed financial decisions, avoid pitfalls, and achieve greater financial stability and security.

To elaborate, financial literacy refers to the knowledge and understanding of various financial products. It helps individuals manage their money, personal finances, investment, and tax planning. Its primary purpose is safeguarding individual from financial frauds and scams. Imparting education to one individual can help create a chain who in turn will create awareness among friends, family, colleagues, neighbors, clients, etc or whoever they meet.

**Measuring Financial Wellness**

Measurement tools of Financial well being/Wellness

1. Finalcial wellness Scale
2. Financial Hardship
3. Financial Well-Being Scale (FWBS)
4. Index of Personal Economic Distress (IPED)
5. Income and Labour Dynamics in Australia (HILDA)
6. Financial Threat Scale (FTS)
7. Economic Hardship Scale
8. Financial strain
9. CFPB Finalcial wellness Scale

In the paper, the Financial wellness scale used is CFPB Financial wellness Scale. The CFPB Financial wellness scale is a developed and tested scale having a set of questions to measure financial well-being. The scale is designed to allow practitioners and researchers to accurately and consistently quantify, and observe someone’s financial situation and the financial capability which provide them with the basis that they had achieved security and a secure future. In this paper CFPB well being scale is applied to determine the well being among individual and the degree of financial wellness they had achieved.

<b>Demographic Variables</b>				
<b>Gender</b>	<b>Male</b>	<b>Female</b>		<b>Total</b>
N	70	50		120
<b>Age</b>	18-30	30-50	Above 50	
N	102	12	06	120

<b>QUESTIONS</b>	<b>Completely</b>	<b>Very Well</b>	<b>Somewhat</b>	<b>Very Little</b>	<b>Not at all</b>	<b>Total</b>
1. I could handle a major unexpected expense	44	28	09	18	21	120
2. I am securing my financial future.	16	28	37	21	18	120
3. Because of my money situation, I feel like I will never have the things	12	13	35	32	28	120

I want in life						
4. I can enjoy life because of the way I'm managing my money	12	41	34	13	20	120
5. I am just getting by financially	8	26	47	21	12	114
6. I am concerned that the money I have or will save won't last	14	21	34	29	22	120
7. Giving a gift for a wedding, birthday or other occasion would put a strain on my finances for the month	12	13	28	30	37	120
8. I have money left over at the end of the month.	09	20	35	23	32	119
9. I am behind with my finances	15	11	34	37	23	120
10. My finances control my life.	16	23	41	19	21	120

QUESTIONS	Male (Mean where N=70)	Female (Mean where N=50)
1. I could handle a major unexpected expense	1.81	1.96
2. I am securing my financial future.	2	2.02
3. Because of my money situation, I feel like I will never have the things I want in life	2.38	2.8
4. I can enjoy life because of the way I'm managing my money	1.97	2.28
5. I am just getting by financially	1.95	2.2
6. I am concerned that the money I have or will save won't last	2.2	2.62
7. Giving a gift for a wedding, birthday or other occasion would put a strain on my finances for the month	2.6	2.82
8. I have money left over at the end of the month.	1.51	1.66
9. I am behind with my finances	2.38	2.74
10. My finances control my life.	1.98	2.46
Population Mean	2.08	2.24

The data was collected from 120 males and females residing in and around Chandigarh. As many as 70 males and 50 females responded. Most of the population under study was between the age group of 18 to 30 years of age i.e 102. 12 respondents were above the age of 50 and 6 were of the age group above 50. Analysing the means we found that the females can handle the finances well as the mean values of females are more as compared to males. Furthermore, to analyse the significant difference between the male and female population, independent t test was computed to compare the Financial well being of male and females in the distribution. P value was computed using Microsoft Excel. The result of p value which is the significance value was 1.033. As the p value(1.033) was found more than 0.05 at 5% level of significance, which indicates that the mean values are not significantly different or the difference between the Financial well being of Male and females is purely due to chance.

### Suggestions

Today's economic climate piles on an additional layer of financial stress that can significantly impact our mental health. Struggles to meet our expenses or save for the future can evoke the feelings of anxiety and depression. For Investors, if the market is volatile, the stress can cause even the most seasoned investor to act out of fear. Here are just a few low-cost or free tips which can be undertaken to reduce the financial stress in our lives:

- **Plan the expenses:** Keep planning for your expenses and make a budget which can help to monitor the spending habits. Moreover, keeping track of the money allows to see exactly where it is going and where the adjustments are to be made to ensure enough is saved. This can also be possible by avoiding overspending.
- **Automate Transfer of Funds:** Banks nowadays give an option to set up an automatic transfers for the bills and saving plans. In this way one can manage multiple payments through which the bills will be paid on time and the savings will grow as well.
- **Monitoring of Funds:** Multiple check on the accounts for the people dealing in stock market can increase the obsession as the stock market fluctuations may do more harm than good. So, financial reviews can be taken after every fortnight or every month rather than there daily monitoring.
- **Follow the Regular routines:** Follow a Regular routine activities and exercises to help reduce the stress level and to monitor the health in a better way. This is also a cost-effective way to address any financial concerns. In this, a meditation and a yoga session can do more good.
- **Approach Financial Advisor:** This might be the costly approach for individuals but in the long run, working with a financial advisor may help in reducing the daily life stress of managing the finances. They can make a budget, set financial goals and offer advice on how to appropriately manage the finances. A professional by your side can boost up the confidence in the financial decisions taken and reducing the stress to manage money effectively.

These are some of the ways suggested to manage the finances which can sometimes vary but are mostly common.

Such measures can also include financial specialist counselling as educating about finances involves understanding how money works, developing and achieving financial goals, and handling internal and external financial challenges

### CONCLUSION

Financial literacy needs the experience of financial principles and concepts, such as financial planning,

planning, debt management, efficient investment strategies, compound interest and money-time value. Financial illiteracy can lead to poor financial choices which can have negative effects on an individual financial well-being. The key steps to improve financial literacy include Learning the skills to create a budget, Ability to track expenses, following the routine, appointing the financial advisor etc. In this paper an attempt is made to check the Financial well being of male and to compare the Financial well being with the females. Results revealed that there is no significant difference between the Financial wellness of Males with the females as the p value computed was 1.033 which is greater than .05. In other words, both male and females needs guidance to manage their finances well.

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