

A Study on Public Perception towards Financial Literacy and Its Effect on Personal Investment Decision in Special Reference to Coimbatore City

¹Kabilash K, ²Udhayakumar S, ³Sudhakar E, ⁴Kavya S, ⁵Ms. A. Jasmine Anitha

^{1,2,3,4} Student, B.Com-A&F, SRCAS, Coimbatore, Tamilnadu, India

⁵ Assistant Professor, B.Com-A&F, SRCAS, Coimbatore, Tamilnadu, India

Email: kabilash.k123@gmail.com, sudhayakumar147@gmail.com, sudhakarmk1157@gmail.com, kavyakavya3240@gmail.com, jasmineanitha@srcas.ac.in

Abstract:

This study aims to explore the level of financial literacy among the residents of Coimbatore and analyze how it impacts their investment decisions. By focusing on public perception, the research seeks to identify the gaps in financial knowledge and the behavioral patterns that drive or hinder investment activities. To analyze the public perception of financial literacy and its perceived importance in daily life. The scope of this study is to investigate the public perception towards financial literacy and its impact on personal investment decisions in Coimbatore city. The study will target the general public in Coimbatore city, including individuals from various age groups, income levels, and occupations. The primary data are those that are collected through questionnaire and direct personal interview. Secondary data regarding the industry company were obtained from internet, company and products were obtained from Internet, Books, Journal, Article & websites. A well-defined research methodology ensures the reliability, validity, and accuracy of the research findings. This study involves collecting data from 156 students. The result indicates significant percentage analysis between educational qualification and awareness of financial literacy concepts.

Keywords — Financial Literacy, Public perception, Investment Decision.

INTRODUCTION:

Coimbatore, often referred to as the "Manchester of South India," is a rapidly growing industrial and educational hub. With a burgeoning middle-class population and a dynamic entrepreneurial culture, the city presents a unique demographic for studying the relationship between financial literacy and personal investment decisions. The city's residents are increasingly exposed to diverse financial instruments, ranging from traditional savings schemes to modern investment options like mutual funds, stock markets, and cryptocurrencies. Despite the availability of these financial avenues, there remains a significant disparity in how individuals perceive, understand, and apply financial knowledge. Public perception of financial literacy not only influences individual saving and investment behaviors but also has a ripple effect on broader economic growth. Factors such as income levels, education, age, and access to financial education play crucial roles in shaping this perception.

LITERATURE REVIEW:

M. Krishnamoorthi, M. Thinesh Kumar, R. Mohan Kumar, P. Venkatesh, (2024)¹, "Analyze the Impact of Financial Literacy on Poverty-Prevention Strategies in Families: A Case Study in Bengaluru Rural District". This study aims to investigate the degree of financial literacy among families categorized as falling below the Poverty Line (PL) and to evaluate their capability in successfully managing financial decision-making processes. This study aims to examine the level of knowledge among participants about various financial resources and government aid programs. The technique of analysis used for this study was descriptive research. Convenience sampling, a non-probability sampling technique, was utilized, whereby data was collected from people within the community who were readily available throughout the data collecting phase of the study.

Dr. Lakshmi V, D. Charumathi, M A Nayeem Dr. S. Vidya, Prof. Renuka Sagar, Dr Jagbir Singh Kadyan (2024)², 'Financial Behavior in Personal

Investment: Influence of Psychological Factors on Investment Decision’. Financial markets, understanding the underlying psychological dynamics shaping investor behavior is paramount. Financial behavior refers to the choices and actions people make when managing their own cash across a range of investment vehicles, including stocks, bonds, mutual funds, and real estate. It includes components that are vital in determining the results of investments, including risk tolerance, investment objectives, decision biases, emotions, and financial literacy.

Fangky Antoneus Sorongan (2022)³, ‘The Influence of Behavior Financial and Financial Attitude on Investment Decisions With Financial Literature as Moderating Variable’. The goal of this research is to see how financial behavior, attitudes, and literacy affect student investment decisions. Students from South Jakarta serve as case studies in this study. This study is quantitative, meaning it uses numbers as a baseline. The information was gathered by an online questionnaire that was distributed to 110 people using a purposive sample technique. With the help of the SmartPLS application, the data analysis technique used was partial least square. Financial behavior, financial attitudes, and financial literacy all have a major impact on investment decisions, according to the findings of this study, however financial literacy

cannot regulate investment decisions made by students in South Jakarta.

OBJECTIVES OF THE STUDY:

- ❖ To identify demographic factor influencing financial literacy and investment patterns.
- ❖ To analyze the public perception of financial literacy and its perceived importance in daily life.

LIMITATION OF THE STUDY:

- ❖ The study is limited to Coimbatore city, and the findings may not be suitable to other regions with different socio-economic and cultural contexts.
- ❖ While the study focuses on public perception, it may not fully explore the psychological and emotional factors influencing financial decisions, such as fear, overconfidence, or herd behaviour.

RESEARCH METHODOLOGY:

Research methodology refers to the systematic, theoretical analysis of the methods applied to a field of study. It involves the principles, procedures, and techniques used to collect, analyze, and interpret data to answer a research question or achieve research objectives. A well-defined research methodology ensures the reliability, validity, and accuracy of the research findings.

DATA ANALYSIS AND INTERPRETATION:

1. PERCENTAGE ANALYSIS

**Table 1.1
Qualification**

Educational	No. of. Respondents	Percentage
High School	22	14.3%
Undergraduate	86	57.1%
Postgraduate	44	28.6%
Total	152	100%

Sources: Primary data

INTERPRETATION:

The above table indicates that 57.1% of Respondents are undergraduate, and 28.6% were postgraduate. The Majority of Respondents who attended the survey were undergraduate.

Aware of the concepts of Risk and Return

Table 1.2

Risk and Return	No. of. Respondents	Percentage
Yes	117	77.2%
No	35	22.8%
Total	152	100%

Sources: Primary data

INTERPRETATION:

From the above table that 117 respondents are selected yes. So, the majority of the respondents are aware of the concepts of risk and return.

1. ANOVA

Table 2.1

ANOVA						
		Sum of Squares	Df	Mean Square	F	Sig.
satisfied fixed deposit	Between Groups	25.714	2	12.857	8.112	.001
	Within Groups	84.000	53	1.585		
	Total	109.714	55			
satisfied mutual fund	Between Groups	39.429	2	19.714	15.366	.000
	Within Groups	68.000	53	1.283		
	Total	107.429	55			
satisfied real estate	Between Groups	37.429	2	18.714	18.368	.000
	Within Groups	54.000	53	1.019		
	Total	91.429	55			
satisfied gold/silver	Between Groups	33.429	2	16.714	15.273	.000
	Within Groups	58.000	53	1.094		
	Total	91.429	55			
satisfied cryptocurrency	Between Groups	20.000	2	10.000	8.833	.000
	Within Groups	60.000	53	1.132		
	Total	80.000	55			

Sources: Primary data

INTERPRETATION:

Above table(2.1) that shows the output of the ANOVA analysis and whether there is a statically no significant difference between our group means. We can see that the significant value is 0.001 (i.e. $p=0.001$).

FINDINGS:

PERCENTAGE ANALYSIS:

- Through the above table 1.1 of percentage analysis indicates that 57.1% of Respondents are undergraduate, and 28.6% were postgraduate. The Majority of Respondents who attended the survey were undergraduate.
- From the above table 1.2 of percentage analysis indicates that 117 respondents are selected yes. So, the majority 77.2% of the respondents are aware of the concepts of risk and return.

ANOVA:

Anova result of the above table(2.1) that shows the output of the ANOVA analysis and whether there is a statically no significant difference between our group means. We can see that the significant value is 0.001 (i.e. $p=0.001$).

SUGGESTIONS:

Improving financial literacy among individuals in Coimbatore is crucial to fostering informed investment decisions. To address gaps in awareness, targeted workshops and seminars can be conducted, focusing on essential topics like budgeting, risk

management, and investment planning. Introducing financial education in schools and colleges can help inculcate financial discipline at an early stage. Leveraging technology through user-friendly mobile apps and online platforms can simplify complex financial concepts and reach a broader audience. Partnerships with local financial institutions and community organizations can amplify the impact of these initiatives. Awareness campaigns using success stories, social media, and reward programs can inspire individuals to take proactive steps in managing their finances. Additionally, highlighting tax benefits and promoting long-term financial planning, such as retirement savings and emergency funds, can motivate better investment behaviours. Regular surveys and feedback mechanisms can help assess the effectiveness of these efforts and refine strategies to meet the city's unique needs.

CONCLUSION:

The study on public perception towards financial literacy and its impact on personal investment decisions in Coimbatore city highlights the crucial role of financial knowledge in shaping investment behaviour. It reveals that individuals with higher financial literacy are more confident and proactive in making informed investment choices, whereas a lack of awareness often leads to hesitation or reliance on traditional, low-yield savings methods. The findings emphasize the need for targeted financial education programs to bridge knowledge gaps, particularly among low-income groups and younger demographics. Moreover, simplifying investment

processes and providing accessible advisory services can encourage broader participation in diverse financial instruments. Overall, enhancing financial literacy not only empowers individuals to secure their financial future but also contributes to economic growth by channelling savings into productive investments.

REFERENCES:

1. M.Krishnamoorthi,M.ThineshKumar,R.Mohan Kumar,P.Venkatesh,(2024),"Analyze the Impact of Financial Literacy on Poverty-Prevention Strategies in Families: A Case Study in Bengaluru Rural District".ISSN:2352-5428.

2. Dr.Lakshmi V, D. Charumathi, M A Nayeem Dr. S. Vidya, Prof. Renuka Sagar,Dr Jagbir Singh Kadyan(2024), 'Financial Behavior in Personal Investment :Influence of Psychological Factors on Investment Decision'.ISSN:1526-4762. Vol. 4 No. 1 (2024)

DOI: <https://doi.org/10.52783/jier.v4i1.738>

3. Fangky Antoneus Sorongan (2022), 'The Influence of Behavior Financial and Financial Attitude on Investment Decisions With Financial Literature as Moderating Variable'. issn no: 2507 -1076 10.24018/ejbmr.2022.7.1.1291 Vol. 7 No. 1 (2022)

Web References:

- <https://www.researchgate.net/publication/483556143> Investment decision financial literacy
- <https://www.researchgate.net/publication/98614343> Investment decision financial literacy
- <https://futuraity-education.com/index.php/fed/article/view/123>