# A study of financial literacy among traffic police with special reference to Mumbai

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**Abstract:**

Financial literacy is a crucial aspect of individual well-being, impacting daily decisions and long-term financial planning. This study explores the financial literacy level among traffic policemen in Mumbai, considering factors such as age and gender. Using a sample size of 150 respondents, a descriptive research design was employed, and data was collected through a structured questionnaire. The study identified components of financial literacy, including budgeting, saving, investing, debt management, retirement planning, risk management, and financial goal setting. Hypothesis testing was conducted to assess the impact of age and gender on financial knowledge and overall financial literacy. The results indicated that age did not significantly influence financial knowledge, but there was a statistically significant difference in overall financial literacy between male and female respondents. The findings underscore the importance of targeted financial education programs to enhance the financial literacy of diverse populations, such as traffic policemen.

**Keywords:** Financial Literacy, Traffic Policemen, Mumbai

## Introduction

The capacity to manage financial resources wisely and effectively is referred to as financial literacy. The ability to manage finances, credit, and debt together with the knowledge required to make prudent financial decisions—decisions that are essential to our day-to-day existence—is known as financial literacy. An inefficient function in the financial inclusion mechanism is caused by a lack of financial knowledge. In a nation like India, the public's receipt of benefits is largely problematic. One of the advantages of the Modi government's plans is the direct transmission of LPG subsidies, which is greatly welcomed. A greater proportion of people with financial literacy would make risk management more effective, which would help people avoid problems.

The degree of education and income have a major impact on one's level of financial literacy. Previous research demonstrates that even someone with a high salary and great level of education may not be as aware of financial matters as someone with a low income and little education. According to an Organization for Economic Co-operation and Development (OCED) survey, choosing an investment that is essential to a retirement savings plan causes far more stress than going to the dentist. If people lack financial literacy, they may be vulnerable to fraud and unable to select the best savings or investment strategy for themselves. defines financial literacy as the combination of awareness, information, skills, behavior, and attitude needed to make financial decisions and ultimately achieve individual financial well-being. Understanding financial products and making informed decisions about investments and savings based on a trade-off analysis of risk and reward are the cornerstones of financial literacy. It consists of taking efficient action and making better financial decisions. One needs to be financially literate in order to comprehend financial planning.

In a big nation like India, reaching the general public is quite difficult. Although financial exclusion is still much too high in the county, financial inclusion is still crucial. A key contributing factor to this exclusion is ignorance of finance. To achieve financial inclusion, then, financial education is essential. Financial literacy and financial inclusivity ought to coexist.

Knowing about markets and investments is only one aspect of financial literacy; other concepts include savings, banking, financial planning, and being "financially savvy."

A person must be financially literate and able to comprehend the significance of creating household budgets, managing cash, and allocating assets in order to achieve financial objectives in order to comprehend financial planning. Notably, the survey also revealed a gender gap: 73% of Indian males and 80% of Indian women, respectively, lack financial literacy.

## Review of Literature

**Jadhav (2020),** In a study on financial knowledge, attitude, and behavior discovered that more than 55% of the population had a score of 9 or higher, suggesting stronger financial understanding. Of the respondents, 43% had positive financial views and 30% expressed anxieties about saving money. With most displaying good behavior, financial behavior has emerged as a critical predictor of future financial well-being. The combined knowledge, attitude, and behavior score for financial literacy was up to a maximum of 22 points. 37% of respondents met the higher financial literacy criteria according to OECD standards, while 63% fell into the moderate or low group. Age-related increases in financial literacy were observed, with females (23%) surpassing males (16%) in this regard. The survey also showed a clear connection between work, education, and financial literacy.

**Kapadia and V. M. (2018),** aim was to evaluate Indian people's financial literacy. A preference for loans from banks over other financial institutions was found through qualitative study. The study found that poor financial literacy affects record-keeping, cash management, company transactions, saving behaviors, and investment decisions. Financial inclusion and financial literacy were identified as two important areas of concentration. A study conducted in Mumbai revealed a lower level of financial literacy and recommended remedial actions such as national program implementation and school-based financial education promotion. Nine variables, including anxiousness, attention to financial difficulties, and attitudes toward saves, were found to influence Indian women's financial behavior. It was shown that women invested more in insurance and fixed deposits.

**Tabiani, S., and Mahdzan, N.S. (2013),** According to the researcher, descriptive analysis was carried out for sociodemographic factors like gender, income, and occupation. Based on the data, the researcher deduces that while respondents' basic financial literacy was higher, their advanced literacy answer was lower. The relationship between total literacy and the likelihood of saving was shown to be significant to 0.01 under multivariate analysis that took prohibit analysis into consideration. Positive saving and frequent saving have a substantial 0.01 connection. There is a strong correlation of 0.01 between having children and saving money. There is a discernible difference in the saving behaviors of men and women. The differences in saving behaviors between men and women are significant. Income is a major factor in an individual's ability to save.

**Objectives**

1. To know the financial literacy level in the traffic policemen in selected area.
2. To understand the association of literacy level with age and gender.
3. To classify different components of financial literacy.

**Hypothesis**

**Ho:** There is no  significant differences in Financial Knowledge between the levels of Age

**$H_0$:** There is not a statistically significant difference in the Overall Financial Literacy by the categories of Gender

**Research Methodology**

The research methodology is shown in following points:

Research Design: Descriptive design as it describes financial literacy level of traffic policemen is measured.

Sample Size: 150 respondents

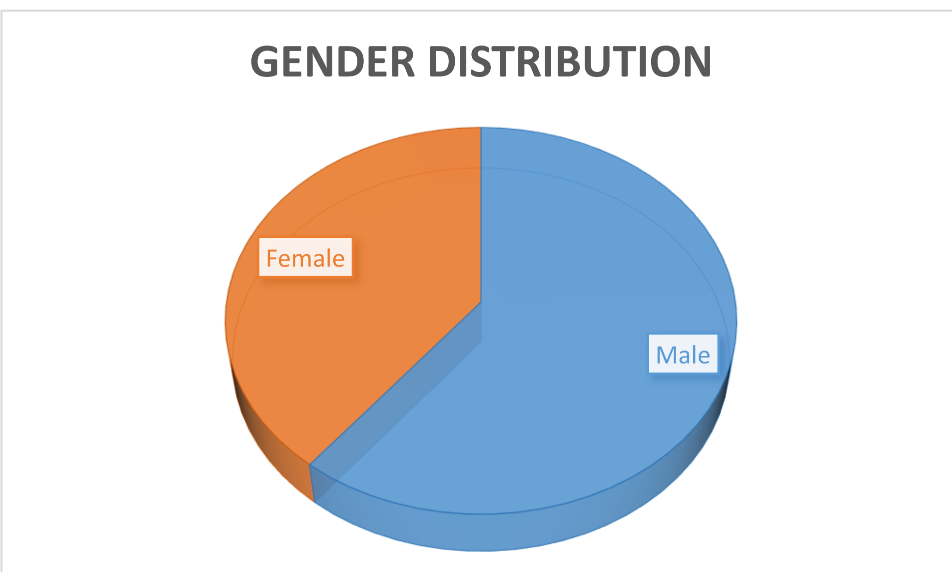
Sample techniques: Cluster cum Convenience

Tools used: A structured Questionnaire is used

Techniques of Analysis: T test  and Kruskal wallis

**Results and Discussions:**

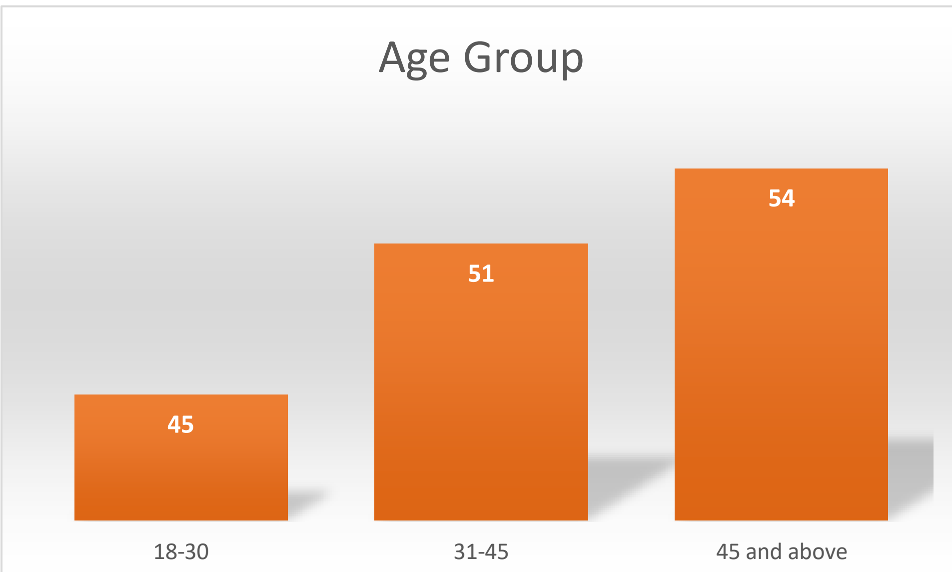
**Fig 1: Gender distribution**



There are 91 respondents who identify as male. This indicates that individuals who self-identify as male participated in the survey.There are 59 respondents who identify as female. This signifies that individuals who self-identify as female took part in the survey.

The gender distribution in the survey sample is crucial for understanding the representation of different genders in the study. Analyzing responses based on gender can unveil potential variations in financial behaviors, attitudes, or needs between males and females.

**Fig 2: Age Group of respondents**




18–30: There are 45 responders in this age group, meaning that people in this age range took part in the survey.

31-45: The 51 respondents in this category represent people who participated in the survey and were between the ages of 31 and 45.

45 and above: The age group that includes those who have completed the survey and are 45 years of age or above consists of 54 respondents.

**Table 3: Components of Financial Literacy**

| Sr. No | | Sr. No | |
|---|---|---|---|
| 1. | **Budgeting** | 4. | **Debt Mangement** |

| | | | |
|---|---|---|---|
| | Creation | | Planning |
| | Reviewing | | Loans taken |
| 2. | **Saving** | 5. | **Retirement planning** |
| | Percentage | | Making it |
| | Emergency saving | | Age of retirement |
| 3. | **Investing** | 6. | **Risk management** |
| | Awareness of compound interest | | Insurance taken |
| | Investment avenues | | Aware of Risk and reward |
| 7. | **Financial Goal setting** | | |
| | Type of goal | | |
| | Priorising goals | | |

The research uses above components of financial literacy. Achieving financial literacy entails knowing and being proficient in a number of areas related to personal finance, such as goal-setting and budgeting, debt management, retirement planning, investing, saving, and managing risk with insurance. Every element plays a role in an individual's overall financial health and capacity to make wise financial decisions. Having a solid understanding of finance gives people the ability to confidently and competently handle the complexities of their financial lives.

**Hypothesis Testing**

**Ho: There is no significant differences in Financial Knowledge between the levels of Age**

**Table 4**

*Kruskal-Wallis Rank Sum Test for Financial Knowledge by Age Group*

| Age Group | Mean Rank | $\chi^2$ | *df* | *p* |
|---|---|---|---|---|
| 18-30 | 3.45 | 5.47 | 2 | .065 |
| 31-45 | 4.45 | | | |
| 45 and above | 4.01 | | | |

A Kruskal-Wallis rank sum test was conducted to assess if there were significant differences in Financial Knowledge between the levels of Age. The Kruskal-Wallis test is a nonparametric alternative to the one-way ANOVA and does not share the ANOVA's distributional assumptions The results of the Kruskal-Wallis test were not significant based on an alpha value of .05, $\chi^2(2) = 5.47$, $p = .065$, indicating that the mean rank of Financial Knowledge was similar for each level of Age. Table 1 presents the results of the Kruskal-Wallis rank sum test.

**$H_0$: There is not a statistically significant difference in the Overall Financial Literacy by the categories of Gender**

**Table 5**

*Two-Tailed Independent Samples t-Test for Overall Financial Literacy by Gender*

| | Male | | Female | | | | |
|---|---|---|---|---|---|---|---|
| Variable | *M* | *SD* | *M* | *SD* | *t* | *p* | *d* |
| Overall Financial Literacy | 4.56 | 0.13 | 3.90 | 0.12 | 2.06 | .039 | 0.11 |
| *Note*. N = 150. Degrees of Freedom for the *t*-statistic = 1431. *d* represents Cohen's *d*. | | | | | | | |

A two-tailed independent samples *t*-test was conducted to examine whether the mean of Overall Financial Literacy was significantly different between the Male and Female categories of Gender.

The result of the two-tailed independent samples *t*-test was significant based on an alpha value of .05, $t(1431) = 2.06$, $p = .039$, indicating the null hypothesis can be rejected. This finding suggests the mean of Overall Financial Literacy was significantly different between the Male and Female categories of Gender.

## Conclusion

This study sheds light on the financial literacy landscape among traffic policemen, emphasizing its importance in navigating personal finances effectively. While age did not show a significant impact on financial knowledge, a notable gender gap in overall financial literacy was observed, with females scoring lower than males. These results underscore the need for tailored financial education initiatives, recognizing diverse needs based on age and gender. Improving financial literacy among traffic policemen and similar groups can enhance their financial well-being, leading to more informed decision-making and better long-term financial planning. Policymakers, educators, and employers should collaborate to implement targeted financial education programs to bridge these gaps and promote financial inclusion and well-being in diverse occupational groups.

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