International Journal of Social Science Research (IJSSR)
Volume- 2, Issue- 5 | September - October 2025 ISSN: 3048-9490

Assessing Financial Literacy Among Youth in Kanpur: The Role of Knowledge, Attitude and Behaviour

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Abstract

This research investigates the financial literacy of youth people in the age group of 15-30 years, in Kanpur City, Uttar Pradesh, focusing on financial behavior (FB), financial attitude (FA), and financial knowledge (FK). The random sample method was applied in this quantitative research design, which implemented a survey method to gather data from 65 participants who differ in their educational and working experience. It had used a Likert scale in measuring standardized questionnaires that categorized into general information and financial literacy indicators. Analysing data included using SPSS software for assessing reliability by using Cronbach's Alpha, employing descriptive statistics, Pearson correlation analysis, and regression analysis. Internal consistency of financial literacy scales has been validated as well as that significant positive relationship among FK, FA, and FB. Further regression analysis results show that financial knowledge significantly affects financial attitude and behavior, while financial attitude also significantly correlates with financial behavior. The findings here are very critical and emphasize the importance of financial education programs for the development of financial literacy and responsible financial decisions among the youth.

Keywords: Financial Literacy, Financial Knowledge, Financial Attitude, Financial Behavior, Quantitative Research, SPSS Analysis.

1. Introduction

Financial literacy today is an important skill that individuals need in the current sophisticated financial world, because it better equips one with the potential to make prudent financial decisions and protect one's financial future (Lusardi & Mitchell 2014). It involves all the knowledge, attitudes, and practices that are necessary to manage financial obligations, understand rights and responsibilities concerning finances, and make informed financial decisions (Vania et al., 2024). Financial literacy is thus critical in enhancing financial well-being because it equips individuals with the skills they need to manage debt, save, invest, and budget effectively (Hartono et al., 2023).

Recent studies have revealed that financial literacy is becoming increasingly important, especially in allowing people to make judicious financial decisions (Garg & Singh, 2017).There is a tremendous knowledge gap regarding basic financial concepts and how they are exercised in everyday life since research indicates that only 27–30% of Indians possess a minimal level of financial literacy (Yahaya et al., 2019).This difference leaves the youth making the transition to financial independence with financial issues, which are the after-effects. The necessity of financial education is thus critical to determine their financing well-being when they make significant financial decisions regarding debts, investments, savings, and long-term planning.

According to OECD (2013), there exist three primary constituents of financial literacy, namely FB (financial behavior), FA (financial attitude), and FK (financial knowledge). That is when the term "financial knowledge" is essentially the appreciation of financial ideas, tools, and principles applied in debt management, investing, saving, and budgeting. According to Çoşkun and Dalziel (2020) financial behavior is that practice of knowledge and attitudes in real-life financial decision-making, and financial attitude reflects a perception of the person that relates to an interest to participate in financial planning. According to Aziza and Jufrizen (2022), a positive financial attitude is what encourages the adoption of sound financial practices; however, sound financial knowledge would be needed for a person to grasp key concepts of finance. There are another set of financial literacy components additional to the knowledge base that enable a client to meaningfully apply such knowledge in practical financial situations. Higher financial literacy makes an individual more capable of handling financial challenges and striving toward long-run financial security because it encourages prudence, attention, and computation in money managing (Zaki et al., 2020).

This study aims at measuring the levels of financial literacy among Kanpur City youths, Uttar Pradesh through the interlinkages of financial knowledge with financial attitude and financial behavior. It used a survey-based quantitative approach to find the influence of financial knowledge and financial attitude on behavior, financial knowledge effect on financial attitude. The research determines the degree of these variables as being related through correlation and regression analysis and extrapolates the implications of such effect on financial choice-making.

The study will add to the body of knowledge already available in the field of financial education, particularly with regard to the present financial literacy levels of Kanpur's young. The results of this study can help financial institutions, educators, and policymakers launch targeted financial literacy initiatives and interventions that will raise young people's financial knowledge and encourage responsible financial behaviour**.**

2. Literature Review

2a. Financial Knowledge and Financial Behavior

Knowledge of finance is essential for comprehending money and necessary concepts that benefit society. The financial knowledge in consideration includes taxation, investing, insurance, banking, and credit utilization. Every person has financial knowledge, depending on how in-depth it is. (Nyoto et al. 2021). Financial behavior is defined by the Financial Supervisory Commission (2008) as behavior involving money management (chen *et al*., 2022). Financial behavior is important for all students since it is intimately tied to their capacity to attain their objectives (Arofah, 2019). Shaping excellent financial behavior in students requires special attention since financial behavior plays a significant influence in their lives after they complete their university studies (Herawati et al., 2020). Financial knowledge is required for the development of financial behavior (Nyoto et al., 2021). Financial literacy has a major impact on financial management behaviors (Siswanti & Halida, 2020). Financial knowledge may help people participate in financial markets and have a good impact on their financial behavior (chen et al., 2022). Thus,

H1: There is a significant relationship between financial knowledge and financial behavior.

2b. Financial Attitude and Financial Behavior

Financial attitude is one's thinking, concepts, characteristics, and inclinations towards personal finances like spending, saving, investing, and planning. It illustrates one's level of prioritizing financial responsibility and one's attitude to money, which helps shape one's financial decisions and actions. Nyoto et al. (2020) states that the positive effects of Financial Attitude on Financial Behavior are important as the individual's attitude towards money controls their behaviors. As stated by Dewi et al. (2020), millennial respondents who have a positive financial attitude showed better financial behavior when making financial choices. Financial attitude is also significant in cultivating great financial behavior (Zaki et al., 2020). Therefore,

H2: There is a significant relationship between financial attitude and financial behavior.

2c. Financial Attitude and Financial Knowledge

For people to make sound financial choices, they must possess a good foundation of financial concepts, instruments, and principles. Financial attitude refers to an individual's notions and ideas regarding money management that influence their financial behavior and decisions. Financial attitude is a mediator between financial performance, financial knowledge, and financial skills, as identified by (Razak and Amin, 2020). Comprehension of finance evolves into the ability to manage individuals' money attitudes and behaviors (Kadoya & Khan, 2020). How an individual believes, thinks, and feels about money and makes financial decisions depends on their financial knowledge. Therefore,

H3: There is a significant relationship between financial Knowledge and financial Attitude.

3. Conceptual Framework

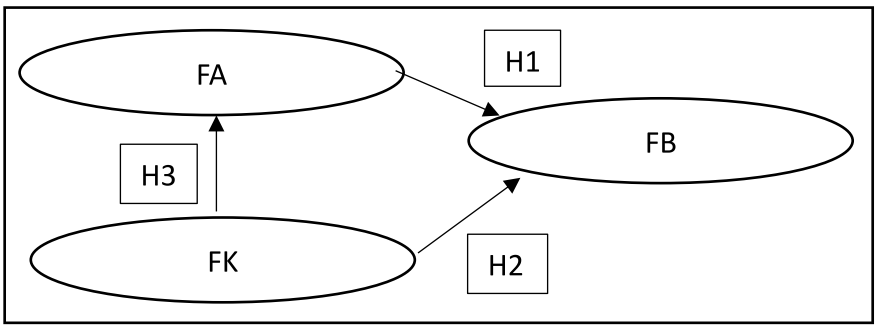

Figure1: Financial Literacy

Source: Authors own compilation

4. Research Methodology

4a. Study Area and Population*:* The purpose of this study was to assess the financial literacy of young people aged between 15 and 30 years in Kanpur City, Uttar Pradesh. Three main aspects of financial literacy were investigated: financial behavior, financial attitude, and financial knowledge.

4b. Research Design and Sampling: To provide a representative sample, random sampling method was employed in the study, employing survey-based quantitative research design. The research had 65 participants, reflecting diverse educational and professional backgrounds.

4c. Data Collection Instrument: Data were collected via a standardized questionnaire containing two main sections. Information: Core respondent information. Financial Literacy Indicators: Financial knowledge, attitude, and behavior measures.

A Likert scale ranging from "Strongly Agree" to "Strongly Disagree" was used to all of the questions so that the answer could be quantified. The questionnaire was conducted in both paper and computer-assisted forms to enhance response rates.

4d. Data Analysis Techniques: For the purpose of reliability, data analysis was done using the SPSS. Descriptive analysis had been operated to summarize the different levels pertaining to financial literacy. Cronbach's Alpha was also used to explore the internal consistency of the survey. Pearson's correlation study was carried out to consider the associations that existed between behavior, attitude, and knowledge pertaining to finances. Other influences of financial information on behavior and attitude, as well as how attitude affects behavior, were ascertained through basic regression analysis.

Table 1

Measurement Design

Construct	Variable	Reference
Financial Knowledge (FK)	5	Nyoto et al. (2021)
Financial Attitude (FA)	4	Çera et al. (2020)
Financial Behavior (FB)	5	Nyoto et al. (2021)

5. Data Analysis

5a. Reliability Analysis

We analyzed the reliability of the financial knowledge (FK), financial attitude (FA), and financial behavior (FB) scales using SPSS. Cronbach's alpha for FK was 5 items at 0.867, showing high reliability. The Cronbach's alpha value for the FA scale, with 4 items, stood at 0.712, showing acceptable reliability. The Cronbach's alpha value for the FB scale, with 5 items, was 0.801, showing excellent reliability. The data of the corrected item-total correlations verified the scales' reliability for further analysis.

5b. Descriptive Analysis

Using SPSS, we did descriptive analysis on the variables financial knowledge (FK), financial attitude (FA), and financial behavior (FB). The number of valid responses in the dataset was 65, and there were no missing values.

For the variable of the financial knowledge (FK), scores ranged from 1.60 to 2.20, meaning a fairly reasonable understanding of given financial concepts. Standard deviation varies from 0.69 to 1.02, which reflects some variation in the answer.

For financial attitude (FA), mean scores are between 1.31 and 1.91 while reflecting a generally positive attitude toward financial management. Standard deviation levels vary from 0.46 to 0.86, indicating fairly similar responses.

For financial behavior (FB), mean values vary between 1.61 and 2.49, which show moderate practice of financial management among the respondents. Range of standard deviation is seen between 0.67 and 1.06, which shows variation in financial behaviors of various individuals.

In general, the findings reveal differences in financial knowledge, attitudes, and behaviors of the respondents, with financial behavior exhibiting a little more varied response.

5c. Correlational Analysis

We applied Pearson correlation analysis to examine the associations between financial knowledge (FK), financial attitude (FA), and financial behavior (FB). Results are given in Table2. There was a positive and significant association between all the three variables. **FK and FB:** A good positive correlation has been found which signifies that those individuals with superior financial knowledge demonstrate superior financial behaviour with r value equal to 0.555, $p< 0.01$.

FA and FB: Slightly positive correlations ($r = 0.471$, $p <0.01$) were established and demonstrate that good financial behaviors are promoted by good financial attitude. **FK and FA:** Those who are more financially knowledgeable are highly likely going to hold a positive attitude towards money, based on a fairly positive correlation ($r = 0.381$, $p < 0.01$). These results justify that young people in Kanpur district's financial conduct is highly determined by financial attitude as well as knowledge.

Table 2: Correlation Matrix

Variables	FK (Financial Knowledge)	FA (Financial Attitude)	FA (Financial Attitude)
FK	1.000	0.381**	0.555**
FA	0.381**	1.000	0.471**
FB	0.555**	0.471**	1.000

Note: $p < 0.01$ (2-tailed).

When the correlation is statistically significant at the 0.01 level ($p < 0.01$), as shown by the ** (two asterisks), there is less than a 1% chance that the observed link happened by chance.

5d. Regression Analysis

A multiple regression was carried out to determine the impact of Financial Knowledge and Financial Attitude towards Financial Behavior, as well as the impact of Financial Knowledge on Financial Attitude. Results are shown below.

5d(a). Financial Knowledge and Financial Attitude Effects on Financial Behavior

The model was statistically significant, $F(2, 62) = 19.583$, $p < .001$. It showed $R^2 = .387$, meaning that the model explained 38.7% of the variance in Financial Behavior. This indicates that Financial Knowledge and Financial Attitude together have a significant influence on Financial Behavior.

Table 3: Regression Coefficients

Predictor	B	SE	β	t	p-value
Constant	2.738	1.180	-	2.320	.024
FK Mean	0.471	0.115	0.440	4.088	<.001
FA Mean	0.516	0.183	0.303	2.821	.006

Financial Knowledge (FK) positively affected Financial Behavior significantly ($\beta = 0.440$, $p < .001$), which shows that the greater a person's financial knowledge, the better his financial behavior will be.

A financial attitude also proved to have a significant positive influence on financial behavior ($\beta = 0.303$, $p = .006$), indicating that a positive attitude towards finance contributes to responsible behavior in finance.

5d(b). Effect of Financial Knowledge on Financial Attitude

A simple regression was conducted to ascertain whether Financial Knowledge (FK) has an impact on Financial Attitude (FA). The model was statistically significant ($F(1, 63) = 10.730$, $p = .002$) and accounted for 14.6% of the variance in Financial Attitude ($R^2 = .146$).

Table 4: Regression Coefficients

Predictor	B	SE	β	t	p-value
Constant	4.308	0.604	-	7.130	<.001
FK Mean	0.240	0.073	0.381	3.276	.002

Financial Knowledge (FK) was found to be a strong predictor of Financial Attitude, $\beta = 0.381$, $p = .002$; that is, the greater an individual's knowledge of personal finance, the better his financial attitude.

6. Discussion

The findings of this study reveal that financial knowledge and attitude significantly influence the financial behavior of youth in Kanpur district. More specific, higher financial knowledge leads to a more positive attitude and better financial decisions. In addition, a more important determinant of financial behavior lies in financial attitude. However, the variance explained by this model is only 38.7%, leaving a lot of variation to be accounted for through factors such as social influences, accessibility, and personal experiences. The findings reflect the need to have financial education initiatives that enrich financial knowledge and attitudes, subsequently leading to positive responsible financial conduct.

7. Research Implications

Inclusion of financial literacy in the curriculum at school and college will equip the youth with the required skills to manage their finances effectively. Policymakers can formulate youth-friendly financial policies focusing on readily available resources, savings schemes, and investment information. To implement the same effectively, practical experience through exercises in budgeting and simulation of real-life situations can be employed. Other factors influencing financial behavior, including income levels, peer pressure, and electronic financial instruments, need to be examined in following research.

8. Suggestions and Recommendations

Thus, the study comes up with several recommendations to further improve financial literacy among youngsters in Kanpur and more so. In this regard, these include integrating financial education into the curriculum, increasing awareness through workshops and campaigns, encouraging practical financial learning through financial simulation and exercises, developing accessible financial resources, creating positive financial attitudes, expansion of research and data collection.

Educational institutions at school and college levels should take financial literacy classes, while the financial institutions, government agencies, and NGOs could organize workshops, seminars, and awareness campaigns. Practical financial knowledge can bridge this gap between knowledge and application into real-world finance. Policymakers and the financial organizations would need to work on developing guides for finances with user-friendly and mobile applications available online to gain more knowledge on finances. Future studies should consider a larger and more diverse sample size to better understand financial literacy trends across different demographics and analyze how financial behaviors evolve over time.

9. Conclusions

This research is an excellent example of the effect of knowledge and attitude in finance on financial behavior among Kanpur youth. The findings indicate that increased knowledge of finances and a positive financial attitude will have a better outcome in the creation of more responsible financial choices. The study emphasizes the need for proper structured education in finance, awareness initiatives, and access to information in enhancing financial literacy. This study is very informative but is only valid for a limited sample size and the focus is only geographical. Thus, the requirement of a broader study in different regions comes out, which would enhance better financial decisions by the youth and eventually contribute to better financial well-being and economic stability.

10. Limitation and Future Scope

There are some limitations to this study that must be considered while interpreting the findings. To begin with, the study is confined to the youth of Kanpur district, and hence the findings may not be generalizable to other Indian districts. Lastly, as this study has been conducted during a single period, it will not capture the dynamic financial trends or changes in money management behaviors over time. Due to time constraints, the sample size was not able to be drawn to 65, which would have been proportionally quite small. The Kanpur youth sample may not necessarily cover the spectrum of financial literacy. The sample size would need to be increased to a more diversified cluster that is distributed over a number of places and demographic groupings for better information. Longitudinal surveys could be useful in following changes in people's spending patterns over periods of time for more meaningful trends of financial literacy.

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