Exploring Financial Awareness and Money Management Habits Among College Students

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Abstract

Money management is an important concept that concerns individuals across the world. However, the younger generation often lacks clear understanding and effective practices related to managing money. At this stage of life, many students tend to spend more on luxurious items, lifestyle needs, and social recognition rather than focusing on saving and financial planning. Therefore, proper guidance and knowledge about money management are essential to help them develop responsible financial habits and secure their future. If students learn to utilize and save money effectively and efficiently, it can significantly benefit their long-term financial stability. The present study was conducted among college students in Chennai to understand their money management practices. The questionnaire was designed based on variables such as Internet Information, Technology-based Money Management, Online Education, Academic Work, Money Attitude, and Purchase Behaviour. The study examines how these variables influence money management and their relationship with factors such as academic engagement and financial knowledge. The respondents were drawn from different parts of Chennai city. A total of 260 responses were collected, out of which 255 were valid for analysis. Among the respondents, 39.6% were male and 58.8% were female students. The majority of respondents belonged to the urban areas of Chennai. Most participants were in the age group of 18–23 years, while only 14.6% of the respondents were above 24 years of age. Primary data was collected using a structured questionnaire, and the responses were measured using a five-point Likert scale ranging from strongly disagree to strongly agree. Simple random sampling technique was used for selecting the respondents. The collected data were analysed using statistical tools such as Linear Regression Analysis, Correlation, and ANOVA. The study provides insights into the various factors that positively and negatively influence money management practices among college students in Chennai city.

Introduction

Money management refers to the effective handling of the money available to an individual. It involves proper budgeting, saving, and investing in order to utilize financial resources wisely. When individuals have a clear understanding of money management, they are able to control their spending, avoid unnecessary expenses, and prevent falling into debt. Effective money management helps individuals maintain financial stability and ensures that their income is used efficiently and responsibly. Previous studies indicate that international college students are relatively more aware of money management practices (Annamaria Lusardi & Olivia S. Mitchell; Haiyang Chen, 1998). Many of them gain early financial knowledge from their parents regarding the use of credit cards, budgeting, and investments. As a result, they develop better financial discipline and responsibility in handling money. However, even among these students, there is a growing interest in learning more about effective money management practices. Financial literacy plays a crucial role in the economic development of a country like India, which has a large and diverse population. A nation cannot achieve sustainable progress and prosperity if a significant portion of its population lacks financial literacy. Money management is closely associated with financial literacy, as highlighted by studies such as Andrew Hancock et al. (2013). Therefore, it is important to understand the level of financial knowledge and money management practices among the younger generation, particularly among students who represent the future workforce of the country. In the context of Chennai, a major educational and economic hub in South India, students come from diverse social and economic backgrounds. With increased access to digital technology, online payment systems, and consumer products, students today are exposed to various spending opportunities. While many young people focus on earning money through part-time jobs, internships, or other sources, they often have limited knowledge about how to manage the money they earn. Proper saving and investment of hard-earned income can contribute to long-term financial security and liquidity.

This study focuses on understanding money management practices among college students in Chennai city. Creating awareness about financial planning and responsible spending is essential because students represent the next generation of decision-makers. Educating them about money management can help build a financially responsible and secure society. However, many students still have limited knowledge about effective financial management. Overspending and excessive consumption remain major challenges in managing their finances. Students often face numerous expenses related to education, lifestyle, and social activities. As a result, they sometimes borrow money from friends or other sources, which can eventually lead to increased debt. Even when students receive income, they may lack the knowledge to use it effectively (Jing Jian Xiao et al., 2009). In recent times, students have been exploring multiple ways to earn money beyond traditional employment. However, a significant portion of their income is often spent on unnecessary and luxury items. Many young people spend a large amount of money on gadgets such as smartphones, gaming computers, and other electronic devices. Peer pressure also influences their spending habits, leading them to purchase items that may not be essential. Consequently, the money they earn or receive is often spent quickly without proper planning. Therefore, it has become increasingly important to encourage responsible spending and effective money management among students in Chennai city.

Review of Literature

Improper understanding of money management can negatively affect not only an individual's personal life but also society as a whole. Therefore, it is important to educate the younger generation about financial responsibility. Educational institutions play a crucial role in providing foundational knowledge related to financial management. The present research aims to examine the level of knowledge that college students possess regarding money management and to identify the characteristics associated with variations in this knowledge. It also attempts to explain the factors that contribute to differences in financial understanding among students. Early studies have examined several domains of financial literacy among students. According to William Danes and Tahira K. Hira (1987), financial literacy among students can be understood through five important domains: credit cards, insurance, personal loans, documentation, and general money management. Their research highlighted that understanding these domains is essential for improving financial decision-making. Similarly, Haiyang Chen (1998) found that many college students lack sufficient knowledge of personal finance, which often leads them to make poor financial decisions. In recent decades, the use of credit cards among students has gained considerable attention from financial institutions and policymakers. Celia R. Hayhoe et al. (1999) studied credit card usage among college students and found that students' attitudes toward money, emotional attachment to spending, and their tendency to retain money influence their credit card usage patterns. Their study also indicated that students who possessed multiple credit cards exhibited different money attitudes, financial abilities, and behavioural patterns compared to those who had fewer cards. Financial decision-making among college students has also been explored in behavioural studies. Blake Kidwell and Rob Turrisi (2004) examined how attitudes and perceived behavioural control influence students' intentions to follow financial budgets. Their findings suggested that positive attitudes toward budgeting and awareness of the risks of financial debt play a significant role in shaping responsible financial behaviour. College life is often the first stage at which students experience financial independence. Michael Kuofie et al. (2006) observed that students who live away from home for the first time face challenges in managing their finances while adapting to new social environments. Although universities provide some guidance on financial management, most institutional resources offer only general advice rather than detailed financial education. Educational debt has also been identified as a significant financial concern among students. Jesse Rothstein and Cecilia Elena Rouse (2007) suggested that student debt can influence long-term financial behaviour, including alumni contributions and financial commitments after graduation. Their research argued that credit constraints, rather than debt aversion, may explain these behavioural outcomes.

Research conducted by Jing Jian Xiao et al. (2009) demonstrated that sound financial behaviour contributes to financial satisfaction, which ultimately leads to overall life satisfaction. Their study identified three important financial behavioural variables: saving practices, balance control, and cost management. Similarly, Soyeon Shim et al. (2009) developed a theoretical framework to explore factors influencing the financial well-being of young adults. Their research indicated that the consumer economy, easy access to online purchasing, and the availability of credit cards have increased financial risks for young individuals. Further studies have emphasized the role of family influence in shaping students' financial behaviour. J. M. Norvilitis and M. G. MacLean (2010) found that parental guidance and financial modelling significantly influence students' credit card usage patterns. Students who receive practical financial guidance from parents tend to accumulate lower levels of credit card debt and exhibit better financial discipline.

Another important factor influencing financial literacy is the combination of financial knowledge, parental communication, work experience, and individual attitudes. Andrew Hancock et al. (2013) used the College Student Financial Literacy Survey (CSFLS) to show that students' financial behaviour is strongly related to their interactions with parents, employment experience, and attitudes toward financial management. Recent research has also explored the psychological impact of financial stress. Studies on financial anxiety suggest that financial concerns among students are associated with factors such as student loans, gender, and financial satisfaction. These findings indicate that financial distress can significantly affect students' mental well-being. Further studies have attempted to develop comprehensive models of financial literacy. Research by Caroline et al. (2016) emphasized that financial literacy should be measured through a multidimensional approach incorporating financial knowledge, financial attitudes, and financial behaviour. Similarly, Azlan et al. (2016) identified factors such as financial awareness, patience, peer influence, and parental involvement as key determinants that encourage students to develop saving habits.

Other empirical studies also highlight that financial attitudes significantly influence financial behaviour among university students. Felipe et al. (2017) found that students' knowledge, attitudes, and financial behaviour are strongly interrelated. Kim and Torquati (2019) further emphasized the role of parental financial socialization, suggesting that students' attitudes toward money act as a mediator between parental financial practices and students' own financial behaviour. Studies conducted in developing countries indicate that poor money management can affect students' academic performance, social relationships, and mental health. Sachitra et al. (2019) revealed that undergraduate students adopt both cautious and risky financial management practices depending on their financial knowledge and personal circumstances.

Research on financial socialization also highlights the importance of family influence in developing financial awareness among young individuals. Launsby and Beierlein (2018) found that caregivers have a strong influence on students' understanding of financial concepts and decision-making. Similarly, Rosa-Holyoak et al. (2018) demonstrated that parental financial modelling plays a significant role in transmitting responsible financial practices across generations. Financial education is therefore considered an essential tool for empowering individuals to achieve financial stability. According to Indrani and Yamunadevi, financial management education equips students with the knowledge, skills, and attitudes required to make informed financial decisions. Other studies have also examined the role of various factors such as financial behaviour, financial attitude, and investment awareness in improving financial literacy. Research conducted by Gajah Mada and Sei Ladi Batam (2019) indicated that these variables positively influence financial literacy levels.Recent studies also show that peer pressure, family influence, and financial knowledge significantly affect the financial literacy levels of engineering students (Thomas & Subhashree, 2020). Similarly, Sudhakaran et al. (2022) emphasized the importance of financial education in improving individuals' financial behaviour and decision-making. Research focusing on digital financial literacy has also gained importance in recent years. Kuwar et al. (2022) examined awareness of digital financial services and highlighted the relationship between education level and investment behaviour. Additionally, the rapid growth of digital financial services has transformed the financial ecosystem, making financial literacy even more important (Nandakumar & Sudhakaran). Microfinance has also played a significant role in improving financial stability among disadvantaged groups. Studies highlight that microcredit services have helped many low-income individuals improve their standard of living and participate in entrepreneurial activities.

In the context of Chennai, a major educational and economic centre in South India, college students are increasingly exposed to digital financial services, online payments, and consumer-driven lifestyles. These changes make it essential to understand students' financial literacy and money management practices. Therefore, this study aims to explore the social, psychological, and economic factors that influence money management behaviour among college students in Chennai city (Rasyidah et al., 2023).

Hypotheses

The study proposes the following hypotheses to examine the factors influencing money management among students:

H1: Technology significantly influences money management among students.
H2: Parental influence significantly affects money management among students.
H3: Academic work significantly influences money management among students.
H4: Personal financial behaviour significantly influences money management among students.

Research Methodology

Sample: The study is based on primary data collection. Data were collected using a structured questionnaire that was distributed through Google Forms. The respondents consisted of college students from different institutions in Chennai who are pursuing either undergraduate or postgraduate programs. A total of 260 responses were received, of which 255 responses were considered valid for analysis. Among the respondents, 39.6% were male students, while 58.8% were female students. The majority of respondents belonged to urban areas of Chennai. Most participants were within the 18–23 years age group, representing the largest proportion of the sample, while 14.6% of the respondents were above 24 years of age.

Procedures: The primary objective of this research is to analyse money management practices among college students. To collect relevant information, a standardized questionnaire was designed and distributed to students through Google Forms. The questionnaire consisted of several sections covering different aspects of students' financial management practices. These sections included questions related to employment status, the amount of financial support received from family, and the allocation of their income or allowance. Additional questions were included to understand how students plan their spending, prepare budgets, and utilize modern technologies such as digital payment systems and financial applications for effective financial management.

Measuring Constructs: To enhance the reliability of the study, previously validated and tested measurement items were used wherever possible. Primary data served as the main source of information for this research. The responses were measured using a five-point Likert scale, ranging from strongly disagree to strongly agree. The study adopted the Simple Random Sampling technique for selecting respondents. Several statistical tools were used to analyse the collected data, including Correlation Analysis, Linear Regression Analysis, and Analysis of Variance (ANOVA). These analytical techniques help to examine the relationship between independent variables and the dependent variable (money management). The statistical methods also assist in identifying how different factors influence students' money management behaviour and how variations in these factors contribute to differences in financial management practices among students in Chennai city.

Analysis

Variables	M	SD	1	2	3	4	5
Parental Advice	2.25	1.019	-				
Parental Information	2.24	1.117	.600	-			
MM skill	3.16	.671	.542	.610	-		
Parental Experience	1.08	.273	.332	.325	.390	-	
Planning	2.09	1.015	.463	.384	.651	.410	-

Table 1 - Correlation - Pearson Correlation

Significant correlation is observed at the 0.01 (two-tailed) significance level. Additionally, there is significant correlation at the 0.05 (two-tailed) significance level. A positive association was observed between money management and the frequency of parental advice (r = .542, p = .001), parental information (r = .600, p = .001), parental experience (r = .332, p = .001), and planning (r = .463, p = .001) in Pearson correlation analyses.

Model	R	R2	Adjusted R^2	Std. Error of the Estimate
1	.379	.144	.103	.636

Table 2 - Model Summary

The Table depicts the Model Summary. Here the R value is .379 which indicates a moderate positive correlation but not too linear. The R2 value is higher than the Adjusted R2 value. It shows that not all the variables are strong in the model. The .636 value of Std. Error of Estimate shows the probabilities of having deviation from the predicted values to the observed values.

Model	Sum Square	df	Mean Square	F	Sig
Regression	8.674	6	1.446	3.576	.003
Residual	51.741	128	.404		
Total	60.415	134			

Table 3 - ANOVA

The Table 3 shows the result of the ANOVA test. Here it is evident that the model is considered to be a good fit. Here the F statistics with significance value is 0.003, which is less than 0.005. The null hypothesis is rejected, indicating that one of the independent variables has a significant impact on the dependent variable. Therefore, both the study and the model demonstrate statistical significance. The Residual Mean Square value shows the average squared difference between the observed and predicted value, here the value is 0.404 , which is lower and it also says that the model is good.

Construct	M	SD	Beta	t values
Technology MM	1.24	.431	.604	-1.510
Online education	2.21	.764	.690	-.675
Internet information	2.30	.829	.560	1.195
Academic work	2.42	1.292	.034	.766
Money attitude	2.09	.805	.629	-3.083
Purchase behaviour	2.24	.796	.112	-1.549

Table 4 - Regression

The data presented in the table shows the results of the Regression Analysis conducted for both the dependent and independent variables. The Beta value represents the strength and direction of the relationship between the independent variables and the dependent variable. It is observed that the Beta value is comparatively higher for variables such as Online Education (.690) and Money Attitude (.112), whereas it is relatively lower for Academic Work (.034). The t-values indicate the level of significance of the variables in the model. Negative t-values imply a negative relationship between certain independent variables and the dependent variable. Variables such as Internet Information (1.195) and Academic Work (.766) show a positive influence on the independent variable, while some of the other variables demonstrate a negative influence.

Discussions

The collected data were analysed using Statistical Package for the Social Sciences (SPSS), which facilitates statistical tests such as correlation, regression, and ANOVA. These tests help in examining the reliability, significance, and relationships between the dependent and independent variables. Correlation analysis was used to determine the strength and direction of relationships among the variables. The results indicate that Parental Information and Parental Advice (0.600) have a relatively strong positive correlation. The variable Money Management (MM) Skill shows a moderate positive correlation with Parental Advice (0.542) and Parental Information (0.610). The variable Planning demonstrates varying levels of correlation with other variables. It has a moderately strong positive correlation with Parental Information (0.651) and a comparatively lower positive correlation with Parental Experience (0.410).The Model Summary indicates a positive relationship among the variables, although the correlation is not perfectly linear. The R² value is higher than the Adjusted R² value, suggesting that the variables included in the model contribute significantly to explaining the variation in the dependent variable. The Standard Error of Estimate value (.636) represents the expected deviation between the predicted values and the actual observed values.The ANOVA results show that the model is statistically significant, as indicated by the significance value of 0.03. The relatively lower Mean Square value further supports that the regression model is a good fit for explaining the relationship among the variables.Regression analysis was also used to examine the relationship between the independent variables and the dependent variable. The Beta values represent the direction and strength of these relationships. The results show that Online Education (.690) and Money Attitude (.112) have relatively higher beta values, whereas Academic Work (.034) has a comparatively lower value. The t-values indicate the level of significance of the variables. Negative t-values suggest a negative relationship with the dependent variable. Variables such as Internet Information (1.195) and Academic Work (.766) have a positive influence on the independent variable, while other variables demonstrate a negative influence.

Findings

The study was conducted among college students in Chennai to understand how they manage their finances and practice money management. The results reveal that Internet Information and Academic Work are the only factors that positively influence money management among students. Increased access to financial information through the internet and academic knowledge related to financial management helps students develop better financial practices. On the other hand, factors such as Technology-based Money Management, Online Education, Money Attitude, and Purchase Behaviour show a negative relationship with money management. Although technological advancement is generally believed to improve efficiency and convenience, it can also introduce uncertainties and distractions. In this study, the variable Technology MM negatively influences money management behaviour among students.

Similarly, online education related to financial management appears to be less effective in developing practical financial skills among students. Money attitude may sometimes lead to incorrect financial judgement, resulting in excessive or unnecessary spending. When students possess incomplete or inappropriate financial knowledge, it can adversely affect their ability to manage money effectively.The final variable, Purchase Behaviour, also shows a negative influence on financial management. Many college students tend to spend money without clear limitations or planning, which leads to poor financial management practices. This behaviour was clearly observed among the respondents in the study. Overall, the findings indicate that Internet Information and Academic Work are the only factors that positively contribute to effective money management among college students in Chennai city, while the other variables negatively influence their financial management practices.

Conclusion

Money management is an essential life skill that enables individuals to make informed financial decisions and maintain long-term financial stability. The present study examined the factors influencing money management practices among college students in Chennai. The findings highlight that while students have access to various sources of financial information, their ability to manage money effectively depends largely on the quality of knowledge and awareness they possess. The results of the study reveal that Internet Information and Academic Work play a positive role in improving students' money management practices. Access to reliable financial information through the internet and academic exposure to financial concepts help students develop better understanding of budgeting, saving, and financial planning. These factors contribute positively to responsible financial behaviour among students.

However, the study also indicates that factors such as Technology-based Money Management tools, Online Education, Money Attitude, and Purchase Behaviour show a negative relationship with effective money management. Although technological advancements and digital platforms provide convenience and accessibility, they may also encourage impulsive spending and reduce financial discipline among students. Similarly, improper financial attitudes and uncontrolled purchasing behaviour can lead to overspending and poor financial decision-making. The findings emphasize the importance of financial education and awareness among students. Many students experience financial independence for the first time during their college years, and without proper guidance, they may develop unhealthy financial habits. Therefore, educational institutions should take an active role in promoting financial literacy by integrating practical financial management concepts into academic curricula, workshops, and awareness programs.

In conclusion, improving financial literacy, responsible spending behaviour, and practical financial education among students is crucial for building a financially secure future generation. By strengthening financial awareness and encouraging disciplined financial behaviour, students in Chennai city can develop better money management practices that will benefit not only their personal lives but also contribute positively to the economic well-being of society.

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