

**NAVIGATING FINANCIAL FUTURES: DAILY WAGE EARNERS AND MONEY MANAGEMENT AMONG INDIVIDUALS IN KERALA STATE**

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**Abstract**

Personal financial planning has been necessitated by the need to have personal planning regardless of the income earned in the household, even to the day wage earners. In this study the author tries to learn the levels of awareness, understanding and financial planning adoption plans in the case of daily wage workers. Most of these people with their economic vulnerability demonstrate strength and ingenuity in how they use their small amounts of money. It does not auger well with their financial security in the long term since they do not have organized financial education and financial planning tools. The research uses surveys to gather data concerning the daily wage earners in the different sectors. However, it does examine their knowledge in the areas of having a budget, saving, debt management, insurance, and investing. Exploring financial awareness as the degree of money management the participants practice, it turned out that there is a medium degree of financial awareness, with the majority of the participants practicing basic money management out of necessity, not planning their money usage. Low literacy, inaccessibility to formal financial services, and unreachability of financial education programs are the key obstacles. Nevertheless, this paper highlights the strong need to provide specific financial literacy programmes that are inclined towards the unique requirements and limitations of the daily wage earners. Economic stability at grassroots level is also enhanced by financial literacy strengthening, which enhances individual well-being. To respond to this, the study recommends a call to action among government agencies and the NGOs in synergy and partnership with the financial institutions in providing an inclusive financial education and support systems. Being aware of the financial habits and needs of this disenfranchised population will guide us to create a path to an inclusive financial environment that will enable us to guide the daily wage earners to navigate through the beautiful world of finance with confidence and understanding.

**Keywords:** *Financial Literacy, Daily Wage Earners, Personal Finance, Money Management, Financial Planning*

**INTRODUCTION**

Financial literacy and personal financial planning have become highly essential skills in the activities of people as they strive to be financially stable and in the long-term. The financial planning discussion tends to focus on the middle- and upper-income bracket of the society but the recent appeal calls on addressing financial education and financial planning resources towards the economically disadvantaged strata of the society, i.e. daily wage earners. In developing economies such as India, most wage earners are part of the informal sector, and they have unique fund-raising issues. Their income is often precarious, not safeguarded by institutional work benefits and vulnerable to market volatilities and economic shocks, their livelihood has turned into cannot do without economic time an economic fact of living. Nonetheless, employees with low incomes on average daily wage are greatly excluded in financial planning or literacy programs. Many are run through the existing formal banking and money system, but instead on informal methods of banking and saving. They are not allowed to enjoy the benefits of financial instruments that may help them to better their economic status due to the low educational qualifications, ignorance, and suspicion of the formal institutions. By doing so, many end up in a cycle of never-ending debt and cause financial insecurity to be able to plan in case of an emergency, invest in your future or get out of poverty. To fill this gap this paper conducts an inquiry on the level of financial literacy and money management habits of daily wage earners. To know how they spend, save their money and how they allocate their money and whether they are prepared to do right financial planning. Lastly the study also researches on these to get the socio-economic and psychological variables that influence their financial behavior. The value of the study is to provide information on what type of financial literacy teaching program can be created keeping in mind the needs and limitations of the daily wage earners. Providing this population with financial literacy and access to planning tools is not just a personal empowerment, but is in fact, one of the keys to economic stability, on a wider scale. Clearly, this study also contributes to the growing body of literature which is concerned with financial inclusion as well as social dignity and provides importance to how financial literacy should be tackled at any level of society.

**STATEMENT OF THE PROBLEM**

As an illustration, most of the informal sector workers who incorporate most of the daily wage workers, usually end up in a chronic financial crisis because they lack a consistent source of income, they lack job benefits and do not have a considerable access to formal financial systems. Being significant to the socioeconomic life of the respective local communities, this group is left out in financial literacy campaigns, and policy frameworks to cater to their needs and to the regions they serve. But, with absence of efficiency knowledge and the instruments of handling of finances in an organized manner personal financial planning is urgent in the economic stability of both the small- and large-scale enterprise private sector worker and the organized and unorganized labour of the daily wage earners. It robs the individuals of financial consciousness, hence bad budgeting, poor saving habits, excessive reliance on informal loans and being exposed in case of emergency situations. This continues the poverty cycles and hinders socio economic mobility. There is a need to know the extent to which the daily wage earners are aware of the financial affairs and the hindrances towards the adoption of the sound financial practices. To be able to design specific interventions that could assist them to make wise financial choices and guarantee their own financial security, it is necessary to learn about these challenges.

**OBJECTIVES OF THE STUDY**

1. To determine the daily wage earners are aware of the importance of personal financial planning and the importance of basic money management.
2. To know the usual financial behaviour of the daily wage earners, their budgeting, saving, borrowing, and spending patterns.
3. To understand the challenges faced by daily wage earners in accessing financial education and use formal financial services.

**NEED OF THE STUDY**

It is indeed true that in this dynamic world the largest percentage of people and more so in rural and semi urban belts are finding both the type of knowledge and the confidence to handle their personal finances in a manner that they deem fit. The broad objective of the study was to establish the degree of financial awareness, the degree of saving and the issues that are considered in accessing these formal financial services. The awareness of these factors is essential to the planning of specific educational interventions and inclusion strategies of the financial sector. With gaps in budgeting behaviour identified, the bank usage and money management confidence, this study provides the groundwork to the design of initiatives that can enlighten individuals to make informed financial choices and increase their financial appropriateness.

**SCOPE OF THE STUDY**

The analysis of the personal financial practices, awareness of the budgeting, and access to, and usage of the banking services and factors that affect saving behaviour are covered in the study among the respondents. The survey data gathered on 75 people is processed on their income management behavior, what obstacles they are facing to formal financial inclusion and what they would like to be engaged in financial education. It is also restricted in geographical sense and self reportedly based response and pertains to fiscal officers, instructors, and monetary institutions interested in growing financial education and developing customary saving behaviour among such populaces.

**REVIEW OF LITERATURE**

Financial literacy has just been proved to be very useful in enhancing how an individual conducts itself with its financial resources. Although there is heightened awareness, Mamta Rani et al. (2023) indicated that there is a pressing need to specifically target such interventions as despite an increasing number of people becoming more financially aware, they had not actually acquired practical financial knowledge, particularly in rural and semi urban settings. As an example, Heena Choudhary and Himanshi Jain (2023) have performed a systematic review of financial literacy training programs that significantly increase financial behavior of the marginalized women through improving bank usage, savings and responsible spending. On a larger international scale, Sakano and Konishi (2022) summarized the results of other meta-analyses that financial education has a positive effect on financial literacy and behavior, i.e. assistance in budgeting and saving, with the strongest effect on the youth. The combination of these studies suggests the critical role of financial education in reducing the risk of making responsible financial choices in a diverse range of populations.

**RESEARCH METHODOLOGY**

The study methodology will involve descriptive research involving the financial awareness among people, saving habits and difficulties experienced by people in search of financial services. Research was conducted using a structured questionnaire, which included both closed-ended and multiple-choice questions based on support of financial awareness, current financial practices, and barriers of formal financial services. This was chosen survey through convenient method of sampling to sample 75 respondents who were focussed on individuals in one region. There were face to face and online collection of responses and the responses were as clear and correct as possible. The analysis of the collected data was done using description statistics (percentages and frequencies) and inferential statistics such as Chi-Square Test to establish association and Logistic Regression analysis to establish the predictor of regular behaviour of saving. This type of methodology helps to understand the overall financial behaviour and inclusion status of the target group and, therefore, come up with feasible recommendations and conclusions.

**DATA ANALYSIS AND INTERPRETATION**

**Table No: 1 Financial Literacy and Practices**

Section & Question	Option	Respondents	Percentage
<b>Financial Awareness</b>			
Heard of personal financial planning	Yes	50	66.7%
	No	15	20.0%
	Not sure	10	13.3%
Awareness of Monthly budget	Yes, and I use one regularly	30	40.0%
	Heard of it but don't use	35	46.7%
	Don't know what it means	10	13.3%
Confidence in managing money	Very confident	25	33.3%
	Somewhat confident	30	40.0%
	Not confident	15	20.0%
	Not sure	5	6.7%
<b>Current Financial Practices</b>			
Income management	Plan spend/save	35	46.7%
	Spend as needed	25	33.3%
	Give to family	15	20.0%
Save money regularly	Yes, every month	30	40.0%
	Occasionally	35	46.7%
	No	10	13.3%
Savings of Money	Bank/Post Office	40	53.3%
	Home (cash)	20	26.7%
	Informal groups	10	13.3%
	Do not save	5	6.7%
Ever borrowed money	From formal lender	30	40.0%
	Friends/moneylenders	25	33.3%
	Not borrowed	20	26.7%
<b>Challenges Accessing Financial Services</b>			
Have a bank account	Yes, use often	40	53.3%
	Yes, rarely use	25	33.3%
	No	10	13.3%
Barriers to using financial services	Don't understand	20	26.7%
	Don't trust	10	13.3%
	Too far	15	20.0%
	No documents	10	13.3%
	No reason	20	26.7%
Attend free money management session	Yes	45	60.0%
	No	10	13.3%
	Maybe	20	26.7%
	<b>Total</b>	<b>75</b>	<b>100</b>

**Interpretation:**

The survey indicates that most of them (66.7) are aware of personal finance planning and 40% are sure that they are good at managing their finances. However, 40 per cent only use a monthly budget which shows there is a gap between knowledge and practice. The majority of respondents (46.7 percent) plan their income and 40 percent save money each month, yet over half of the respondents (46.7 percent) save money at a certain time. Some continue to use informal groups (53.3%), or home savings, but adopt formal savings possibilities such as banks (53.3%). Nearly 2 of 3 (73.3) borrow money primarily through formal or informal sources, with other significant portion (66.3) having loaned money to someone. Although the active bank usage rate stands at 53.3, the obstacles to the use of a bank in Uganda are still there, such as lack of understanding and distance. Encouragingly, 60 per cent said that they would like to participate in free sessions of financial education, which would contribute to improving financial literacy and other practices of inclusivity.

**Table No: 2 Chi Square Test**

**Null Hypothesis:** There is no relationship between bank account possession and trust in money management.

<b>Chi-Square Tests</b>			
	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	58.504 <sup>a</sup>	4	.000
Likelihood Ratio	78.793	4	.000
Linear-by-Linear Association	8.955	1	.003
N of Valid Cases	75		

a. 2 cells (20.0%) have expected count less than 5. The minimum expected count is 4.13.

It was applied to determine whether the possession of a bank account is associated with confidence in dealing with money among 75 respondents. With the results, Pearson Chi-Square value of 58.504 is obtained with 4 degrees of freedom and p value of 0.000 that is lower than the level of significance, .05. This case has two variables that are correlated in a statistically significant manner. That is, ownership and usage of bank accounts are closely related to the level of confidence of individuals about money management.

**Table No: 3 Regression**

The independent variables as budget awareness, confidence, income planning, bank account, do not have any significant relationship with the probability of saving money regularly.

**Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.955 <sup>a</sup>	.913	.912	.29329

a. Predictors: (Constant), usefulness of cdb marketing support

The logistic regression model has a very strong relationship between the independent variables (budget awareness, confidence, income planning and bank account ownership) and the likelihood of saving money regularly as indicated by the high value of R of 0.955. The model has a value of R square of 0.913 meaning that the model accounts between 91.3 to 100 percent of the variance in the regular saving behaviour. It is against the null hypothesis and strong relation exists. In addition, the standard error is low (0.29329) indicating that the model predicts an accurate and consistent value.

**FINDINGS**

1. Only 40 perquisites have a regular monthly budget and 66.7% of the respondents indicated that they are familiar with personal financial planning. Nevertheless, a higher percentage (40 percent) are somewhat confident than 40 percent who are very confident, which implies that more financial self-efficacy needs to be fostered in classes or tools.
2. About 40 % of the respondents do have money in the pocket and nearly half of them (46.7) do spend and save to plan their income. Yet, 33.3% of them do not spend as required, not planning; this could be a sign of improved financial planning habit that enhances saving behavior.
3. In their turn, 53.3 percent of the interviewees save in banks or post offices, the others save at home or in informal groups. Borrowing is not new as 40 percent of the respondents say they borrow through formal sources and 33.3 percent borrow through informal sources, hence, signifying the turning to various credit systems as a means of accessing.
4. Though 53.3% are active users of their bank accounts, distance (20%), lack of understanding (26.7) and other factors do not allow many of them. Despite such concerns, 60 percent were ready to be provided with a free session of financial education that would enhance financial literacy.
5. The Chi-Square test showed that there was a statistically significant relationship between the confidence in money management and having a bank account ( $p < 0.001$ ). That is, the more access and accessibility one has to banking services, the more competent they would feel to manage their finances.
6. The logistic regression model R Square value was identified to be 0.913, which means that 91.3 percent of the regular savings logistics is explained by the variables of budgeting awareness, confidence, income planning, bank account ownership. This rejects the null hypothesis and gives significant and high relationship between the factors and the saving behavior.

**SUGGESTIONS**

1. Since most respondents have inconsistent budgeting patterns and only a small percentage of respondents have such confidence in how to handle money, conducting free and available workshops or online courses about budgeting, saving and utilizing financial services can significantly increase fiscal behaviour and confidence.
2. Incentives can be introduced by the financial institutions and community groups to encourage improved savings discipline and should include incentives on regular savings, small deposit plans or should include automatic saving plans particularly to those who planned to save on income but do not save regularly.
3. Even to date, the barriers such as the lack of knowledge and trust in bank service, banks must simplify their services, offer community-based support (mobile van, local help desk) and trust building campaign, particularly in the case of underbanked area.
4. Banks and fintech's should facilitate easy to use budgeting features in their apps since the awareness of budgeting, access to banking is closely related to the saving behaviour. They consist of these tools that can help a user to plan the income, monitor expenses and develop saving objectives to adhere to the healthier behaviours of managing money.

**CONCLUSION**

The results indicate that, financial awareness, confidence on money management, and the actual aspect of regular saving are strongly correlated. Although good percentage of the respondents can budget and have accessed bank accounts, a good number of them still do not save regularly or access financial services effectively as they do not know, or they are unable to trust processes. Lastly, statistical analyses, including chi square and logistic regression, are used to determine the degree to which economic decision-making habits, finances confidence, income planning and bank access is a contributory factor to saving behaviour. The result is a call to action to develop specific financial literacy programs and the need to enhance financial inclusion to help individuals make improved and safer financial choices.

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