A STUDY ON MONEY MANAGEMENT PRACTICES AMONG STUDENTS

Submitted in partial fulfillment of the requirements for the award of

Bachelor of Commerce

By

Pratheesh B

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BACHELOR OF COMMERCE

SCHOOL OF MANAGEMENT STUDIES

SATHYABAMA

INSTITUTE OF SCIENCE AND TECHNOLOGY

(DEEMED TO BE UNIVERSITY)

Accredited with Grade "A" by NAAC | 12B STATUS BY UGC | APPROVED BY AICTE

JEPPIAAR NAGAR, RAJIV GANDHI SALAI, CHENNAI - 600 119.

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BONAFIDE CERTIFICATE

This is to certify that this Project Report is the Bonafide work of **PRATHEESH B** (39740174) who has done the Project work entitled ' **A study on money management practices among students'** under our supervision from December 2021 to February 2022.

ANNAI AMALA VIDYA

Internal guide **External guide**

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Submitted for Viva voce examination held on ________________

Internal Examiner **External Examiner**

DECLARATION

I **Pratheesh B (39740174)** hereby declare that the Project Report entitled **"A STUDY ON MONEY MANAGEMENT PRACTICES AMONG STUDENTS"** done by me under the guidance of **Annai Amala Vidya M.Com., M.B.A., M.Phil.,** Department of Management Studies is submitted in partial fulfilment of the requirements for the award of Bachelor of commerce degree.

DATE: **PRATHEESH B**

PLACE: CHENNAI **SIGNATURE OF THE CANDIDATE**

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PRATHEESH B

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ABSTRACT

Financially educated society tends to make better financial decisions. Nevertheless, individuals seldom have perfect financial knowledge. Behavioral economics admitted that individuals are not always rational and emotions can always affect decision making. Thus objectives of this paper are to investigate the financial knowledge among the students as well as their financial management practices. This is because the ability to manage personal finances has become increasingly important in both university and college in preparing their students with good financial management. Data for this study was collected through a self-administered questionnaire and distributed through purposive judgmental sampling method. A total of 110 questionnaires were completed and analysed. The finding from the study shows that the financial problem occurs due to the inability of students to save or budget their income. As a student, they need to spend more time on their study instead of finding a way to increase income. The students were found to have good financial management practice because they are avoiding overspending of their money. The result contributes particularly to this study to know the students' financial management practice and financial problem to educate them in making a wise financial decision in future.

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CHAPTER 1

INTRODUCTION

Money is an asset that plays an important role in our daily lives, especially in the current economic uncertainty. Without money, many necessities of life cannot be fulfilled correctly. There is saying money is not everything, but in reality, almost all the affairs of life require money. It is not only important to those who are already working but also to students and therefore money must be managed properly. Understanding which factor may influence financial management and financial problems among college students will be useful in designing more effective financial education programs to prepare young students to be successful personal financial managers when they enter the labor market. Concerning the important role of students in the economy as the future educated and professional labor force and financial users in the market place, it is important to understand the factors that are used to predict financial management and financial problems among them. Such knowledge about students' financial management and financial problems is important as their present financial behavior has a significant effect on their future financial well-being and overall life satisfaction.

The habit of savings plays an important role in everyday financial decisions. The study has revealed that there Subsists a progressive correlation amid savings and growth. Constant act of saving is very important to the financial independence and stability Greater savings has established to be a vital element of fiscal progression. In an era of unstable financial economies, one has to ensure and implement prudent financial management practices to achieve personal financial independence of which savings are fundamentally key. Savings have therefore become indispensable in the life of college students who strive to achieve personal financial independence as the continent is largely plagued with ever-increasing huge rates of unemployment. Financial literacy in the area of saving is therefore paramount as the financial industry is ever-evolving with innovative products.

Practicing good money management skills among students is good for their bright future and thereby for the society and nation itself. Money management is the process of budgeting, saving, investing, spending or otherwise in overseeing the cash usage of an individual or group. As far as students concerned, how they consider spending by themselves is a matter of social freedom and they always stay updated in the latest fashion and trends.

I will also provide suggestions and recommendations for further research in order to complete the studies and findings related to youth's competence to manage money.

1.1 STATEMENT OF THE PROBLEM

It is not easy to come by money however, money can easily 'leave' one's possession if not properly managed. Savings are securing assurance today for tomorrow's uncertainties. This paper sought to examine the habit of savings among college students. The result indicated that the majority of the college students do not save as a result of certain contributory factors such as meager salaries and economic hardships. Also, the majority of the college students do not have definite financial management plans such as savings as a result of inadequate financial literacy. The study concluded on the need for public education on key money management skills such as savings which is a recipe for wealth creation. The purpose of this study is to investigate young people's ability to manage money and their prospects for the future.

1.2 NEED FOR THE STUDY

- To ensure prudent financial management practices to achieve personal financial independence of which savings are fundamentally key.
- To understand how students manage and respond to economic, social and psychological factors affecting their money management behavior.
- To know how to handle all of your finances, from budgeting to investing, to saving and setting goals.
- And to examine whether this response changes as they make progress in their future.

1.3 SCOPE OF THE STUDY

- By practicing proper money management techniques now, students can feel confident about their ability to manage finances into their adult life, save money and avoid debt down the road.
- To get knowledge about short and long-term tactics to improve their financial well being.
- Ensuring that decisions are aligned with the overall financial management objectives.

1.4 OBJECTIVES OF THE STUDY

- To find the sources of income and average monthly income of students.
- To study the strategies of spending money on specific things with priority by their needs and wants.
- To find whether the students have the habit of savings and the purpose for it.
- To study their budgeting plans.
- To determine the strategies in handling and managing money.

1.5 LIMITATIONS OF THE STUDY

The study uses the data collected from respondents through surveys. The data collected are then analyzed to get results. The results can change according to the size of the sample i.e., the number of people allotted to answer the questions. The size of the sample here is 110 respondents. When the sample size increases the results probably might also vary. This leaves a research gap as there are factors that need to be taken into consideration in a later period.

CHAPTER 2

REVIEW OF THE LITERATURE

A good financial education during university years improves the knowledge, attitude and the behavior of individuals (Loke et al., 2015) and improves the likelihood of a higher life quality in the future (Worthy et al. 2010).

According to Barr and McClellan (2018), life and current financial needs in higher education institutions are very demanding. College students may be considered as a high-risk group based on economic stability and, consequently, well-being, due to their propensity to borrow to fund their college education.

The lack of financial education increases the risk of improper and inefficient decision making (Chen & Volpe, 1998; Lusardi and Mitchell, 2007), for e.g. decisions on savings and investments (Wickramasinghe & Gurugamage, 2012; Lusardi & Mitchell, 2007), choosing a high interest loan (Lusardi & Tufano, 2008; Huston, 2012), or segregation from the formal financial system (Alessie et al., 2007; OECD 2012).

In their study, Cude et al. (2006) report that parents strongly impact the way their children manage the money.

Furthermore, Kozina & Ponikvar (2014) showed that parents who intentionally taught their children to manage finances impacted their children's financial knowledge more than the school or work itself. The students whose parents demonstrated responsible financial behavior and actively taught them how to manage finances considered their parents to be a model for them (Shim et al.,2010).

The students who considered their parents as a role model for their financial behavior reported better control and management over their financial behavior (Shim et al., 2009).

Reports by New Straits Times (2019) shows that university students spent their money on basic necessities such as food, books and other personal expenses.

According to Baumeister (2002), adequate self-control depends on at least three significant ingredients such as standards, the monitoring process, and the operational capacity to alter one's behavior.

Successful financial management does not only depend on financial knowledge, but also financial attitude (Joo And Grable, 2004; Lim, Teo, and Loo, 2003).

According to Falahati, Paim, Ismail, and Masud (2011), students need to be equipped with financial management and knowledge to help them match their needs with available resources.

Munmun Shabnam Bipasha , Shatabdi Goon conducted a survey, “Fast food preferences and food habits among students of private universities in Bangladesh” to examine the preference, prevalence and pattern of fast food consumption among the students and found that the prevalence of fast food consumption was 98.5%, and 43.3% of their pocket money.

Abhijeet Birari & Umesh Patil in their article “Spending & Saving Habits of Youth in the City of Aurangabad” found that students belonging to different education levels differ significantly in spending in many categories. It was also noted that both the male and female youth have different spending patterns with a slight similarity. Significant portion of their spending goes towards shopping, fast food, mobile phone expenditure, investment and transportation.

Another article “Gender Differences in Saving and Spending Behaviors of Thai Students” studies the gender differences in saving and spending behaviors of Thai students. The results showed that female and male students did not have different saving behavior, although females had a more positive attitude towards saving and shopping than males. In addition, females were more concerned about being rich or having a lot of money than males, while males had a more positive attitude towards spending money than females.

According to Marsh (2006) and Godwin & Koonce (1992), money management or the management of personal or consumers’ finances includes cash-flow, savings, investments, loans and insurance.

In the studies of Henry et al. (2001) and Hayhoe et al. (2000) resulted that women are more likely to have better budgeting and financial abilities than men.

Xiao et al. (1995) research concluded that male students do manage credit cards better than female ones, a conclusion opposing that of Hayhoe et al. (2000).

CHAPTER 3

RESEARCH METHODOLOGY

This study has included data collection, sample selection, and contents of questionnaire, processing of data analysis. Quantitative and Qualitative research approaches have been embraced for the purpose of research by this study. The simple random sampling technique was use to choose the sample.

3.1 RESEARCH DESIGN

A research design is the arrangement of conditions for collection and analysis of data in a manner that aims to combine relevance to the research purpose with economy in procedure. This study is of descriptive in money management practices.

3.2 SOURCES OF DATA

The research uses both Primary and Secondary data.

- Primary data had been collected by questionnaire survey method.
- Secondary data had been collected from various available resources such as review of literature from various published reports, research journals, reference books and online databases.

3.3 STRUCTURE OF QUESTIONNAIRE

The questionnaire follows a simple and basic layout. It is made easy for the participants to respond to the questionnaire without any delay or confusion. The set of questions and the answer options present in the questionnaire are predetermined and are constructed by myself based on general questions regarding the main topic. The structure of the questionnaire used in this project is as follows.

3.4 SIZE AND DESIGN SAMPLE

The study was conducted in Chennai city, India. The sample unit of 110 people, both women and men in the age group of 15-26 and above having knowledge of money management were selected.

3.5 SAMPLING TECHNIQUE

The information required for the study has been collected by the well Structured Questionnaire to Learn and examine the study on money management among students. The total 110 respondents have been selected randomly through online survey.

3.6 PERIOD OF THE STUDY

This is one-time research where the research is conducted only for one-time and that the project is based on the responses derived from a definite period of time. The period of study for the project of about 30 days project is based on the responses collected from the 110 participants in the 6 days' time period.

3.7 ANALYTICAL TOOL

CHI-SQUARE TEST - A chi-squared test is a statistical hypothesis test that is valid to perform when the test statistic is chi-squared distributed under the null hypothesis, specifically Pearson's chi-squared test and variants thereof.

CHAPTER 4

DATA ANALYSIS AND INTERPRETATIONS

The following consist of the data analysis and interpretation of my questionnaire:

4.1 AGE OF RESPONDENTS

Table 4.1

PARTICULARS (age in years)	NO. OF RESPONDENTS	PERCENTAGE
Below 18	3	2.7
18-23	101	91.8
Above 23	6	5.5
Total	110	100

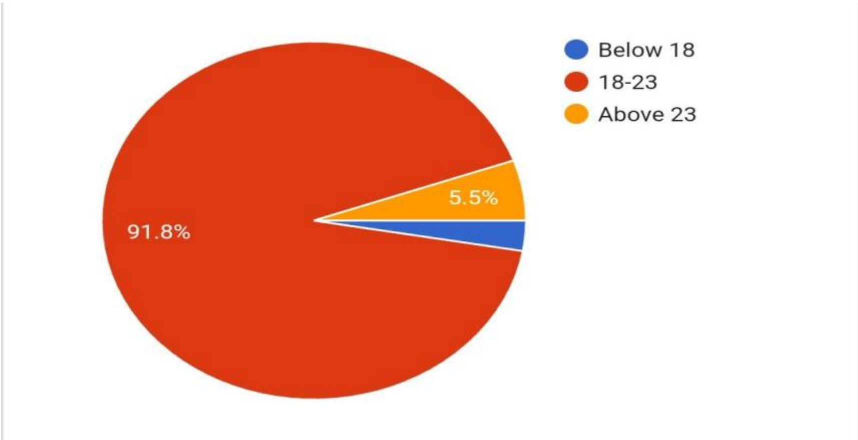

Fig. 4.1 Age of respondents

INTERPRETATION:

- 91.8% of respondents are between the ages of 18-23.
- 5.5% of respondents belong to the age of above 23.
- 2.7% of respondents belong to the age of below 18.

4.2 GENDER PROFILE

Table 4.2

PARTICULARS (In gender)	NO.OF RESPONDENTS	PERCENTAGE
Male	59	53.6
Female	51	46.4
Total	110	100

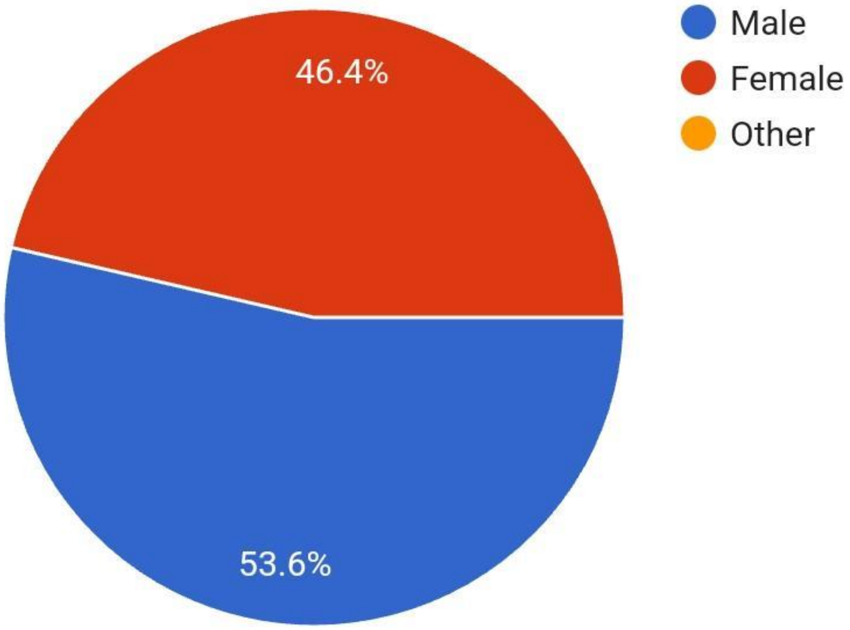

Fig. 4.2 Gender profile

INTERPRETATION:

- 53.6% of respondents are male.
- 46.4% of respondents are female.

4.3 EDUCATIONAL QUALIFICATION

Table 4.3

PARTICULARS	NO.OF RESPONDENTS	PERCENTAGE
HSC	10	9.1
Undergraduate	90	81.8
Postgraduate	10	9.1
Total	110	100

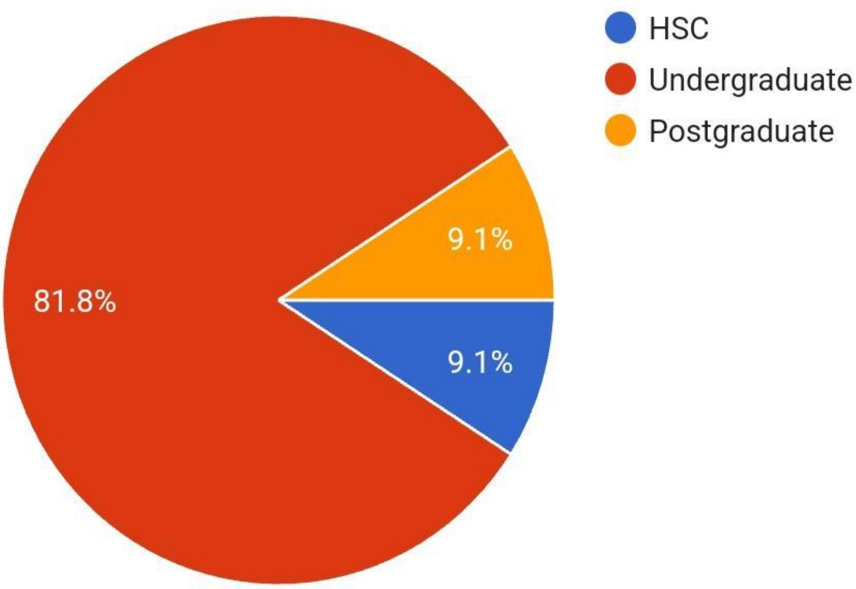

Fig. 4.3 Educational qualification

INTERPRETATION:

- 81.8% of the respondents are undergraduates.
- 9.1% of the respondents are postgraduates.
- 9.1% of the respondents are school students (HSC).

4.4 MAJOR SOURCE OF INCOME

Table 4.4

PARTICULARS	NO.OF RESPONDENTS	PERCENTAGE
Pocket money	66	60
Part-time job	28	25.5
Freelancing	16	14.5
Total	110	100

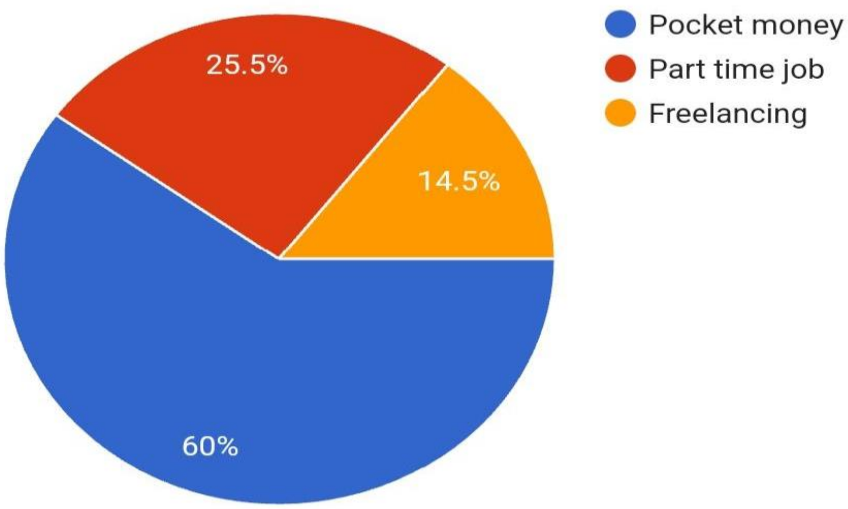

Fig. 4.4 Major source of income

INTERPRETATION:

- 60% of the respondents' major source of income is from pocket money.
- 25.5% of the respondents' major source of income is from part-time job.
- 14.5% of the respondents' major source of income is from freelancing.

4.5 AVERAGE MONTHLY INCOME GAINED

Table 4.5

PARTICULARS	NO.OF PARTICIPANTS	PERCENTAGE
Below 2000	58	52.7
5000	30	27.3
Above 5000	22	20
Total	110	100

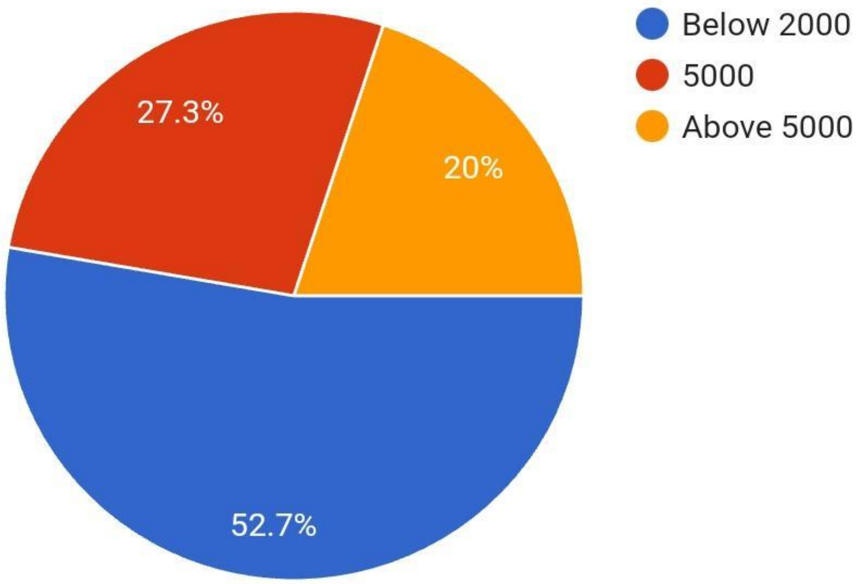

Fig. 4.5 Average monthly income gained

INTERPRETATION:

- 52.7% of respondents' average monthly income is below 2000.
- 27.3% of respondents' average monthly income gained is 5000.
- 20% of respondents' average monthly income is above 5000.

4.6 MAJOR EXPENSES

Table 4.6

PARTICULARS	NO.OF RESPONDENTS	PERCENTAGE
Food	58	52.7
Shopping/Accessories	44	40
Gaming	8	7.3
Total	110	100

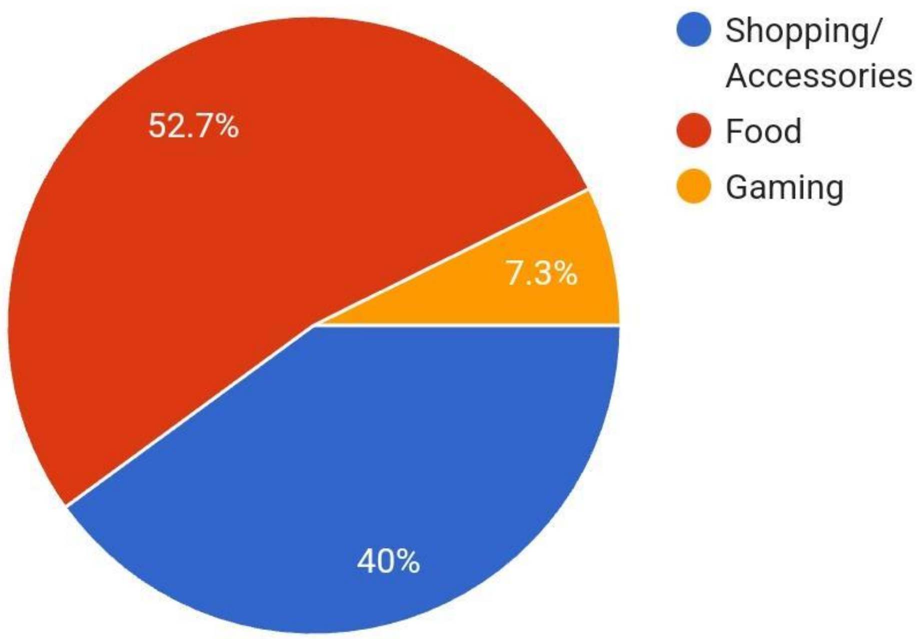

Fig. 4.6 Major expenses

INTERPRETATION:

- Majority of the respondents(52.7) spend their money on food.
- 40% of respondents spend their money on shopping.
- 7.3% of the respondents spend their money on gaming.

4.7 HABIT OF SAVING MONEY

Table 4.7

PARTICULARS	NO.OF RESPONDENTS	PERCENTAGE
Yes	97	88.2
No	13	11.8
Total	110	100

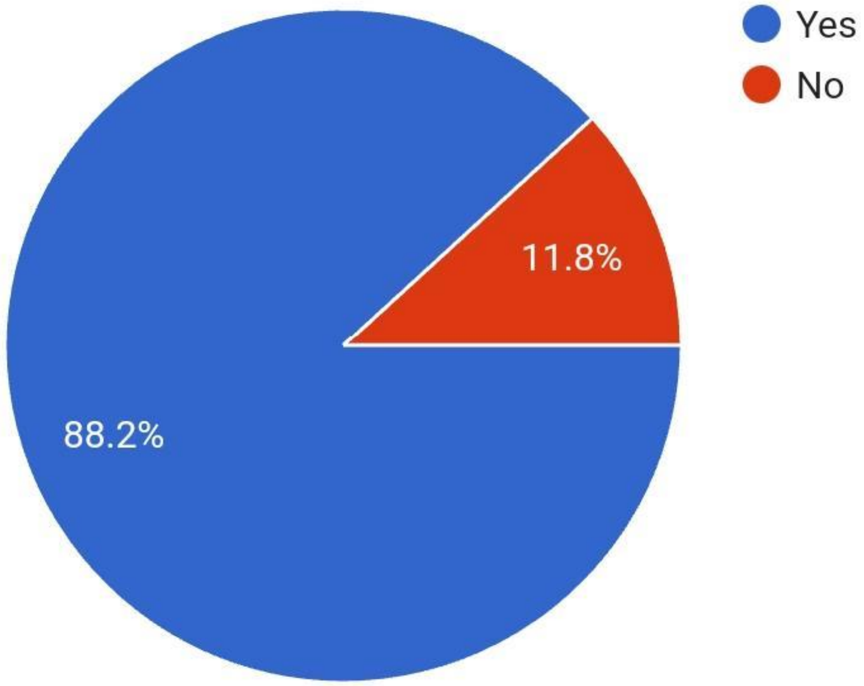

Fig.4.7 Habit of saving money

INTERPRETATION:

- 88.2% of the respondents have the habit of saving money.
- 11.8% of the respondents have the habit of saving money.

4.8 PURPOSE OF SAVING MONEY

Table 4.8

PARTICULARS	**NO.OF RESPONDENTS**	**PERCENTAGE**
Future purposes	47	42.7
For emergencies	34	30.9
Other	29	26.4
Total	110	100

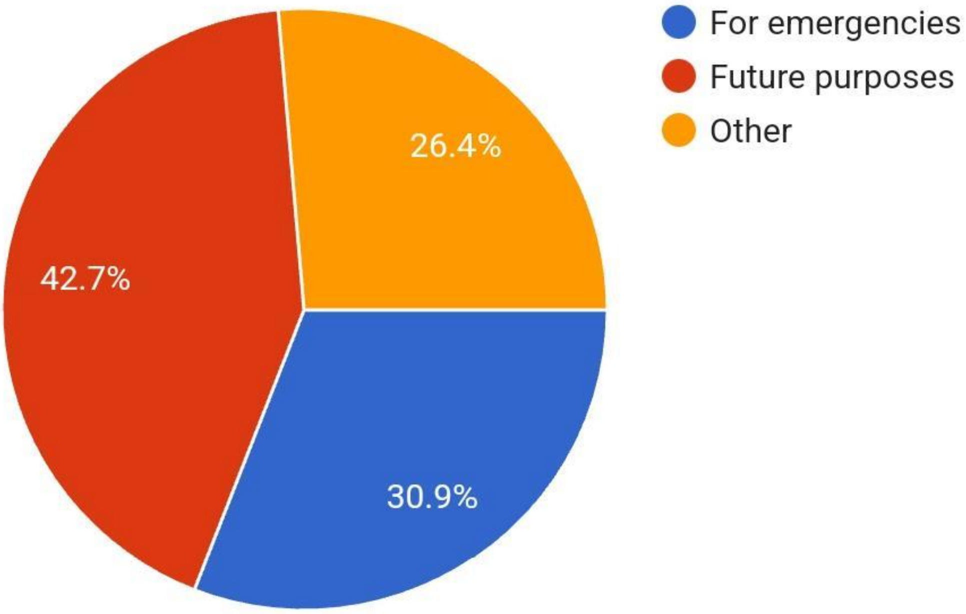

Fig. 4.8 Purpose of saving money

INTERPRETATION:

- 42.7% of the respondents keep their savings for future purposes.
- 30.9% of the respondents keep their savings for emergencies.
- 26.4% of the respondents keep their savings for other purposes.

4.9 SAVING MODE PREFERENCE

Table 4.9

PARTICULARS	NO.OF RESPONDENTS	PERCENTAGE
Online mode (net banking)	68	61.8
Cash in hand	42	38.2
Total	110	100

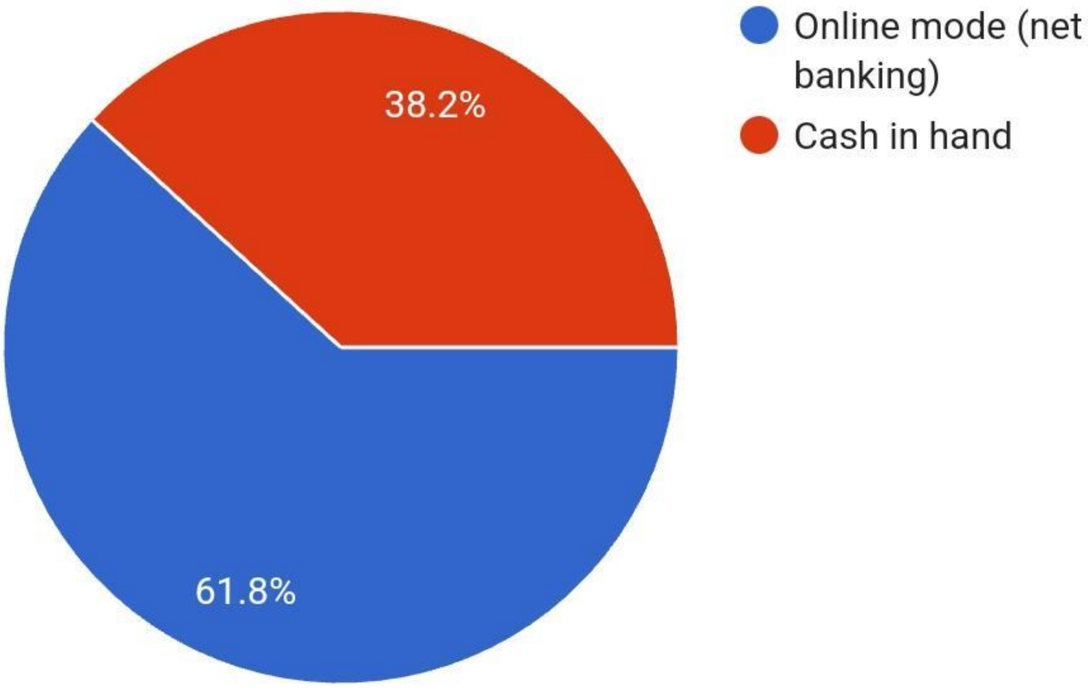

Fig. 4.9 Saving mode preference

INTERPRETATION:

- 61.8% of the respondents prefer net banking.
- 38.2% of the respondents prefer cash in hand.

4.10 HABIT OF BUDGETING

Table 4.10

PARTICULARS	**NO.OF RESPONDENTS**	**PERCENTAGE**
Yes	62	56.4
No	13	11.8
Sometimes	35	31.8
Total	110	100

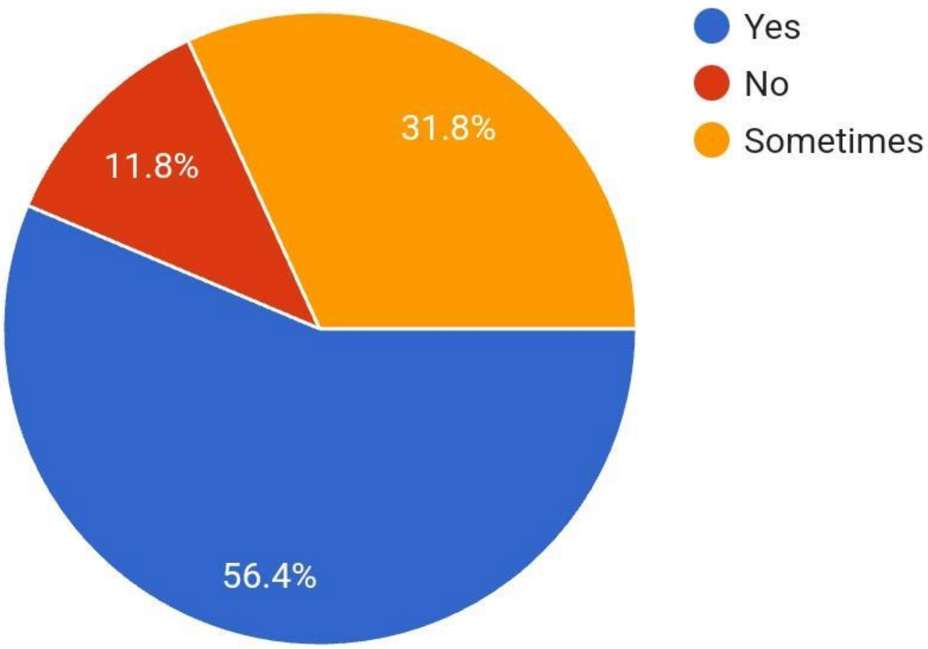

Fig. 4.10 Habit of budgeting

INTERPRETATION:

- 56.4% of the respondents follow the habit of budgeting and spend accordingly.
- 11.8% of the respondents don't have the habit of budgeting.
- 31.8% of the respondents follow the habit of budgeting quiet often.

4.11 DISCUSSION OF BUDGETING PLAN WITH FRIENDS AND FAMILY

Table 4.11

PARTICULARLS	**NO.OF RESPONDENTS**	**PERCENTAGE**
Yes	37	33.6
No	40	36.4
Maybe	33	30
Total	110	100

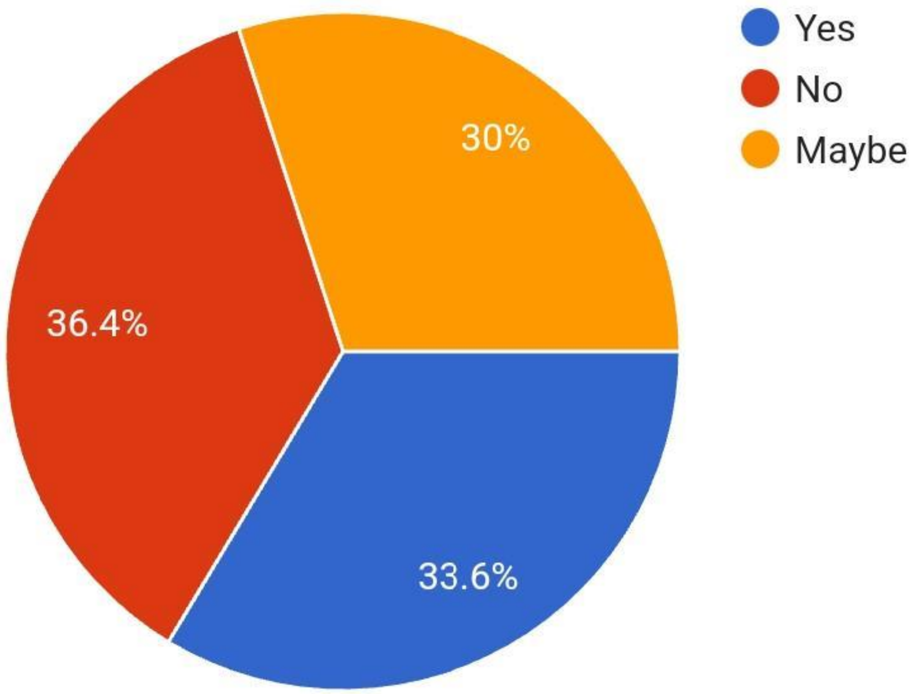

Fig. 4.11 Discussion of budgeting plan with friends and family

INTERPRETATION:

- 36.4% of the respondents don't discuss their budgeting plans with anyone.
- 33.6% of the respondents discuss their budgeting plans with friends and family.
- 30% of the respondents discuss their budgeting plans quite often.

4.12 FREQUENCY OF CHANGING BUDGETING PLAN

Table 4.12

PARTICULARS	NO.OF RESPONDENTS	PERCENTAGE
Monthly	20	18.2
Yearly	6	5.4
According to the savings	84	76.4
Total	110	100

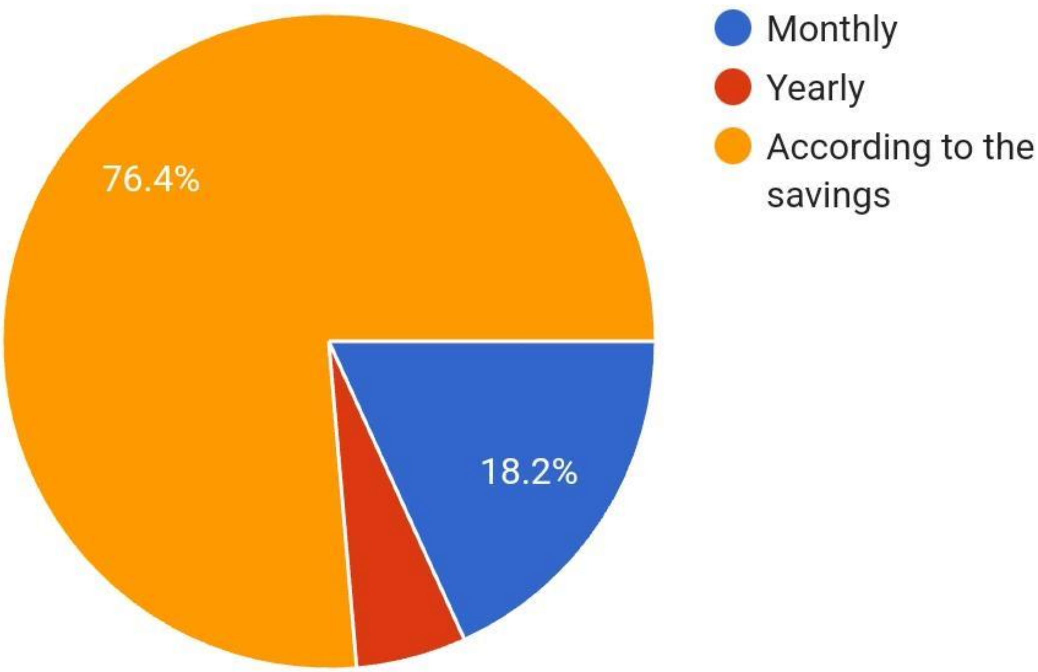

Fig. 4.12 Frequency of changing budgeting plan

INTERPRETATION:

- 76.4% of the respondents change their budgeting plan according to the savings.
- 18.2% of the respondents change their budgeting plan each month.
- 5.4% of the respondents change their budgeting plan once in a year.

4.13 STRATEGIES IN HANDLING AND MANAGING MONEY

Table 4.13

PARTICULARLS	NO.OF RESPONDENTS	PERCENTAGE
Cutting out unnecessary expenses	74	67.3
Proper budgeting plan	36	32.7
Total	110	100

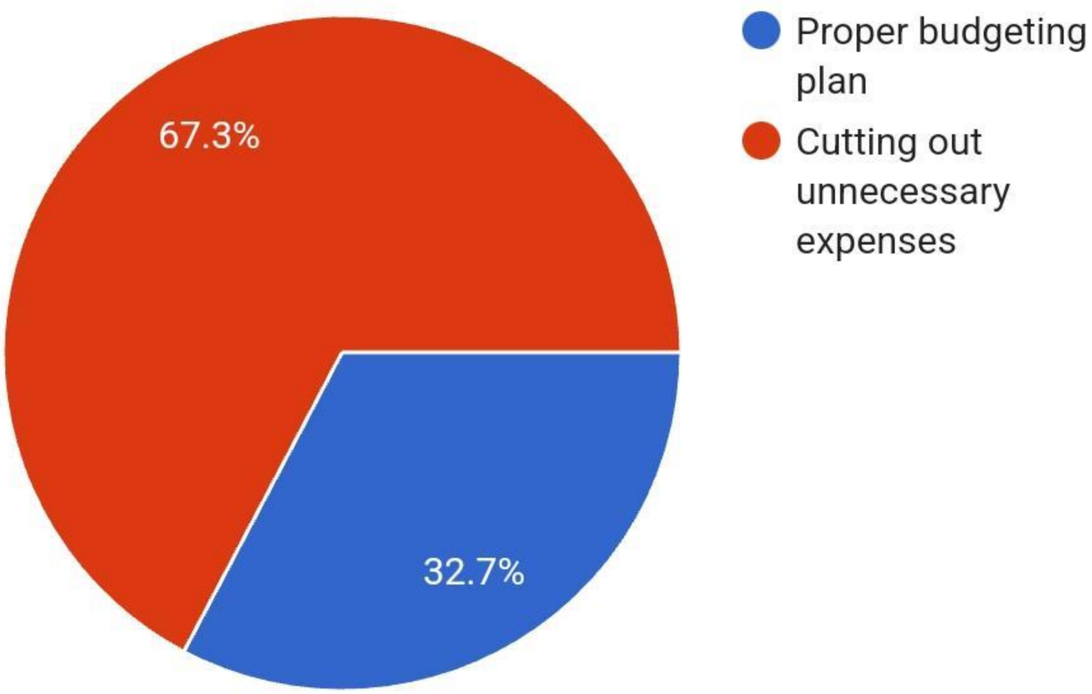

Fig. 4.13 Strategies in handling and managing money

INTERPRETATION:

- 67.3% of the respondents manage their money by cutting out unnecessary expenses.
- 32.7% of the respondents manage money their money by proper budgeting plan.

4.14 IDEA OF INVESTING IN FUTURE

Table 4.14

PARTICULARS	NO.OF RESPONDENTS	PERCENTAGE
Yes	42	38.2
No	32	29.1
Maybe	36	32.7
Total	110	100

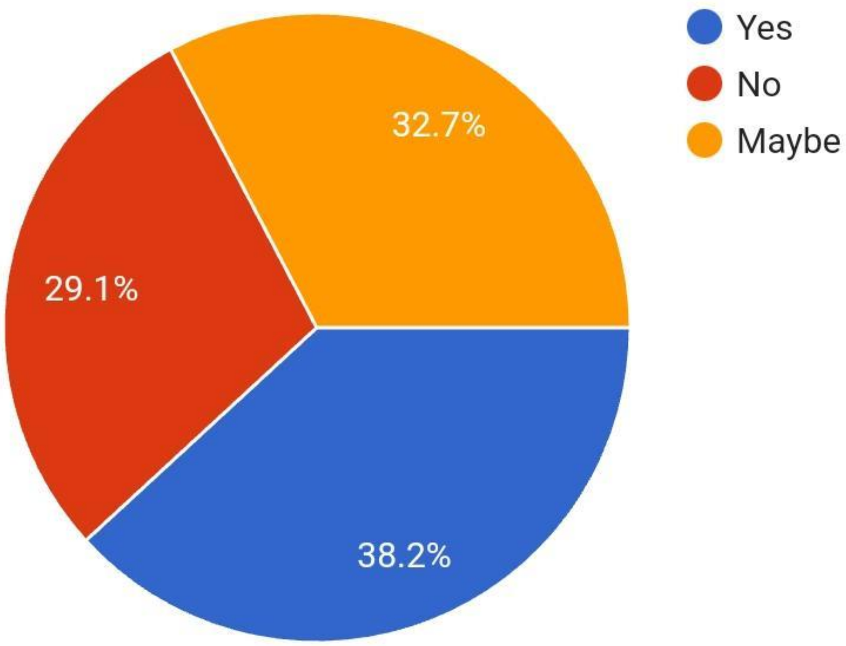

Fig. 4.14 Idea of investing in future

INTERPRETATION:

- 38.2% of the respondents have the idea of investing in the future.
- 29.1% of the respondents don't have the idea of investing.
- 32.7% of the respondents may or may not have the idea of investing in the future.

4.15 HYPOTHESIS

H (0): There is no significant relation between gender and the saving mode preference.

H (1): There is a significant relation between gender and the saving mode preference.

4.16 CHI-SQUARE TEST

A chi-squared test is a statistical hypothesis test that is valid to perform when the test statistic is chi-squared distributed under the null hypothesis, specifically Pearson's chi-squared test and variants thereof.

$$\chi^2 = \sum \frac{(O_i - E_i)^2}{E_i}$$

χ^2 = chi squared

O_i = observed value

E_i = expected value

Fig. 4.16 Formula for chi-square

Table 4.16

Saving mode preference	**Net banking**	**Cash in hand**	
Gender			Row total
Male	33	22	55
Female	35	20	55
Column total	68	42	110

Significance level = 0.05

INTERPRETATION:

The chi-squared value is 0.6 and the chi-squared distribution at .05 is 3.84. Since, the calculated value is lesser than the tabulated value, we can state that there is no significant relation between gender and the saving mode preference. H (0)

CHAPTER 5

FINDINGS AND SUGGESTIONS

5.1 FINDINGS

- The study implies that the majority (91.8%) of the respondents belong to the ages between 18-23 who are college students.
- The study discloses that the majority of the respondents are male(53.6%).
- The study reveals that the major source of income for the students is from pocket money (60%) apart from part-time jobs and freelancing.
- Majority (52.7%) of the respondents spend their money on food apart from shopping/accessories.
- It was found that the majority (88.2%) of the respondents follow the habit of saving money.
- Majority (61.8%) of the respondents prefer online mode (net banking) than cash in hand (38.2%).
- Majority (56.4%) of the respondents follow the habit of budgeting and spending accordingly.
- It was found that the majority (76.4%) of the respondents change their budgeting plans according to their savings.
- It reveals that the majority (67.3%) of the respondents manage their savings by cutting out unnecessary expenses.
- It was found that most of the respondents have the idea of investing in the future (38.2%).

5.2 SUGGESTIONS

- Practicing judicious use of pocket money and hard earned salary in the school/college days is the first step towards gaining control over their expenditures and debt in future. Students must be encouraged to save money by minimising wasteful expenses and maintaining track of their expenditure.

- Parents should let their children know the value of money before they feed their pockets.
- The youth should think rationally before spending the money and should be more aware about various savings and investment avenues available in the market.

CHAPTER 6

CONCLUSION

Educators should emphasize to students the importance of developing good financial management skills. In today's high school classrooms, students should be learning basic financial management skills. Additionally, all colleges and universities should require students to complete basic personal financial management courses before graduation. A basic understanding of credit, investing, budgeting and development of long-term financial goals will prepare students and help them to live without the stress of debt and financial instability suffered by so many.

The result from this study contributes to the university and particularly to know the students' financial management practice and financial problem to educate them in making a correct financial decision in future. Financial education is pivotal and becomes the key to decrease financial problems, especially among students. Educational institutes must be aiming for a decent financial education to be nurtured among these students. That being so, by possessing this knowledge, the students can adapt and survive in the real world and become a wise spender. Other than that, most of these students have to finance their education by borrowing funds leaving them with debt before they are even ready to work. The teachers and parents should teach and lead them to adopt a better credit posture as this will follow them long after their study is completed.

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www.IACHSS.org

APPENDIX

A STUDY ON MONEY MANAGEMENT PRACTICES AMONG STUDENTS

QUESTIONNAIRE

1.Name of the respondent ____________

2. Age:

- Below 18
- 18-23
- Above 23

3. Gender:

- Male
- Female

4. What is your current educational qualification?

- HSC
- Undergraduate
- Postgraduate

5. What is your major source of income?

- Pocket money
- Part-time job
- Freelancing

6. What is your average monthly income you gained?

- Below 2000
- 5000
- Above 5000

7. What are your major expenses?

- Shopping/ Accessories

- Food
- Gaming

8. Do you follow the habit of saving?

- Yes
- No

9. If yes, for what purpose you use your savings?

- For emergencies
- Future purposes
- Other

10. Which saving mode do you prefer?

- Online mode (net banking)
- Cash in hand

11. Do you follow the habit of budgeting plan spend according to the budget limit?

- Yes
- No
- Sometimes

12. Will you discuss your budgeting plan with friends and family?

- Yes
- No
- Maybe

13. How often do you change your budgeting plan?

- Monthly
- Yearly
- According to the savings

14. What are your strategies in handling and managing money?

- Proper budgeting plan
- Cutting out unnecessary expenses
- Other

15. Do you have the idea of investing (crypto/stocks) in future?

- Yes
- No
- Maybe