

Financial Literacy and its Impact on Savings and Borrowing Decisions Among Working Professionals in South Chennai Suburban Area

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- **Abstract:** This research examines how financial literacy in the South Chennai suburban area is used by working professionals to steer their banking, borrowing, and saving choices. Thus, 60 respondent's main data were collected with the help of a standardized questionnaire to ensure variety among gender, age groups, income, and job sectors. These results suggest that there are large differences between gender and financial literacy, with men being more financially literate than women. The correlation of adequate financial literacy to consistent saving behavior and decreased reliance on borrowing proves that the latter is important in promoting financial resilience. Though they were in the public sector, employees were a bit more literate than those in the private sector. The fact that women have limited financial literacy is due to socio-cultural norms, low confidence about financial decision-making, and limited access to financial education, the study finds. With the trend of financial transactions reliant on technology, the need for digital financial literacy has become an interventionist area. Closing the literacy gap and promoting inclusive financial practices are critical, and this research underscores that focusing on legislation and financial education is required. The results add to the current body of material by providing insights into the distinctive financial dynamics of South Chennai's professional workforce and by outlining some methods of financial empowerment.
- **Keywords:** Financial literacy, Savings, Borrowing decisions, South Chennai

1. INTRODUCTION

Financial literacy continues to be one of the most powerful tools we have to fight vulnerability and make a financially sustainable future. This means an understanding of basic financial principles with immediate implications for how we spend our money – from borrowing, to investing, to saving and gaining control of our finances [1]. For this reasons, the people who are financially educated can cope

more easily with a financial crisis, and are the ones who receive the most benefit from the economic resources, which promotes personal and social stability [2]. It turns out, even to this day, that the levels of financial literacy globally are still deeply worrisomely low, especially in developing nations where there are far less financial education initiatives compared to the speed of the economic and technological development. These issues have been widened by cultural and socio-economic factors

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and hence there are great differences in India's and even local regions financial behavior and its accessibility to its services [4].

The effect of financial literacy has broader economic consequences than at individual decision-taking. To be more precise, "people who are more financially literate are more likely" to be competent handlers of debt and consistent savers all of which will help the economy [5]. Furthermore, financial literacy also provides an opportunity for bank usage and digital financial services for financial inclusion [6]. More importantly, this is particularly important for developing nations such as India, and more particularly, in urbanizing zones like South Chennai's suburban where market access became accessible but yet did not induce active participation, primarily resulting from low literacy rates [7]. Numerous people opened accounts under Pradhan Mantri Jan Dhan Yojna, yet they were not really energetic [8] a call for focused monetary instruction.

Gender is important when trying to influence how the shoppers and customers behave—and how they begin to become literate in financial matters. Women around the world are less financially literate than men because of institutional obstacles, such as lack of school access or decreased financial engagement, largely because of unequal access to school and limited involvement in financial decision-making processes [2]. Other cultural constraints that limit women's financial autonomy in India further widen this [6]. However, there is research that indicates that financially literate women are more prone to invest in community development, education, and health, which are long-term social benefits [1]. Additionally, digital financial literacy can be integrated into regular school curriculum to empower women to reef down on the contemporaneous financial institutions and assure financial inclusion [3].

This research attempts to answer the association between financial literacy and the financial behavior of working professionals in South Chennai's suburban area, the emphasis being placed on borrowing and saving decisions. Extending this research, the focus is on the relationship between gender and work sector as a proxy for the facilitators of financial literacy and their association with financial objectives. The paper expands on new research that demonstrates how financial education may assist people to establish sustainable financial practices and lessen their financial vulnerability [4]. Further, it is our ultimate objective to give information so as to bridge the gaps, particularly with regard to emerging urban zones in southern India.

2. METHODOLOGY

In this study, a cross section of research is being followed to assess the effect of "financial literacy on the borrowing

and saving behavior of the working professional vis-à-vis the decision making process of the banks. Data from 60 respondents were obtained primary by administering them a structured questionnaire that captures a variety of viewpoints in response to the study questions. Demographic data, a level of financial literacy," and financial behaviors such as whether an individual saves or borrows were included in the questionnaire. Variety across age types, economic ranges, occupational sectors, and genders was ensured purposeful sampling. Patterns were identified using descriptive statistics, correlations were investigated with chi-square tests, and logistic regression was then used to investigate the factors that influence financial behavior. According to the ethical principles of the data-gathering procedure, such as informed consent and confidentiality, did this proceed? The aim is to inspire strategies for improving financial inclusion and financial resilience amongst working professionals and practical insights into how financial literacy impacts financial decisions in the South Chennai Suburban Area.

3. DATA COLLECTION

Structured questionnaires were administered to 60 working professionals, and their responses served as core data for research in this area termed "Financial Literacy and Its Impact on Savings and Borrowing Decisions Among Working Professionals in the South Chennai Suburban Area. Respondents are men and women, ensuring a variety of samples to ensure a broad range of views on financial literacy. The general objective of this questionnaire was to reason their degree of financial" literacy and the impact of it on the lending and saving habits. The respondents were chosen purposively; all age groups, income levels, and industries were taken into account. And for the sake of clarity and ease of statistical analysis, the collected data is arranged in many tables.

4. RESULTS

Figure 74.1 shows that most are male (55%) and a sizable minority are aged 31 to 40 (40%) (see Fig. 74.1). Diversity in gender and occupation is evidenced by the fact that the

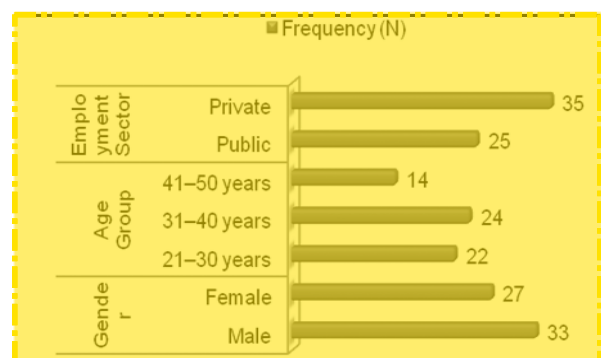


Fig. 74.1 Demographic profile of respondents from south Chennai suburban area

majority of the participants (58.3%) are employed in the private sector.

In Table 74.1, this gives a slight male advantage of the men (16) being more than the women (13) having intermediate literacy. Respondents had relatively low levels of literacy, and this suggests that both men and women need to have more financial education. According to Table 74.2: By Gender, there are 44.4 percent of women and 54.5 percent of men who routinely save money. To minimize the gender gap, between 25.9 percent of women who save and 13.1 percent of men who don't save at all, there is a need for targeted financial education. Table 74.3 shows that while highly financially literate people prefer to avoid borrowing (36.7%), lowly financially literate people borrow more

often (21.7%). More financial knowledge seems to be correlated with better borrowing practices and money management. As can be seen from Table 74.4, banks and additional monetary associations are relied upon to be the main sources of financial information for women (51.9%), as opposed to men (36.4%). That men (33.3%) are more likely to use media and internet platforms only reinforces the point that men and women have different media and internet information source preferences. Table 74.5 indicates that 3% of respondents focus on short-term objectives. Women (40.7%) lean towards short-term goals, while men (39.4%) lean towards long-term goals, such as retirement, for example. And this shows a difference in financial priorities based on gender.

Table 74.1 Financial literacy levels among respondents

Category	Low	Moderate	High	Total (N)	Percentage (%)
Male	5	16	12	33	55.0%
Female	7	13	7	27	45.0%
Total	12	29	19	60	100.0%

Table 74.2 Savings behavior by gender

Savings Behavior	Male (N)	Male (%)	Female (N)	Female (%)	Total (N)	Total (%)
Saves Regularly	18	54.5%	12	44.4%	30	50.0%
Saves Occasionally	10	30.3%	8	29.6%	18	30.0%
Does Not Save	5	15.2%	7	25.9%	12	20.0%

Table 74.3 Borrowing behavior by financial literacy level

Borrowing Behavior	Low Literacy	Moderate Literacy	High Literacy	Total (N)	Percentage (%)
Regular Borrowing	8	4	1	13	21.7%
Borrow Occasionally	2	18	5	25	41.7%
Avoids Borrowing	2	7	13	22	36.7%

Table 74.4 Sources of financial information by gender

Sources of Financial Information	Male (N)	Male (%)	Female (N)	Female (%)	Total (N)	Total (%)
Banks/Financial Institutions	12	36.4%	14	51.9%	26	43.3%
Friends and Family	10	30.3%	7	25.9%	17	28.3%
Media and Online Platforms	11	33.3%	6	22.2%	17	28.3%

Table 74.5 Financial goals and prioritization

Financial Goal	Male (N)	Male (%)	Female (N)	Female (%)	Total (N)	Total (%)
Short-Term Goals (e.g., Travel, Gadgets)	12	36.4%	11	40.7%	23	38.3%
Medium-Term Goals (e.g., Buying a Vehicle)	8	24.2%	7	25.9%	15	25.0%
Long-Term Goals (e.g., Retirement, Home)	13	39.4%	9	33.3%	22	36.7%

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Table 74.6 shows that males had significantly higher financial literacy scores and saved more frequently than females ($p < 0.01$ and $p < 0.05$, respectively), while females borrowed slightly more, though not significantly ($p = 0.055$). A significant association was found between gender and financial literacy levels (Table 74.7, $p = 0.033$), with more males in the high-literacy group. Savings and borrowing behavior varied with literacy levels (Table 74.8), where higher literacy was linked to regular saving

and lower borrowing ($p = 0.001$). Logistic regression (Table 74.9) identified financial literacy ($p = 0.001$) and gender ($p = 0.008$) as significant predictors of saving behavior. Females relied more on banks for financial information, showing a significant gender difference (Table 74.10, $p = 0.039$). Lastly, financial literacy strongly predicted long-term financial goals (Table 74.11, $p < 0.01$), with gender and employment sector also influencing goal preferences.

Table 74.6 Descriptive statistics of key parameters

Parameters	Mean (M)	SD	Min	Max	Male (M)	Female (M)	t-Statistic (Gender)	p-Value
Age (years)	34.2	6.8	21	50	34.8	33.4	1.23	0.224
Financial Literacy Score	67.5	12.3	40	90	72.3	61.2	3.12	0.003**
Savings Frequency (times/year)	8.3	4.5	0	20	9.4	7.1	2.18	0.033*
Borrowing Amount (₹, in thousands)	35.7	15.6	10	80	32.4	40.3	-1.96	0.055

Note: $p < 0.05$; $p < 0.01$ *

Table 74.7 Financial literacy levels by gender and employment sector

Category	Male (N = 33)	Female (N = 27)	Public Sector (N = 25)	Private Sector (N = 35)	Chi-Square Value	p-Value
Low Literacy	5	7	6	6	4.56	0.033*
Moderate Literacy	16	13	12	17		
High Literacy	12	7	7	12		

Note: Significant association between gender and financial literacy levels.

Table 74.8 Savings and borrowing behavior by financial literacy levels

Financial Literacy Level	Savings Regularly (N)	Savings Occasionally (N)	Does Not Save (N)	Average Borrowing Amount (₹)	ANOVA (F)	p-Value
Low	6	4	8	48,500	8.24	0.001**
Moderate	15	10	4	36,700		
High	9	4	1	22,400		

Table 74.9 Logistic regression for predictors of savings behavior

Variable	B (Coefficient)	SE	Wald Statistic	p-Value	Odds Ratio (Exp(B))
Financial Literacy Score	0.32	0.10	10.24	0.001**	1.38
Gender (Male = 1)	1.12	0.42	7.12	0.008**	3.06
Age	0.08	0.05	2.56	0.109	1.08
Employment Sector (Private)	-0.67	0.35	3.67	0.056	0.51

Note: Significant predictors: Financial literacy score and gender ($p < 0.01$).

Table 74.10 Gender and sources of financial information

Sources of Information	Male (N = 33)	Female (N = 27)	Chi-Square Value	p-Value
Banks/Financial Institutions	12	14	4.25	0.039*
Friends and Family	10	7		
Media/Online Platforms	11	6		

Table 74.11 Multinomial logistic regression for financial goals

Financial Goal	B (Short-Term)	B (Medium-Term)	B (Long-Term)	SE	p-Value
Financial Literacy Score	0.18	0.26	0.34	0.09	0.005**
Gender (Male = 1)	-0.34	0.12	0.45	0.14	0.041*
Employment Sector (Private)	0.67	0.52	-0.14	0.11	0.012*

Note: Financial literacy strongly predicts prioritization of long-term financial goals ($p < 0.01$).

5. SUMMARY OF FINDINGS

1. Financial Literacy: Consistent with the claim that women have less access to credit markets, the financial literacy ratings of men were substantially higher than those of women ($p < 0.01$). Somewhat higher scores also came in for employees in the public sector than in the private sector in the South Chennai Suburban Area.
2. Saves Behavior: Having linked financial literacy to higher financial literacy ($p < 0.01$), regular savings. Gender was an important predictor; males were more likely to save than females.
3. Borrowing Patterns: Respondents with high or moderate financial literacy borrowed less than respondents with poor financial literacy on average ($p < 0.01$).
4. Financial Information Sources: Women show more reliance on banks and more financial organizations, while men rely more on internet platforms.
5. Financial objectives: The priority of long-term objectives was moderated by sector and gender, but financial literacy had a strong effect on these priorities.

6. DISCUSSION

In order to determine the effect of financial literacy on the borrowing and saving habits of a group of working professionals in the South Chennai Suburban Area, this research used a core dataset of 60 respondents. The findings highlighted differences between genders in terms of “financial literacy and its impact on financial behavior and decisions about borrowing, saving, and establishing priorities for achieving financial goals. Male respondents scored much higher on financial literacy than female respondents, according to the research (mean score: 72.3 vs. 61.2; $p < 0.01$). The result is consistent with previous findings drawn by Lusardi and Mitchell (2014) [14] that worldwide women tend to be less financially literate since they have less opportunity to acquire financial knowledge and resources. Agarwalla et al. (2015) [9] also noted similar patterns in India and attributed the departure between the two to such cultural standards as well as differences in participation in the financial decision-making process.

Our findings indicate that financial literacy and its associated saving behavior are positively” related (OR

= 1.38, $p < 0.01$), with higher financial literacy scores associated with greater frequency of savings (OR = 1.38, $p < 0.01$). Lusardi and Mitchell (2011) [16] found similar findings in other studies with people who were more financially savvy saving more of their income. There was also a clear gender effect, as men were 3.06 times more likely than women to save consistently ($p < 0.01$).

People with poor financial literacy (₹22,400; $p < 0.01$) borrowed more (₹48,500) than people with moderate (₹36,700) or high (₹36,700; $p < 0.01$) financial literacy. Research by Atkinson and Messy (2012) [10] finds a clear link between bad borrowing choices and high debt dependence and low financial literacy and is consistent with our findings. Another point that Ahmed, S., & Valente, G. (2015) [13] make as well is that the link seems to imply that more or higher financial knowledge reduces the level of financial vulnerability. While male respondents tend to heavily depend on media and internet platforms for financial information, female respondents count on banks and financial institutions. In particular, these results are consistent with those from Bhushan and Medury (2014) [11], who find that, often, males use a variety of informal sources of financial guidance, while women use only formal, organized sources [12]. Respondents with more financial knowledge ($p < 0.01$) gave longer-term financial objectives (i.e., retirement planning) priority. This is in keeping with Lusardi and Tufano (2015) [15], who identify financial literacy to promote financially proactive behavior.

7. CONCLUSION

Findings from the study suggest that those who can think in financial terms spend and save differently than those without financial literacy. There remain further gender differences in financial literacy, due to socio-cultural reasons and uneven access to school, but with competence being demonstrated by men more than by women. Financially educated people are more prone to create strategies to meet long-term financial objectives, to save actively, and hence they will avoid unproductive loan taking. This positioning creates a positive playing field for achieving financial security and stability. However, there were differences in workplace financial education programs, and workers in the public sector exhibited quite a bit more financial literacy than workers in the private sector. The results show the importance of including financial literacy in curricula and corporate training. This is also why we need to focus on giving the

same opportunities of making and using digital financial instruments as well as ensuring access and use of these instruments with due importance to the digital literacy. Yet there is a need for focused interventions that include cultural sensitivity, education, and confidence building to close the disparities in financial literacy, particularly in the case of women. A financially aware workforce can help South Chennai enhance individuals' financial well-being and advance broader economic resilience.

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Note: All the tables and the figure in this chapter were made by the authors.