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AN EMPIRICAL STUDY ON THE IMPACT OF FINANCIAL LITERACY ON THE WEALTH MANAGEMENT AMONG THE EMPLOYEES IN THE MUMBAI SUBURBAN REGION

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ABSTRACT
This research study titled "An Empirical Study on the Impact of Financial Literacy on Wealth Management Practices Among Employees in the Mumbai suburban Region" examines the relationship between employees' financial knowledge, their wealth-management practices, and their overall financial well-being. In today's dynamic economic environment, employees are increasingly required to make informed financial decisions regarding savings, investments, retirement planning, insurance, credit management, and long-term wealth creation. Therefore, understanding the level of financial literacy and its direct impact on effective wealth management has become essential. The study aims to assess employees' awareness of key financial concepts, evaluate their ability to manage personal finances, and analyse how financial literacy influences their investment behaviour, risk-taking capacity, and future financial planning. Primary data was collected through a structured questionnaire covering various aspects such as budgeting habits, investment preferences, understanding of financial products, retirement preparedness, and usage of wealth-management tools.

***Keywords**:*

INTRODUCTION
"Financial literacy is not an end in itself, but a means to enable individuals to make informed and effective decisions with all of their financial resources." In today's dynamic and complex financial environment, individuals are required to make a wide range of financial decisions throughout their lives. These decisions include managing income, saving for future needs, investing in financial instruments, planning for retirement, managing debt, and protecting themselves against financial risks. With rapid economic growth, increased urbanisation, and expanding financial markets, personal financial management has become more challenging, particularly for salaried employees who must balance current consumption with long-term financial security.

Financial literacy has emerged as a critical factor influencing the quality of financial decision-making among individuals. It enables people to understand financial concepts, evaluate available financial products, and make informed choices that support their financial goals. In the absence of adequate financial literacy, individuals may face difficulties such as poor budgeting, excessive borrowing, inadequate savings, and ineffective investment planning. As a result, financial literacy is increasingly being recognised as an essential life skill that contributes to financial well-being and economic stability.

Wealth management is closely associated with an individual's ability to plan, allocate, and utilise financial resources efficiently over time. Effective wealth management involves systematic planning of savings, investments, retirement funds, tax liabilities, and risk management strategies to achieve long-term financial objectives. For an employee, wealth management is particularly important as they generally depend on fixed or periodic income sources and must ensure financial security for themselves and their families in the long run.

In metropolitan regions such as the Mumbai Suburban area, employees face unique financial challenges due to high living costs, rising housing expenses, increasing consumerism, and exposure to a wide variety of financial products and services. The fast-paced urban lifestyle and work environment further add to the complexity of financial decision-making. In such a context, financial literacy becomes a key determinant of how effectively employees manage their wealth and prepare for future financial needs. Despite the growing importance of financial literacy, variations exist in the level of financial knowledge and awareness among employees. Differences in education, income levels, occupation, and access to financial information influence financial behaviour and wealth management practices. This creates a need to examine how financial literacy impacts wealth management decisions among employees at a regional level.

Therefore, an empirical study on the impact of financial literacy on wealth management among employees in the Mumbai Suburban region is both relevant and significant, as it provides insights into financial behaviour patterns and highlights areas where financial awareness and education can be strengthened.

REVIEW OF LITERATURE
The literature review of the relevant books, journals, research papers, and published studies to establish a theoretical foundation for the study. The insights gained from earlier research support the formulation of objectives and help in interpreting the results of the current study.

Rani and Siwach (2023) reviewed existing literature on financial literacy in India to assess the level of financial awareness among individuals. The study found that financial literacy in India remains moderate to low, especially among women, rural populations, and low income groups. It highlighted that factors such as education income, age, and access to financial information significantly influence financial literacy levels and emphasized the need for targeted financial education initiatives to improve financial decision-making and 41 wealth management practices.

Farooq, Shah, and Rasheed (2021) examined the impact of financial literacy, financial attitudes, and parental financial socialization on prudent financial management practices. The study found that higher financial literacy and positive financial attitudes led to better saving, budgeting, and responsible financial decision-making. The findings also emphasized that financial knowledge and social influences play a significant role in enhancing financial well-being and effective wealth management practices.

Maheshwari (2024) reviewed existing literature to examine the relationship between financial literacy and financial management in India. The study found that individuals with higher financial literacy demonstrated better budgeting, saving, investing, and debt management practices. The findings also highlighted that inadequate financial knowledge 42 leads to poor financial decisions and increased financial stress, emphasizing the importance of financial education for effective financial management among working individuals in India.

Bhushan (2014) examined the relationship between financial literacy and investment behaviour among salaried individuals. The study found that higher financial literacy improved awareness of financial products, risk assessment, and investment diversification. The findings indicated that financially literate employees were better equipped to manage and grow their wealth effectively through informed investment decisions.

Goyal and Kumar (2021) examined financial literacy through a systematic review and found that higher financial literacy encouraged proactive saving, investment planning, and retirement preparation. The study highlighted that financially literate individuals are better able to manage financial resources effectively. The findings emphasize the importance of financial literacy in supporting structured financial planning and long-term wealth accumulation among employees.

RESEARCH METHODOLOGY

The research is based on descriptive research.

Data Collection:	Survey Through Questionnaire
Sources of Data Collection:	Primary And Secondary Data
Sample Area:	Mumbai Suburban Region
Research Instruments:	Questionnaire
Graphical Charts Used:	Pie charts and bar graph
Types of Questionnaire:	Structured
Sampling Technique:	Convenience Sampling
Sample Size:	102 Respondents

The objectives of this research are stated below:

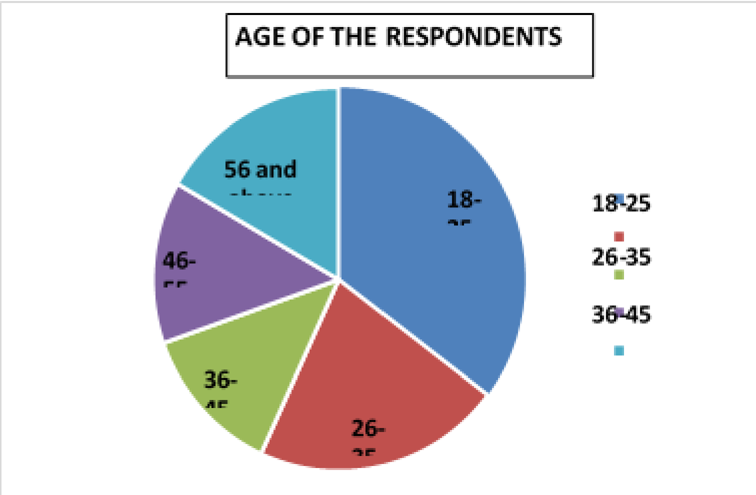
1. To Assess The Level Of Financial Literacy Among Employees.
2. To Analyze The Relationship Between Financial Literacy And Employees' Wealth Management Practices.
3. To Assess The Effectiveness Of Wealth Management Practices Adopted By Financially Literate And Less Financially Literate Employees.
4. To Examine The Role Of Financial Literacy In Improving Financial Well-Being And Long-Term Wealth Creation.
5. To Gain Deeper Insights Into Employees' Personal Experiences, Perceptions, And Opinions
6. Regarding Financial literacy and wealth management practices.

The problem of the study:

Inadequate financial literacy among employees often results in poor budgeting practices, insufficient savings, high debt levels, and ineffective investment decisions. Many employees lack a structured approach to financial planning, which affects their ability to achieve long-term financial goals. With rising income levels, inflation, and increasing financial responsibilities, financial literacy has become essential for sound wealth management.

Employees with limited financial knowledge are more likely to experience financial stress and insecurity, highlighting the importance of studying financial literacy in the context of wealth management.

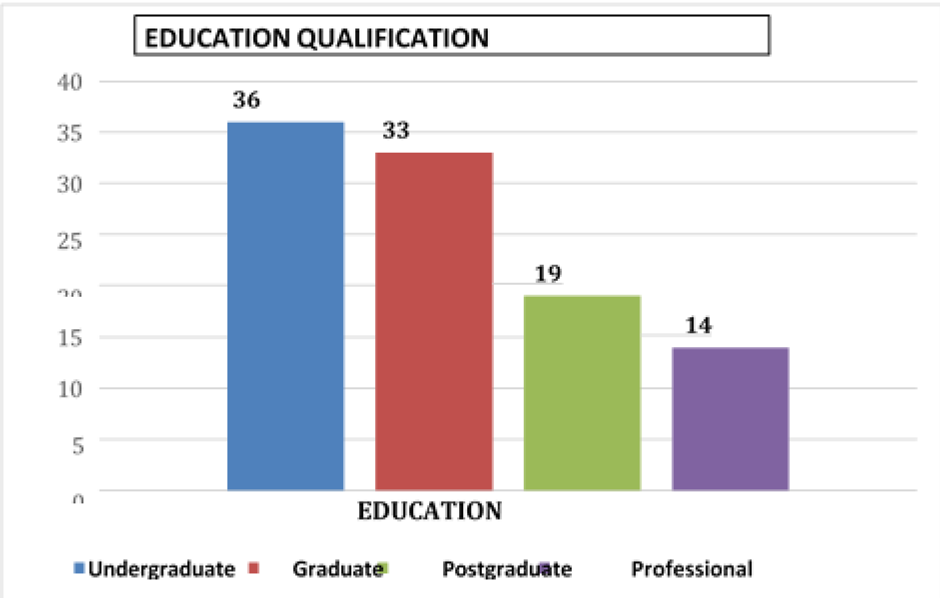
Data analysis and interpretation:



Interpretation

The pie chart shows the age-wise distribution of respondents selected for the study. It is observed that the majority of respondents belong to the 18–25 years age group, comprising 36 respondents (35.3%), followed by the 26–35 years age group with 22 respondents (21.6%). Further, 17 respondents (16.7%) fall under the 56 years and above category, while 14 respondents (13.7%) belong to the 46–55 years age group. The 36–45 years age group has the least representation with 13 respondents (12.7%). This distribution indicates that the study predominantly represents younger and economically active individuals, thereby making the data suitable for analyzing financial literacy and wealth management practices among employees.

Education Qualification



Interpretations:

The Bar graph shows the educational qualification of the respondents selected for the study. It is observed that a majority of respondents are undergraduates, accounting for 36 respondents (35.3%), followed by graduates with 33 respondents (32.4%), indicating that most respondents possess basic to intermediate levels of education. Further, 19 respondents (18.6%) are postgraduates, while 14 respondents (13.7%) hold professional qualifications such as CA, MBA, ACCA, or CFA. Overall, the educational profile of the respondents indicates a reasonably well-educated sample, making the data appropriate and reliable for analysing financial literacy and wealth management practices among employees.

Monthly Income

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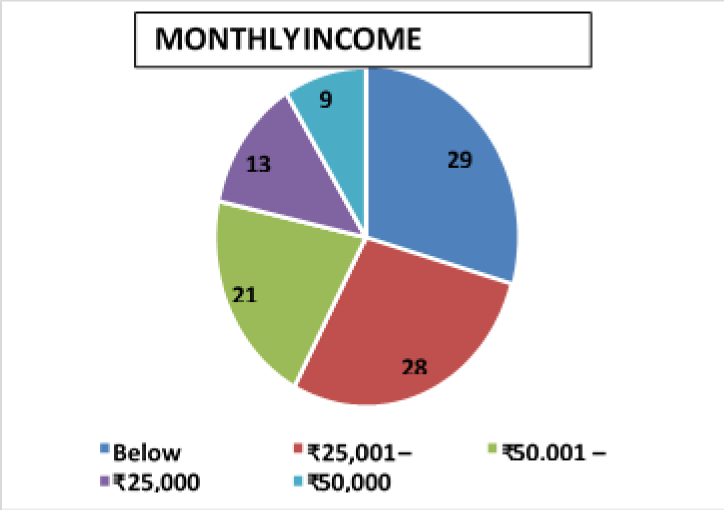
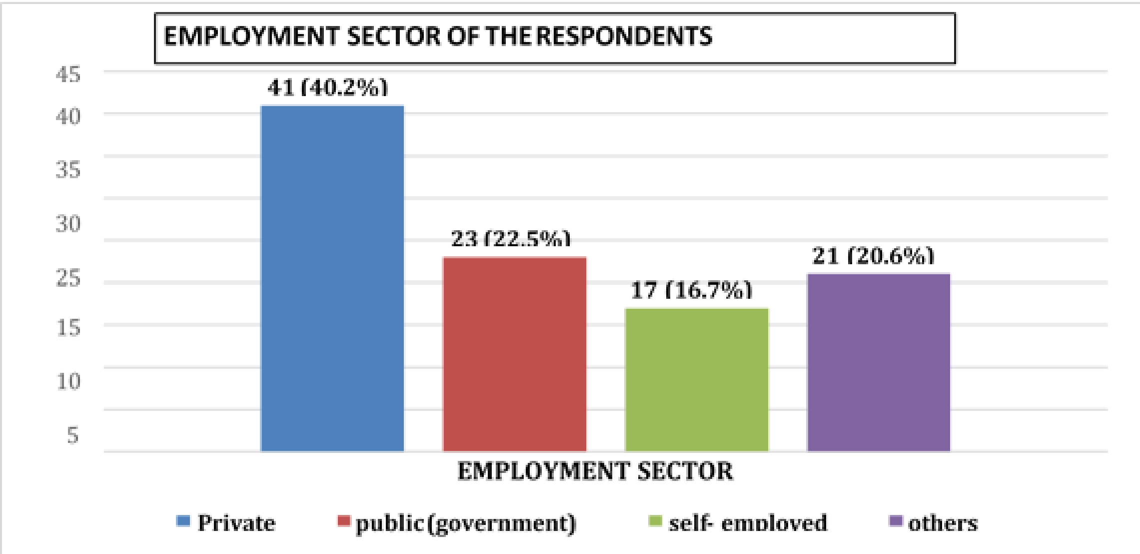


The pie chart shows the monthly income distribution of the respondents, wherein a majority belong to the low and middle-income groups. About 30 respondents (29.4%) earn below ₹25,000, followed by 29 respondents (28.4%) earning between ₹25,001 and

₹50,000 per month. Further, 21 respondents (20.6%) fall in the ₹50,001 to ₹75,000 income group, while a smaller proportion earn higher incomes, with 13 respondents (12.7%) earning ₹75,001 to ₹1,00,000 and only 9 respondents (8.8%) earning above ₹1,00,000. This indicates that the study largely represents low to middle-income employees, making the data suitable for analysing financial literacy and wealth management practices.

Employment Sector



Interpretations:

The above chart shows the employment sector-wise distribution of the respondents selected for the study. It is observed that a majority of respondents are employed in the private sector (40.2%), followed by those working in the public (government) sector (22.5%). Further, 16.7 per cent of the respondents are self-employed, while 20.6 per cent fall under other employment categories. This distribution indicates that the sample consists of a balanced mix of salaried and self-employed individuals, making the data suitable for analysing financial literacy and wealth management practices across different employment sectors.

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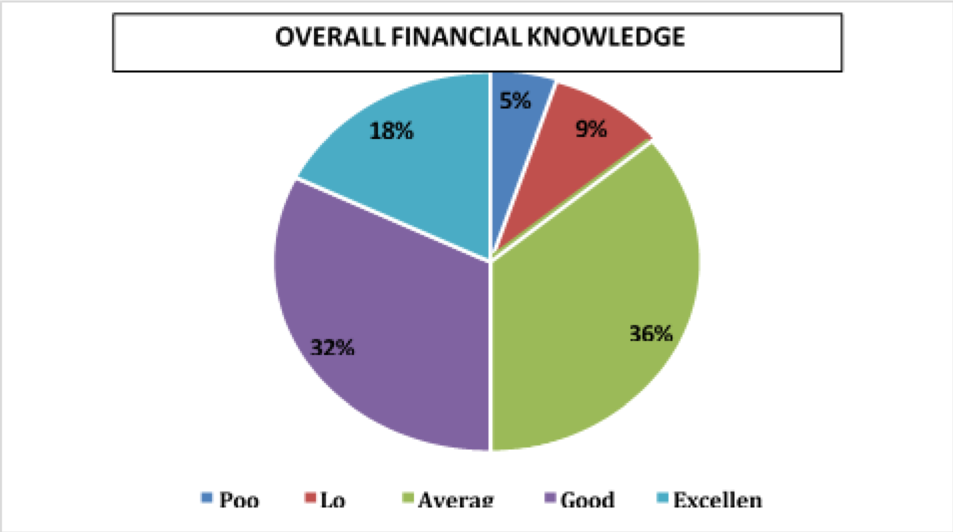
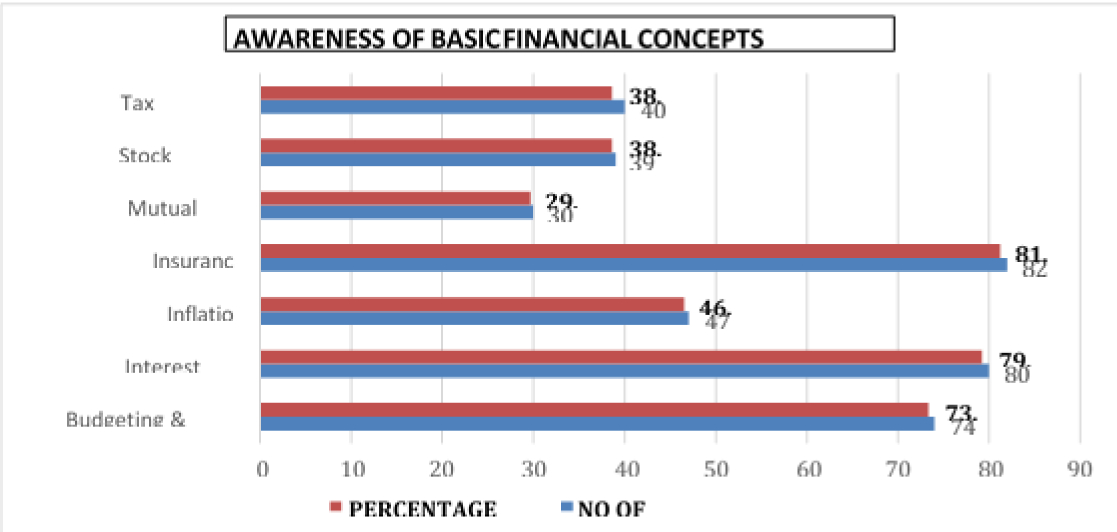
Level of Overall Financial Knowledge



Interpretations

The pie chart shows the overall level of financial knowledge among the respondents selected for the study. It is observed that a majority of respondents rate their financial knowledge as Average (36.3%) and Good (32.4%), indicating a satisfactory understanding of basic financial concepts. Further, 17.6 per cent of the respondent's report having Excellent financial knowledge. On the other hand, only a small proportion of respondents fall under the Low (8.8%) and Poor (4.9%) categories. Overall, the findings suggest that most respondents possess an adequate level of financial knowledge; however, there remains scope for improving financial awareness among those with lower knowledge levels.

Awareness of basic financial concept



Interpretations: The bar chart shows the level of awareness of basic financial concepts among the respondents. It is observed that awareness is highest for Insurance, with 82 respondents (81.2%), followed by Interest Rates with 80 respondents (79.2%) and Budgeting and Saving with 74 respondents (73.3%), indicating strong familiarity with these commonly used financial concepts. Awareness of Inflation is moderate, reported by 47 respondents (46.5%). On the other hand, comparatively lower awareness is observed for Tax Planning and Stock Market, each reported by around 40 respondents (38.6%), while Mutual Funds show the lowest awareness with 30 respondents (29.7%). Overall, the findings suggest that respondents are more aware of basic and day-to-day financial concepts, whereas advanced investment-related concepts require greater awareness and understanding.

Maintenance of monthly budget

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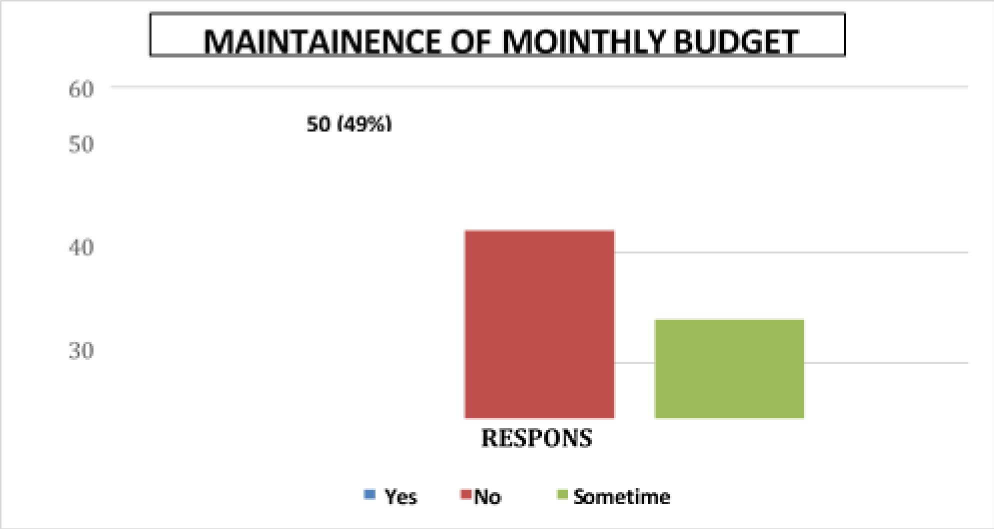
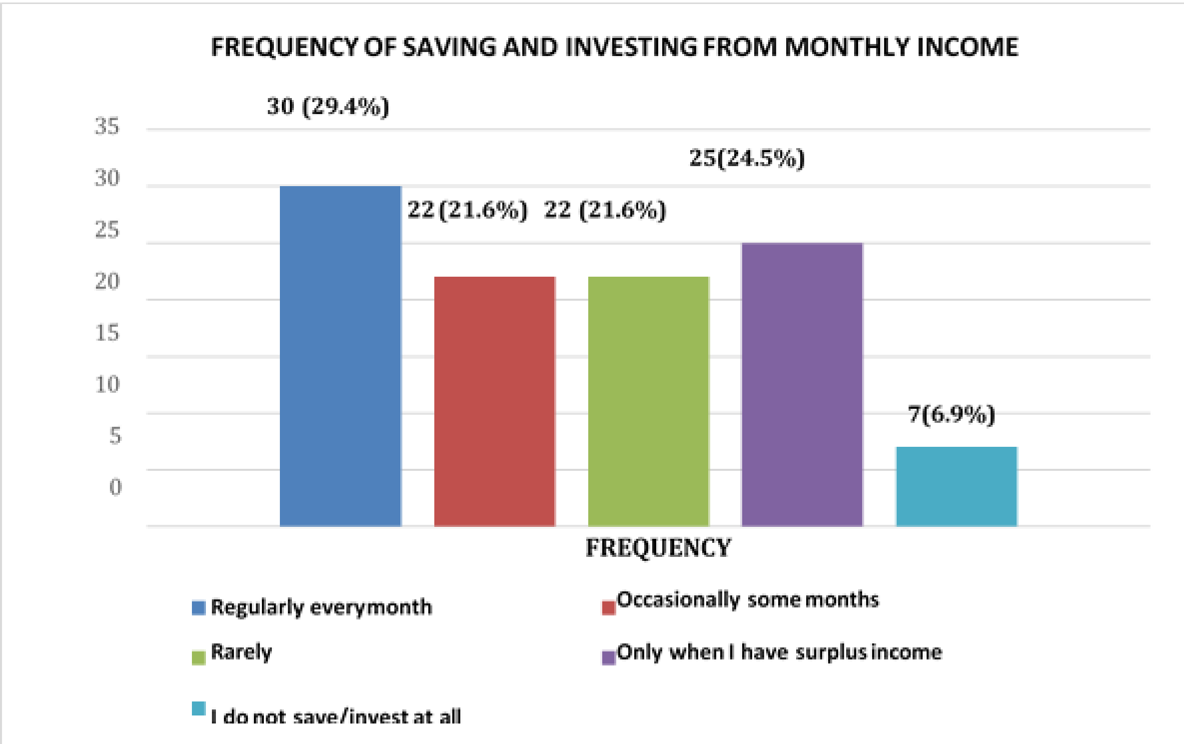


Interpretations:
The bar chart shows the responses of the respondents regarding the maintenance of a monthly budget. It is observed that 50 respondents (49%) regularly maintain a monthly budget, indicating a positive budgeting habit among nearly half of the respondents. However, 34 respondents (33.3%) do not maintain a monthly budget, suggesting a lack of systematic financial planning among a considerable proportion of employees. Further, 18 respondents

(17.6%) maintain a budget only sometimes, reflecting irregular budgeting practices. Overall, the findings indicate that while a significant number of respondents practice regular budgeting, there is still scope for improving awareness and consistency in budget management among employees to enhance effective wealth management.

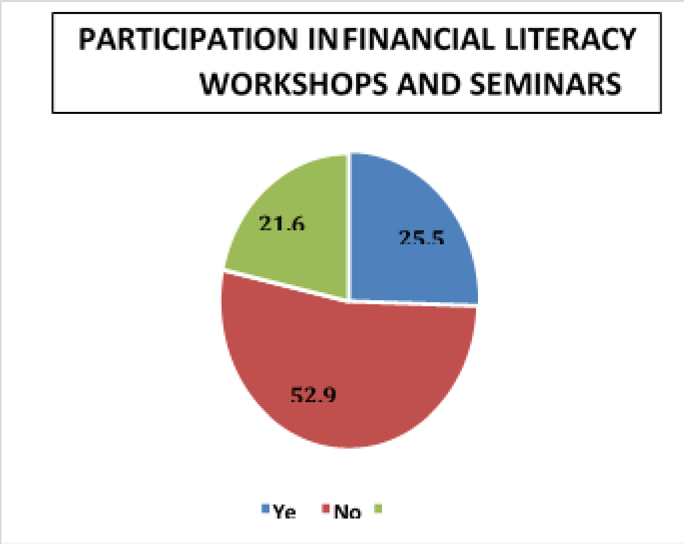
Frequency of saving and investing from monthly income



Interpretations:
The bar chart depicts the frequency of saving and investing from monthly income among respondents. It is observed that 29.4% of respondents save or invest regularly every month, indicating a positive saving habit. About 24.5% save only when they have surplus income, while 21.6% save occasionally in some months. An equal 21.6% of respondents rarely save or invest, reflecting irregular financial discipline. A small proportion,

6.9%, do not save or invest at all. Overall, the findings suggest that while a reasonable number of respondents practice regular saving, a significant section still follows inconsistent saving and investment behaviour.

Participation in financial literacy workshops and seminars



Interpretation: The chart depicts respondents' participation in financial literacy workshops and seminars. It shows that 52.9% of respondents have not participated in such programs, while 25.5% have attended financial literacy workshops or seminars. Additionally, 21.6% of respondents are uncertain or may consider participating in the future. Overall, the findings indicate relatively low participation levels, highlighting the need for greater awareness and encouragement to promote financial literacy programs among respondents.

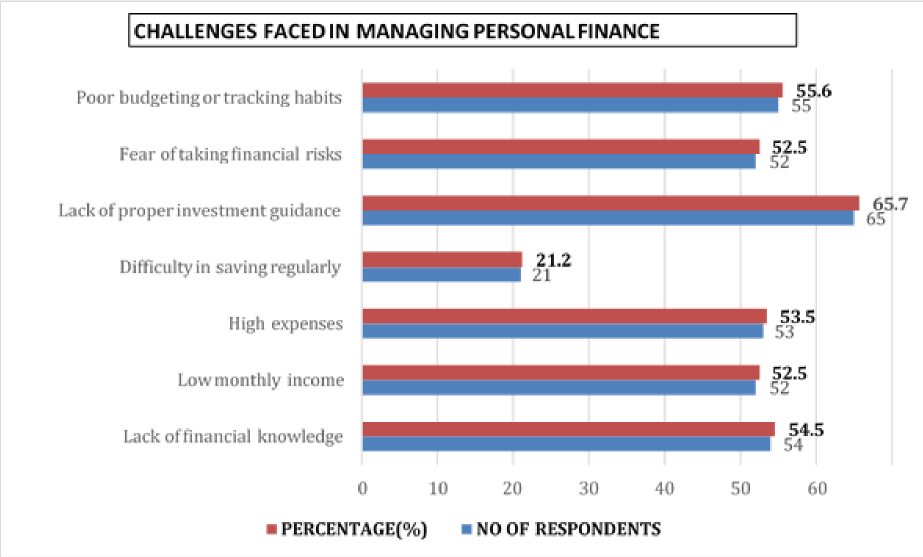
Challenges Faced in Managing Personal Finances:

RESPONSES	NO OF RESPONDENTS	PERCENTAGE (%)
Lack of financial knowledge	54	54.0
Low monthly income	52	52.5
High expenses	53	53.5
Difficulty in saving regularly	21	21.2
Lack of proper investment guidance	65	65.7
Fear of taking financial risks	52	52.5
Poor budgeting or tracking habits	55	55.6

Interpretation:
The table highlights the key challenges faced by respondents in managing personal finance. The most significant challenge is the lack of proper investment guidance (65.7%), indicating a strong need for professional advice and financial education. This is followed by poor budgeting or tracking habits (55.6%), lack of financial knowledge (54.5%), and high expenses (53.5%), which reflect difficulties in day-to-day money management. Additionally, low monthly income and fear of taking financial risks were reported by 52.5% of respondents each. In contrast, difficulty in saving regularly (21.2%) was the least reported challenge. Overall, the findings suggest that inadequate guidance and financial awareness are major barriers to effective personal financial management.

Use of professional financial advice:

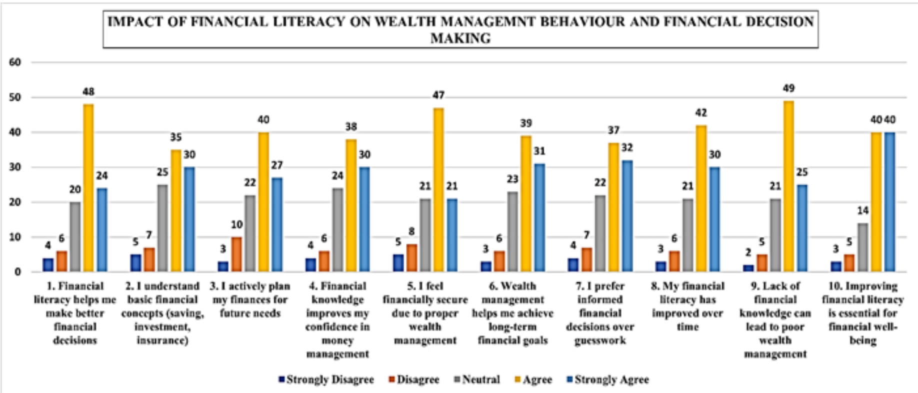
RESPONSES	NO OF RESPONDENTS	PERCENTAGE (%)
Yes	21	20.6
No	40	39.2
Maybe	43	42.2
TOTAL	**102**	**100** %



Interpretations:

The above table extent to which respondents use professional financial advice. Only 20% of respondents reported actively using professional financial services, while 39% do not seek such advice. A significant 41% of respondents are unsure or may consider using professional financial advice in the future. This indicates a relatively low level of engagement with professional financial advisors, highlighting the need to increase awareness about the benefits of expert guidance in improving financial planning and wealth management decisions.

Impact of financial literacy on wealth management behaviour and financial decision making:



Interpretations:

The above chart shows the responses of 102 employees regarding the impact of financial literacy on wealth management behaviour and financial decision-making, measured using a five-point Likert scale ranging from Strongly Disagree to Strongly Agree. The findings reveal that 48 respondents agreed and 24 respondents strongly agreed that financial literacy helps in making better financial decisions. Further, 35 respondents agreed and 30 respondents strongly agreed that they understand basic financial concepts such as savings, investment, and insurance. The analysis also indicates that 40 respondents agreed and 27 respondents strongly agreed that they actively plan their finances for future needs, while 38 respondents agreed and 30 respondents strongly agreed that financial knowledge improves confidence in money management. Additionally, 47 respondents agreed that proper wealth management provides financial security. Overall, the results show a positive perception of financial literacy and its role in effective wealth management and informed financial decision-making among employees.

FINDINGS AND SUGGESTIONS

The key findings obtained from the study are presented below.

1. The majority of employees possess a moderate level of financial literacy, indicating basic awareness of savings, budgeting, and common investment options.

2. The employees with higher levels of financial literacy demonstrated better wealth management practices, including regular savings, planned investments, and clear financial goal setting.
3. The analysis indicated that financial literacy has a positive impact on wealth management, suggesting that financially informed employees are more capable of managing their personal finances effectively.
4. It was observed that employees with better knowledge of financial planning and retirement schemes exhibited greater confidence regarding their long-term financial security.
5. The findings revealed that a lack of financial education and professional guidance acted as a major barrier to effective wealth management among employees.
6. The study found a positive relationship between income level and wealth management, as higher-income employees were more likely to save and invest systematically.
7. Many respondents expressed the need for workplace-based financial education programs to enhance their financial awareness and decision-making abilities.

Suggestions are as follows:

1. Organizations may encourage employees to periodically review their financial goals and plans to align them with changing income levels, life stages, and economic conditions.
2. Employers can introduce simple financial tools such as budgeting templates, savings trackers, and investment guides to help employees manage their finances more effectively.
3. Financial literacy programmes should strengthen employees' understanding of key concepts such as risk and return, inflation, and diversification to support informed investment decisions.
4. Organizations may collaborate with banks, mutual fund companies, and insurance providers to conduct educational sessions, seminars, and webinars that simplify financial products and enhance confidence in financial decision-making.
5. Organizations should periodically evaluate financial literacy programs and make necessary improvements based on employee feedback.

CONCLUSION

Financial literacy has emerged as a critical component of effective wealth management among employees in the present economic environment. Adequate financial knowledge has therefore become essential for sound financial behaviour and stability. The primary objective of this research was to assess the level of financial literacy among employees and to examine its influence on their wealth management behaviour. It is also observed that inadequate financial awareness contributes to poor financial planning, excessive dependence on credit, and insufficient long-term savings. Despite having a stable source of income, many employees fail to achieve financial security due to limited understanding of financial concepts and financial products. This highlights the importance of improving financial knowledge to enhance overall financial well-being.

Overall, financial literacy plays a significant role in enhancing financial confidence and supporting long-term wealth creation among employees. Improved financial knowledge enables employees to make informed decisions, reduce financial stress, and achieve financial stability. Therefore, initiatives aimed at improving financial literacy among employees can contribute positively to individual financial health as well as overall economic development.

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