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## PERSONAL FINANCIAL MANAGEMENT: A CASE STUDY

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### ABSTRACT

We examine how students view the importance of effective spending, saving and budgeting and their opinions around how well they are executing those tasks. By doing so, we gain understanding around the future financial health of our country through the lens of students who are going to be tomorrow's consumers. The key findings of this study illustrate students population is not much optimistic about how to manage their spending with respect to their financial sources.

**Keywords:** Financial planning, Spending, Financial records.

### Introduction:

It is fact that Education on Personal finance is the cornerstone to live a happy, healthy and successful life. It's never too early to learn the management of money keep the debt under control and invest for the future. The first step in personal finance education is to achieve financial literacy: need to understand the words of professionals that they use when talking about money. The second step in personal finance education is to talk about money. Too many people make poor financial decisions because they are afraid that discussing money matters is taboo. Talking about money matters is crucial but not a threat. Unfortunately, personal finance has not yet been included in the curriculum of high school or college, so the students are fairly clueless about managing their money when they are out in the real world for the first time. Understanding personal finance is not the way above head, but it is a smooth floral path when dealt with interest concerning future financial obligations in mind. Personal financial planning education empowers the young generation with an enthusiasm to make money which in turn makes the economy powerful.

Financial Tips for young adults:

- (i) Learn self-control on purchases and getting credit
- (ii) Take control of your financial future instead of following wrong advise.
- (iii) Know the path of your money by preparing budget and have a control key
- (iv) Save money especially for emergencies or you also maintain an emergency fund.
- (v) Plan for retirement by applying compound interest which will adjust the time value of money.
- (vi) Check your money status after deduction of taxes which will reflect the sufficiency of cash with you.
- (vii) Take health insurance that will help at times of medical emergencies.
- (viii) Plan for increasing and safeguarding your wealth.



### Objectives of the study:

- To evaluate the knowledge of the students with regard to financial planning
- To classify them into groups for further study on their financial behavioural pattern.
- To identify the key spending areas of students.
- To analyze the investment pattern of students.
- To measure their interest in maintaining financial records and financial planning education.

### Research Methodology:

Primary data collected through Questionnaire and 100 respondents of the students are randomly selected. Basic statistical function, Frequency Table and Pearson's Chisquare are used. The data was collected only from the students of government degree colleges and hence it addresses only the students belonging to homogeneous group with regard to income level wherein the study do not focus on the low income level students community. The study helps to develop a plan to educate the students on managing their finance efficiently by controlling the spending and increasing the savings. The study also aims at creating interest on investment in student's mind.

### Data Analysis and Interpretation:

**Table -1. Gender**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Male	24	53.3	53.3	53.3
	Female	21	46.7	46.7	100.0
	Total	45	100.0	100.0	

**Table -2. Age**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	16-20	9	20.0	20.0	20.0
	21-25	32	71.1	71.1	91.1
	26-30	4	8.9	8.9	100.0
	Total	45	100.0	100.0	

**Table -3. What is your housing arrangement**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	On Campus	25	55.6	55.6	55.6
	Off Campus Rent	16	35.6	35.6	91.1
	Off Campus Own	1	2.2	2.2	93.3
	Living with parents/ Relatives	3	6.7	6.7	100.0
	Total	45	100.0	100.0	



From the analysis it is concluded that more than 50% of the students irrespective of gender prefer on campus for staying.

**Table -4. How often do you check your financial position**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Daily	12	26.7	26.7	26.7
	Weekly	12	26.7	26.7	53.3
	Every 2 weeks	6	13.3	13.3	66.7
	Monthly	9	20.0	20.0	86.7
	Never	6	13.3	13.3	100.0
	Total	45	100.0	100.0	

From the study it is concluded that more than 76% of the students usually check their financial position at a regular interval.

**Table -5. How sure do you feel about your ability to manage your own finances**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Not sure at all	9	20.0	20.0	20.0
	Not too sure	9	20.0	20.0	40.0
	Some what sure	20	44.4	44.4	84.4
	Very sure	7	15.6	15.6	100.0
	Total	45	100.0	100.0	

From the study it is concluded that just 15.6% of the students are sure about the how to manage their own finances.

**Table -6. Do you maintain adequate financial records**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	YES	20	44.4	44.4	44.4
	NO	23	51.1	51.1	95.6
	3	2	4.4	4.4	100.0
	Total	45	100.0	100.0	

From the study it is concluded that students maintain their financial records adequately.



**Table -7. Do you feel it is important to understand apartment leases and loan agreements before you sign**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	36	80.0	80.0	80.0
	No	9	20.0	20.0	100.0
	Total	45	100.0	100.0	

From the study it is concluded that 80% of the students are very sure about knowing the importance of Apartment leases and the loan agreements.

**Table -8. Are you interested in reading or learning about money management?**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	30	66.7	66.7	66.7
	No	15	33.3	33.3	100.0
	Total	45	100.0	100.0	

From the study it is concluded that about 66.7% of the students are interested to learn about the money management.

**Table -9. Do you discuss about money management with your friends**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	27	62.2	62.2	62.2
	No	17	37.8	37.8	100.0
	Total	45	100.0	100.0	

From the study it is concluded that more than 62.2% of the students irrespective of the gender prefer to discuss about their money management with their friends.

**Table -10. In what manner do you maintain financial records**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Maintain No Records	20	44.4	44.4	44.4
	Maintain Minimal Records	24	53.3	53.3	97.8
	Maintain Very Detailed Records	1	2.2	2.2	100.0
	Total	45	100.0	100.0	

From the study it is concluded that more than 50% of the students from the research is maintaining a minimal record about their finance and about nearly 45% maintain no records about their finances.

**Table -11. Do you feel satisfied about the control on your finances**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	35	77.8	77.8	77.8
	No	9	20.0	20.0	97.8
	Nil	1	2.2	2.2	100.0
	Total	45	100.0	100.0	

From the study it is concluded that more than 77% of the students maintaining the records of their finances are satisfied about their control on finance.

**Table -12. Are you certain about where your money is spent**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	29	64.4	64.4	64.4
	No	16	35.6	35.6	100.0
	Total	45	100.0	100.0	

From the study it is concluded that more than 64.4% of the students are not aware that where their money is spent.

**Table -13. Which of the following statement describes you the best**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Very thrifty	8	17.8	17.8	17.8
	Some what thrifty	13	28.9	28.9	46.7
	Nither thrifty nor spending	9	20.0	20.0	66.7
	Somewhat spending oriented	7	15.6	15.6	82.2
	Very spending oriented	8	17.8	17.8	100.0
	Total	45	100.0	100.0	

From my study it is concluded that many of the students are diversified on their interest towards thrifty in spending.

**Table -14. Representation of Financial planning of college students in Pearson's chi-square.**

S. No.	Particulars	Pearson chi-square	
		Gender	Age
1	What is your housing arrangement	0.289	0.726
2	How often do you check your financial position	0.213	0.168
3	How sure do you feel about your ability to manage your own finances	0.726	0.858
4	Do you maintain adequate financial records	0.396	0.511
5	Do you feel it is important to understand apartment leases and loan agreements before you sign	0.881	0.941



6	Are you interested in reading or learning about money management	0.057	0.060
7	Do you discuss about money management with your friends	0.408	0.016
8	In what manner do you maintain financial records	0.605	0.875
9	Do you feel satisfied about the control on your finances	0.556	0.780
10	Are you certain about where your money is spent	0.405	0.017
11	Which of the following statement describes you the best	0.351	0.047

### Findings:

- The key finding of this study is that students are not much optimistic about their budgeting and saving.
- Very few students are sure about managing their money.
- Students are very much concerned about maintaining their financial records to control their spending but most students fail to maintain their records.
- Students are very much interested to learn about money management from different sources.
- Most of the students are not aware of where their money is spent.
- Students are very much satisfied about the control on their finances.

### Conclusion:

The study states that the personal financial planning is the value and goals driven application of individual's management of financial and economic resources, and that the financial planning process is to be adopted from younger age to achieve the economic and financial goals. Furthermore, the theoretical knowledge of financial planning helps an individual only to save the money and not to invest which will enhance their wealth. An academic curriculum on personal finance education would help the students to learn about investments and its importance which will motivate them to invest less at their earlier age and earn more returns at their older age. Finally, further research is needed in areas of the behavioural aspects and communication aspects of financial planning, and financial planning theory analysis is an area in which many opportunities for further research exists.

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