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FINANCIAL LITERACY AND INVESTMENT DECISIONS AMONG PRE – SERVICE TEACHERS: A STUDY AT THIAGARAJAR COLLEGE OF PRECEPTORS (TCP), MADURAI

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Abstract

The present study aims to understand the financial literacy and investment decisions of pre – service teachers at Thiagarajar College of Preceptors (TCP), Madurai. The objectives are to find out how much the students know about managing money, to learn about their investment choices, and to see if there is a link between their financial knowledge and the way they invest. A questionnaire was created in Google Forms and shared with 87 first year B.Ed. students, out of which 46 students responded. The questionnaire had five sections: demographic, financial literacy, investment decisions, investment preference, and general awareness. It included 0.5 scale rating questions, yes/no questions, and multiple choice questions to measure the students' knowledge and practices. The collected responses were used to address the study's objectives and provide insights into how financial literacy influences investment behavior among pre – service teachers. The study may help in planning simple financial awareness activities for pre – service teachers, so they can handle money and investments more effectively.

***Keywords**: Financial Literacy, Investment Decisions, Pre – service Teachers, Thiagarajar College of Preceptors (TCP), Investment Preferences, Financial Awareness*

Introduction

Money plays an important role in everyone's life, whether it is for meeting daily needs, saving for the future, or making investments. In today's world, knowing how to manage money has become as important as earning it. This ability is known as financial literacy, it helps people to plan their budget, save wisely, avoid unnecessary debts, and choose the right investment options. For teachers, especially future teachers, financial literacy is even more important. Teachers not only guide students in academics but also influence their thinking and decision – making in real life. If teachers have good financial knowledge, they can manage their own lives better and also inspire their students to do the same. Investment decisions are another important part of personal finance. Choosing where to invest – such as bank fixed deposits, gold / silver, mutual funds, shares, and the like – depends on a person's knowledge, preferences, and risk – taking ability. A well – informed investment decision can help in building wealth and achieving financial security. However, many young people, including pre – service teachers, may not have enough awareness or experience in making such decisions. The present study focuses on pre – service teachers of Thiagarajar College of Preceptors (TCP), Madurai. It aims to understand how much they know about financial matters, what kind of investments they prefer, and whether their financial knowledge affects the way they invest.

Statement of the Problem

In today's fast changing world, earning money alone is not enough – people should also know how to save, invest, and manage it well. For future teachers, financial literacy is very important because they have to handle their own money and can also influence the habits of their students. But many young people, including pre – service teachers, do not have strong financial knowledge and may not actively invest. They often depend on family or friends for advice instead of having their own understanding. This lack of knowledge can lead to poor financial decisions and missed chances to build wealth. This study aims to find out the financial literacy level of pre – service teachers, know their investment preferences, and see whether their financial knowledge affects their investment behavior.

Scope of the Study

The present study is limited to first year B.Ed. students of Thiagarajar College of Preceptors (TCP), Madurai. It focuses only on their financial literacy and investment decisions. The research covers demographic details, knowledge of basic financial concepts, saving and investment practices, preferred investment options, and general financial awareness. The sample is restricted to one academic year and one institution; hence, the findings may not be generalized to all pre – service teachers in Tamil Nadu or India. The study aims to give a simple understanding of how much pre – service teachers know about money matters and how they take decisions related to investments.

Research Methodology

The study is based on primary data collected from first year B.Ed. students of Thiagarajar College of Preceptors (TCP), Madurai, through a structured questionnaire prepared in Google Forms. The questionnaire consisted of five sections: demographic information, financial literacy, investment decisions, investment preferences, and general awareness. It included 0.5 scale rating questions, yes/no questions, and multiple choice questions to measure the respondents' knowledge and practices. The population of the study consisted of 87 first year students, out of which 46 responded. Convenience sampling was adopted, as data was collected from students who were available and willing to participate.

The statistical techniques used for the analysis are percentage analysis to describe the demographic and preference data, mean score analysis to measure the level of financial literacy and awareness, Analysis of Variance (ANOVA) to test differences in financial literacy across categories, and spearman's Rank Correlation to examine the relationship between financial literacy and investment decisions. A t – test for correlation was also applied to test the statistical significance of the correlation coefficient obtained.

Objectives of the Study

The objectives of the present study are as follows:

- To assess the level of financial literacy among pre – service teachers.
- To examine the investment decisions and preferences of pre – service teachers.
- To analyze the relationship between financial literacy and investment decisions among pre – service teachers.

Hypotheses of the Study

The hypotheses employed in the present study are as follows:

Null Hypothesis (H_0): There is no significant difference in the financial literacy among pre – service teachers.

Null Hypothesis (H_0): There is no significant relationship between financial literacy and investment decisions among the respondents.

Data Analysis and Results

The data analysis and results of the present study are as follows:

Table 1
Demographic Profile of Respondents

Category	Sub Category	No. of Respondents	Percentage (%)
Gender	Male	8	17.4%
	Female	38	82.6%
Age	20 – 25	40	87%
	25 – 30	4	8.7%
	Above 30	2	4.3%
Educational Qualification	Undergraduate	20	43.5%
	Postgraduate	26	56.5%
Family Monthly Income	Below 20,000	18	39.1%
	20,000 – 40,000	12	26.1%
	40,000 – 60,000	10	21.7%
	Above 60,000	6	13%

Source: Primary Data retrieved through Google Form Questionnaire

It is evident from table 1 that majority of the respondents are female (82.6%), and most of them fall in the age group of 20 – 25 years (87%). It is also clear that postgraduates (56.5%) are slightly more than undergraduates. Mostly large number of pupils (39.1%) comes from families earning below 20,000 per month, showing many of them are from middle or lower income backgrounds.

Table 2
Mean Score Analysis for Financial Literacy of Respondents

S. No.	Statement	Total	Mean Score	Rank
1.	I understand the concept of budgeting	66	1.43	II
2.	I can differentiate between saving and investing	73	1.59	I
3.	I am aware of the impact of inflation on savings	66	1.43	II
4.	I can identify reliable investment options	59	1.28	V
5.	I am confident in managing my personal finances	65	1.41	IV

Source: Primary Data retrieved through Google Form Questionnaire

It is clear from the table 2 that students are more confident in understanding the difference between saving and investment (Mean = 1.59), which is ranked first. It is evident that the budgeting and understanding inflation (Mean = 1.43) are moderately known by the respondents. The lowest mean score (1.28) is for identifying reliable investment options, showing a lack of practical investment knowledge among pre – service teachers.

Table 3
Analysis of Variance (ANOVA) on financial literacy among pre – service teachers

Variable	Source of variation	Sum of squares	DF	Mean of squares	'F' calculated value	'F' table value	5% level of significance
Financial Literacy	Between sample	2.23	4	0.56	3.08	2.41	Significant
	Within sample	40.74	225	0.18			

Table 3 clearly shows that the calculated F – value (3.08) is more than the critical F – value (2.14) at the 5% significance level; thus null hypothesis is rejected. There is a considerable variance in financial literacy among pre – service teachers. This implies that several elements (concept of budgeting, differentiate between saving and investing, aware of the impact of inflation on savings, identify reliable investment options, confident in managing personal finances) influence pre – service teachers' financial literacy.

Table 4

Investment Decision of Respondents

Investment Decisions of Respondents	Yes	No
Investment other than a savings account	14	32
Regularly save or set aside money every month	24	22
Invested in any schemes like Fixed Deposit, Recurring Deposit, Mutual Funds, or Gold in the last year	20	26
Before investing, have the habit of asking advice from family, friends or financial experts	38	8
Willing to take some risk for the chance of higher returns	12	34

(Source: Primary Data retrieved through Google Form Questionnaire)

From table 4, it is clear that only 14 out of 46 respondents have investments other than savings accounts. It is evident that 24 students regularly save, while 22 students do not save every month. This shows that many students are still not consistent in saving money. Nearly 20 students have invested in schemes like fixed deposit, recurring deposits, mutual funds, or gold in the last year, but 26 students have not invested at all. This indicates that more than half of them have not started formal investment practices. Mostly large number of students prefers to ask advice from family, friends, or financial experts before investing, which shows their reliance on external opinions. Only a small number of students (12) are willing to take investment risks, while most prefer to play safe.

Table 5
Investment Preferences of Respondents

Category	Sub Category	No. of Respondents	Percentage (%)
Investment option preferred by respondents	Bank FD	32	69.6%
	Gold / Silver	30	65.2%
	Mutual Funds	6	13%
	Shares / Stocks	4	8.7%
	Real Estate	8	17.4%
Motivation towards investment	Future security	44	95.7%
	High returns	10	31.7%
	Peer influence	4	8.7%
	Tax benefits	8	17.4%
Factor influencing investment decision most	Risk level	14	30.4%
	Return rate	26	56.5%
	Liquidity	6	13%
	Advice from others	24	52.2%
Financial Advice	Family/Friends	42	91.3%
	Bank staff	22	47.8%
	Liquidity	2	4.3%
	Internet/Social media	10	21.7%
	Financial advisors	16	34.8%

(Source: Primary Data retrieved through Google Form Questionnaire)

It is evident from table 5 that Bank Fixed Deposits (69.6%) and Gold/Silver (65.2%) are the most preferred investment options. Very few students invest in mutual funds (13%) and shares / stocks (8.7%), which show they prefer low risk investments. It is also clear that future security (95.7%) is the main reason for investment. The rate return and advice from others (52.2%) are the major factors influencing their investment decisions. From the table 4, it is clear that family and friends (91.3%) are the most trusted sources of financial advice.

Table 6
Mean Score Analysis for General Awareness of Respondents

S. No.	Statement	Total	Mean Score	Rank
1.	I am aware of government savings schemes.	53	1.15	II
2.	I know about tax benefits on investments.	52	1.13	III
3.	I follow economic news regularly.	43	0.93	V
4.	I understand how interest rates work.	52	1.13	III
5.	I am aware of the risks involved in stock market investments.	59	1.28	I

(Source: Primary Data retrieved through Google Form Questionnaire)

It is evident from the table 6 that highest awareness is regarding the risks in stock market investments (Mean = 1.28), which is ranked first. It is clear from the table 5 that knowledge about government savings schemes, tax benefits, and interest rates is average (Mean around 1.12 – 1.15). From the table5, it is clear that students are least aware of economic news (Mean = 0.93), showing that they don’t actively follow financial developments.

Table 7
Correlation between Financial Literacy and Investment Decisions among the Respondents

S. No.	Financial Literacy	Rank	Investment Decision	Rank	D	D^2
1.	1.43	2	14	4	- 2	4
2.	1.59	1	24	2	-1	1
3.	1.43	2	20	3	-1	1
4.	1.28	5	38	1	4	16
5.	1.41	4	12	5	-1	1
Total						**23**

$$R_k = 1 - \frac{6\sum D^2}{n(n^2 - 1)}$$

$$\boldsymbol{R_k = -\ 0.0513}$$

For testing the validity of 'R_k', t test was applied as follows:

$$t = \frac{r}{\sqrt{1-(r)^2}} \times \sqrt{n-2}$$

$$\mathbf{t = -0.0889}$$

The Table 7 indicates that the calculated value of Spearman's Rank Correlation Coefficient, which is -0.0513, indicating a very weak negative correlation. As the calculated t value is -0.0889, which is lower than the critical value of the t distribution (3.182) for 3 degrees of freedom at a 5% level of significance, we accept the null hypothesis (H_0) and reject the alternative hypothesis (H_1). Hence, there is no significant relationship between financial literacy and investment decisions among the respondents.

Findings

- Majority of respondents are female (82.6%) and most are in the age group of 20 – 25 years.
- Postgraduates (56.5%) slightly outnumber undergraduates.
- Most respondents (39.1%) come from families earning below 20,000 per month.
- Students have better knowledge in differentiating between saving and investing but weaker in identifying reliable investment options.
- ANOVA results show a significant difference in financial literacy among pre – service teachers.
- Only 14 respondents have investments other than savings accounts; many are not consistent in saving every month.
- Bank Fixed Deposits and Gold / Silver are the most preferred investments; very few invest in mutual funds or shares.
- Future security is the main motivation for investment, and advice from family/friends is the most trusted source.
- Highest awareness is about stock market risks; least awareness is about economic news.
- There is no significant relationship between financial literacy and investment decisions.

Suggestions

- Conduct regular workshops/seminars on financial planning and investment awareness for pre – service teachers.
- Provide simple training on identifying reliable investment options and understanding financial products.
- Encourage students to follow economic news and updates to improve financial awareness.
- Introduce basic financial literacy modules in teacher education programs.
- Promote habit of regular saving and small scale investments among students.

Conclusion

The study reveals that while pre – service teachers have a fair understanding of basic financial concepts, their investment practices are limited, and awareness of certain financial aspects is low. Most prefer safe investment options and rely heavily on family and friends for advice. Financial literacy levels vary significantly among them, but this does not directly influence their investment decisions. Enhancing financial knowledge and encouraging independent decision – making can help future teachers manage their finances effectively and inspire similar habits in their students.

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