



## ROLE OF FINANCIAL SOCIALISATION IN PROMOTING FINANCIAL SELF EFFICACY AMONG YOUNG ADULTS

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### Abstract

The study entitled "Role of financial socialization in promoting financial self-efficacy among young adults." has been undertaken to understand the influence of various financial socialization agents. It identifies the most important factor which influences the financial socialization process .It also analyses the relationship between financial socialization and financial self-efficacy. Friedman test and Karl Pearson's correlation test are used to test the hypotheses. Financial socialization has a positive role in promoting financial self-efficacy of people.

### Introduction

Financial socialization is the capability to obtain all relevant technical , commercial ,behavioral and emotional information that contribute to one's financial knowledge and skill .The source of financial socialization in most of the cases is the surrounding social environment ,such as family members, parents ,relatives ,close friends, community organizations and professional financial bodies . Financial socialization can be said the learning process by which an individual acquires all necessary skills and knowledge for performing various financial activities and aids in the financial management . Financial socialization plays a very important role in the formation of the financial attitudes and financial behavior of adults. More specifically the financial literacy achieved through financial socialization will help a person in developing his financial attitudes. This will help in the promotion of financial efficacy of the person.

**Population and sample:** The young adults of Kanjirapally Taluk in the state of Kerala constitutes the population of the study. A sample of 60 respondents are selected using convenience sampling method.

**Data and Sources of Data:** The data required for the study was collected from primary and secondary sources. Primary data was collected from the respondents using a structured questionnaire. Secondary data for the study was collected from books, magazines and internet sites sharing direct bearing on the subject .

### The oretical framework

Financial socialization is defined as learning financial knowledge needed to function in the society, such as information related to money management, investing, taxes, and using credit (Bowen, 2002). Financial knowledge is learned from many sources including school and parents. Financial socialization agents refer to the sources through which the process of financial socialization takes place. The source of financial socialization in the most cases is the surrounding social environment, such as family members, parents , relative,friends, financial institutions etc.The financial socialization of an individual is achieved through developing the financial management capabilities of the person. Financial management capabilities include Financial attitudes, Financial knowledge and Financial capability. The process of financial socialization has mainly two outcomes. The two outcomes of financial socialization are financial behavior and financial wellbeing. It is related to individual's self-confidence to carry out a financial management task and could reflect their financial skills. Financial self-efficacy is one's beliefs in his or her own ability to accomplish a financial goal or task .

### Objectives

1. To identify the most influencing financial socialization agent among young adults.
2. To identify the relationship between financial socialization and financial self-efficacy among.

### Hypothesis

1. There is no significant difference between the mean ranks towards the influence of financial socialization agents among young adults.
2. There is no significant relationship between financial socialization and financial self-efficacy among young adults.

**Statistical Tools:** The data collected through questionnaire were analyzed using mathematical and statistical tools and presented by means of tables and diagrams. One sample Wilcoxon signed rank test, Friedman test and Karl Pearson correlation were the tools used for testing hypothesis.

**Data analysis and Interpretation**

**Table No 8.1: Table Showing The Ranks of Financial Socialization Agents on The Basis of Their Overall Influence on The Respondents.**

	N	Mean	Std. Deviation	Rank
Parents are the most influencing fin. Socialization agents	60	1.3000	.59089	1
Education is the most influencing fin. Socialization agents	60	2.3000	.88872	2
Friends are the most influencing fin. Socialization agents	60	2.7667	.76727	3
Media is the most influencing fin. Socialization agents	60	3.6333	.68807	4
Valid N (list wise)	60			

Source: Computed by the researcher.

**Table No: 8.2: Table Showing The Ranks of Financial Socialization Agents on The Basis of Their Overall Influence on the Respondents (Friedman Test)**

	Mean Rank
Parents are the most influencing fin. socialization agents	1.30
Education is the most influencing fin .socialization agents	2.30
Friends are the most influencing fin. socialization agents	2.77
Media is the most influencing fin. socialization agents	3.63

Table 3.2.5(e) shows that the mean rank is least for parents (1.30) and media have the highest mean rank (3.63). So, from the table we can conclude that the overall influence of parents is highest in financial socialization and the media have the least overall influence in financial socialization. Education and friends have the second and third rank regarding their overall influence in financial socialization, with mean ranks of 2.30 and 2.77 respectively. So, we reject our null hypothesis that there is no significant difference between the mean ranks towards the influence of financial socialization agents .i.e., there is significant difference between the mean rank towards the influence of financial socialization agents.

**Table No. 8.3: Table Showing Correlation Between Financial Socialization And Financial Self-Efficacy.**

		Financial	Financial Self Efficacy
Financial Socialization	Pearson Correlation	1	.329*
	Sig.(2-tailed)		.010
	N	60	60
Financial Self Efficacy	Pearson Correlation	.329*	1
	Sig. (2-tailed)	.010	
	N	60	60

**Table No. 8.3: Table Showing Correlation Between Financial Socialization And Financial Self-Efficacy.**

		<b>Financial Socialization</b>	<b>Financial Self Efficacy</b>
Financial Socialization	Pearson Correlation	1	.329*
	Sig.(2tailed)		.010
	N	60	60
Financial Self Efficacy	Pearson Correlation	.329*	1
	Sig. (2Tailed)	.010	
	N	60	60

\*. Correlation is significant at the 0.05 level (2-tailed).

Table 3.2 shows that the co-efficient of correlation between financial socialization and financial self-efficacy is .329. This indicates that there is a positive correlation between financial socialization and financial self-efficacy. Since, the p-value is less than .05 we reject the null hypothesis that there is no significant relationship between financial socialization and financial self-efficacy among young adults.

### Findings

1. There is significant difference between the mean rank towards the influence of financial socialization agents among young adults,
2. The mean rank is the least for parents in respect of financial socialization agent's overall influence on respondents.
3. There is significant relationship between financial socialization and financial self-efficacy among young adults.
4. Relationship between financial socialization and financial self-efficacy shows a positive level of correlation.

### Conclusion

Financial socialization provides the knowledge and skills needed to make person financially self-efficient. Financial socialization have a positive correlation with financial self-efficacy. Thus, financial socialization have a positive role in promoting the financial self-efficacy of the people. Parents, friends, education and media are the various financial socialization agents and they proved to have a positive influence promoting financial socialization with parents having the highest influence.

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