

Awareness on Financial Products and Securities Market among Post-Graduate Commerce and Management Students in Visakhapatnam City

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Abstract: Financial System plays an important role in development of an economy. It is a mix of Financial Markets, Institutes, Instruments and Services. It mobilizes the funds from surplus units to deficit units. Recently, the education in accounting, commerce and management studies is growing rigorously, especially in the stream of finance specialization. In this context, post – graduate students (students) must be well equipped with the knowledge in financial system of a nation as a whole. The educational institutions should impart the modern and emerging concepts in finance, commerce and trade. There are widespread modern investment avenues like shares, debentures, bonds, mutual funds, exchange traded funds, financial derivatives etc. which are highly exposed to financial risks. Financial Risk Management is a key to avoid various kinds of financial risks that are being faced by investors. There is a need for students in understanding various financial products and their trading mechanism in securities market. This paper is an attempt to measure the awareness among students in the areas of financial products and securities market through a structured questionnaire and quantify the responses using appropriate descriptive and inferential statistics and thereby suggesting the ways to improve their awareness levels in these aspects.

Keywords: Awareness, Financial System, Financial Products, Securities Market, Risk, Return.

I. INTRODUCTION

Financial System plays an important role in the development of an economy. It is a mix of Financial Markets, Institutes, Instruments and Services. It mobilizes the funds from surplus units to deficit units. Recently, the education in accounting, commerce and management studies are growing rigorously, especially in the stream of finance specialization. In this context, post-graduate students (students) must be well equipped with the knowledge in financial system of a nation as a whole. The educational institutions should impart the modern and emerging concepts in finance, commerce and trade.

Financial products are regarded as investment avenues which provide financial security to people based on investments and their risk-return profiles. These financial products are categorized into traditional and modern products. Traditional financial products include various bank accounts such as savings, current account, fixed deposit, insurance, postal department savings accounts, recurring deposits, etc. Yet, in recent years with the attainment of liberalization of financial services industry, there are widespread modern investment avenues like shares, debentures, bonds, mutual funds, exchange traded funds, financial derivatives etc. which are highly exposed to financial risks and are categorized according to time horizon and customized as per investment objectives. With the increase in financial products, the securities market is gaining much more importance. It plays a major role in financial market. It brings the investors and institutions to a common place where their products are being traded. It is sub divided into two markets, primary and secondary, where the former deals with fresh issue and further issue of securities and later deals in trading of securities through stock market.

Now-a-days, with the growing importance in commerce and management education, as a post – graduate student in the same field, they must have a basic awareness in conceptual and practical aspects of investment avenues, financial derivatives, and risk management irrespective of their area of study due to their growing personal needs on one side and increasing complexity in the marketplace on the other side. Students after this stage probably move from financial dependence to financial independence. They desire for a qualitative lifestyle, aspiring freedom and flexibility in financial decisions. Acquiring sound financial knowledge and awareness in products and their risks and return patterns moulds the student as a rational financial decision maker.

Awareness on financial products enables students turning savers to browse the financial world, make rational financial decisions and minimize the chances of being misled in financial markets. Lack of awareness in financial products at the early age of life, sometimes may lead to a financial hardship, increased isolation, emotional stress, and lower self-confidence. The study creating awareness in financial products will be a step forward in research among commerce and management disciplines in common. It focuses towards increasing the level of awareness by suggesting supportive measures.

II. REVIEW OF LITERATURE

Researchers have been undertaken to provide analytical insights to create awareness and increase the financial literacy of students, youth, employees and various other segments of population. From earlier studies, it is evident from that, people of different categories including students, employees, households, women, etc lack awareness in various aspects of finance like financial products, markets and services and it shows the huge necessity of creating the awareness in those areas and turn them into financial literates. This has

led to the launch of financial literacy programs in many countries. While these programs are versatile in their scope and reach across countries, the core and primary objectives are to improve the financial attitude, the financial behavior and the financial knowledge of individuals to enable them and their families to make choices that improve their financial well-being.

OECD – International Network on Financial Education (INFE), (2012) unveiled that high school and college students who are exposed to cumulative financial education show an increase in financial knowledge and would become rational financial decision makers by moulding their financial behavior accordingly. Joyce Nga et al, (2010) in their research work probed the level of general financial and product awareness among young adults studying in a private higher educational institute in Malaysia. They tested the influence of demographic factors upon financial awareness of youth and found that educational level and course taken in business were major influencing factors in creating awareness among youth. Verma, (2008) said that, ‘the higher the education, higher was the level of understanding of investment complexities’. Visa Inc’s International Financial Literacy Barometer, (2007) ranked India at 23rd position among 28 countries surveyed. They found that students and younger generations’ level of financial literacy was low when compared to adults. Their findings revealed that financial knowledge among Indians was lower than global standards. The people here are not even aware of basic principles of money and household finance. Mitchell, Poterba et al. (2007) described in their work that the inadequate financial literacy raises major concerns about the individuals’ attribute to secure their financial well-being. They proved that individuals were under-saved, failed to invest wisely and were often indebted. Such behavior was also continuing among youth, across nations. The Beal and Delpachitra Study (2003) in their study on “Financial Literacy among Australian University Students” said that, male students were more financially literate and have greater work experience, higher income and are lower in aggregate risk preference. The overall survey concluded that the university students were not financially literate and lack awareness in many areas and aspects in finance and would remain as incompetent financial managers of their own lives. Researchers also informed through their study that level of financial literacy depends upon certain socio – economic factors like gender, age, educational qualifications etc. They suggested that various awareness programs and initiatives must be organized in order to increase the financial literacy among the students. Jacob (2000) adjudged that knowledge in finance and financial aspects acts as an essential survival tool for individuals to survive in a competitive economic environment.

III. OBJECTIVES AND HYPOTHESES

A) Objectives of the study

To depict the demographic factors (age and gender) and their course of education

To analyse the relation between course undertaken and level of awareness on financial products

B) Hypotheses of the Study

The level of awareness on financial products and the course of study are dependent.

The level of awareness on securities market and the course of study are dependent.

IV. RESEARCH METHODOLOGY

Research methodology plays a major role in getting accurate results of any research. In this paper, the level of awareness on financial products among post - graduate students (students) has been studied, which is descriptive in nature. It has been identified that, there is an increase in variety of financial products in the market and students are less aware of updates in these financial products. In order to address this issue, a purposive sample of 150 commerce and management students in Visakhapatnam city, Andhra Pradesh has been taken. The study requires both primary and secondary data. Primary data is collected through a structured questionnaire among the sample respondents out of which only 111 were filled in completely. Secondary data is collected from past research papers, articles, journals, textbooks etc. The primary data is analyzed using percentages, few items in the questionnaire are measured using a five point Likert Scale and chi – square test is used to test the significance.

V. DISCUSSION AND RESULTS

Table – 1: Course Undertaken by Respondents

Name of the Course	Frequency	Percent
M.Com	46	41.4
MBA	65	58.6
Total	111	100

Source: Primary data

Most of the students opted MBA. Out of 111 respondents, 65 respondents are from MBA where as only 46 respondents are from M.Com.

Table – 2 Age (in years) of the respondents

Course	20 - 25		25 – 30		30 & Above		TOTAL	
	Frequency	%	Frequency	%	Frequency	%	Frequency	%
M.Com	40	36.03	3	2.7	3	2.71	46	41.44
MBA	43	38.74	19	17.11	3	2.71	65	58.56
TOTAL	83	74.77	22	19.81	6	5.42	111	100

Source: Primary data

Maximum students are of age between 20 – 25 while very few students are of age at 30 and above.

Table – 3 Gender of the respondents

Course	MALE		FEMALE		TOTAL	
	Frequency	%	Frequency	%	Frequency	%
M.Com	34	30.63	12	10.81	46	41.44
MBA	40	36.04	25	22.52	65	58.56
TOTAL	74	66.67	37	33.33	111	100

Source: Primary data

On an average only 33.33 % of females opted for MBA or M.Com which is low when compared to males.

Table – 4 Level of Awareness on Financial Products among Commerce and Management PG Students

Level of Awareness on Financial Products		Name of the Course		
		M.Com	MBA	Total
Very Poor	Frequency	3	0	3
	%	100	0	100
Poor	Frequency	0	6	6
	%	0	100	100
Average	Frequency	14	17	31
	%	45.16	54.84	100
Good	Frequency	20	27	47
	%	42.55	57.45	100
Very Good	Frequency	9	15	24
	%	37.5	62.5	100
TOTAL	Frequency	46	65	111
	%	41.44	58.56	100
Chi – Square Value at 4 degrees of freedom and 95% confidence level = 8.840				P- Value = 0.065

Source: Primary data

The level awareness on financial products is average with 45.16% who are from M.Com while none are poor at it. On a contrast, 62.5% of students who have very good level of awareness on financial products are MBAs while none responded that they are very poor at it.

Table – 5 Level of Awareness on Securities Market among Commerce and Management PG Students

Level of Awareness on Securities Market		Name of the Course		
		M.Com	MBA	Total
Very Poor	Frequency	1	2	3
	%	33.33	66.67	100
Poor	Frequency	0	8	8
	%	0	100	100
Average	Frequency	17	22	39
	%	43.6	56.4	100
Good	Frequency	20	22	42
	%	47.62	52.38	100
Very Good	Frequency	8	11	19
	%	42.1	57.9	100
TOTAL	Frequency	46	65	111
	%	41.44	58.56	100
Chi – Square Value at 4 degrees of freedom and 95% confidence level = 6.481				P- Value = 0.166

Source: Primary data

The level of awareness on securities market is good with 47.62% of the students who are from M.Com while none responded that they are poor at it. 57.9% of the students who have very good level of awareness on securities market are MBAs and remarkably 66.67% of the students who have very poor level of awareness on securities market are also MBAs.

Results of Test Hypothesis

The level of awareness on financial products and the course of study are dependent.

From Table: 4, since p-value >0.05 (p-value = 0.065), the test results reveal that it is insignificant. Thus we cannot reject null hypothesis. This means that the level of awareness on financial products is dependent upon the course undertaken.

The level of awareness on securities market and the course of study are dependent.

From Table: 5, since p-value >0.05 (p-value = 0.166), the test results reveal that it is insignificant. Thus we cannot reject null hypothesis. This means that the level of awareness on securities market is dependent upon the course undertaken.

VI. FINDINGS AND SUGGESTIONS

- The reasons may vary for choosing MBA over M.Com. The study has identified that management education has flexibility and probably any graduate has the chance of opting MBA; at the opposite, commerce education is inflexible. Only those under graduates specialized in commerce (B.Com or equivalent) or business management (BBM or equivalent) can opt for M.Com. The curriculum of both these courses varies respective to their choice of specializations.
- Students are young and have chances to learn in many ways before completion of their post – graduation. It is advisable to include finance as an essential subject in order to take rational financial decisions in future.
- The study observed that females prefer MBA over M.Com, while there is an almost equal preference among males in choosing either M.Com or MBA.
- Both M.Com and MBA students on the whole, are having basic awareness level on financial products and securities market.

VII. CONCLUSION

From the study it is observed that, the level of awareness among either of the students on financial products and securities market is dependent upon the course undertaken. Hence it is suggested that the both the curriculums must adopt specialized subjects in finance as core papers and thereby students can learn them irrespective of their specializations in second year too. Apart from this, every student should possess basic knowledge in finance to make rational financial decisions by oneself.

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