

FINANCIAL LITERACY AND FINANCIAL BEHAVIOUR AS DETERMINANTS OF FINANCIAL WELL-BEING AMONG LEGAL PROFESSIONALS IN KERALA

***Dhanitha P, **Dr. Vijila V**

Abstract

This study investigates how financial literacy and financial behaviour act as determinants of financial well-being among legal professionals in Kerala. Primary data were collected from 120 respondents using a structured questionnaire. Descriptive analysis, correlation, and regression techniques were employed. The findings reveal that financial literacy significantly contributes to financial well-being, while financial behaviour shows a positive but statistically insignificant influence. The study highlights the need for targeted financial education and behavioural support for legal professionals to enhance financial stability and long-term well-being. The study provides implications for professional financial education and policy formulation.

Keywords:- Financial Literacy, Financial Behaviour, Financial Well-being, Legal Professionals, Financial Education.

*F*inancial well-being has become an important area of discussion as individuals increasingly face complex financial decisions related to savings, investments, credit management, and

retirement planning. In this context, financial well-being refers to the ability of individuals to meet their current financial obligations while maintaining confidence about their future financial security (Joo, 2008).

**Dhanitha P, Research Scholar, PG & Research Department of Commerce, Govt. Arts College, Thiruvananthapuram, University of Kerala & Assistant Professor, PG & Research Department of Commerce, Government College, Malappuram, E-mail: dhanithap@gmail.com*

***Dr. Vijila V, Professor & Research guide, PG & Research Department of Commerce, Govt. Arts College, Thiruvananthapuram, University of Kerala, E-mail: vijila200889@gmail.com*

Financial literacy, defined as the understanding of key financial concepts such as interest rates, inflation, diversification, and investment options, plays a crucial role in improving financial decision-making (Lusardi & Mitchell, 2014). Individuals with higher financial literacy are generally better equipped to evaluate financial information and select appropriate financial products (OECD, 2013). However, knowledge alone may not guarantee financial stability unless it is reflected in actual financial practices.

Financial behaviour, including budgeting, saving regularly, and managing credit responsibly, is considered an important factor that links financial knowledge with financial outcomes (Perry & Morris, 2005). Previous studies indicate that individuals who practice sound financial behaviour tend to experience higher levels of financial well-being (Sabri & MacDonald, 2010; Xiao & O'Neill, 2016).

Legal professionals often face unique financial challenges such as irregular income patterns, delayed payments, and high professional expenses, which may influence their financial decision-making and financial well-being (Agarwalla et al., 2015). Therefore, the present study examines the relationship between financial literacy, financial behaviour, and financial well-being among legal professionals in Kerala.

Statement of the Problem

Although financial literacy and financial well-being have received considerable attention in recent years, much of the existing research has focused on students, households, and general

working populations. Limited empirical evidence is available on profession-specific groups, particularly legal professionals in India. This gap is important because occupational characteristics may significantly influence financial decision-making and financial outcomes. Legal professionals often experience irregular income patterns, high professional expenses, delayed fee payments, and varying levels of career stability. Despite being highly educated, they may not receive formal training in personal financial management. The present study attempts to address this gap by investigating the determinants of financial well-being among legal professionals in Kerala.

Review of Literature

Financial literacy has been widely recognised as an important factor influencing individuals' financial decision-making and overall financial well-being. Individuals with adequate financial knowledge are generally better equipped to understand financial products, manage risks, and make informed choices related to savings and investments (Lusardi & Mitchell, 2014). Studies also indicate that financial literacy alone is not sufficient to ensure financial security; it must be accompanied by responsible financial behaviour such as budgeting, saving regularly, and controlling expenditure (Perry & Morris, 2005). Positive financial behaviour has been found to significantly improve financial well-being by enhancing financial stability and reducing financial stress (Sabri & MacDonald, 2010). Although several studies have examined financial literacy and financial well-being among different population groups,

limited empirical evidence exists on these relationships among legal professionals in India. Therefore, the present study attempts to analyse the influence of financial literacy and financial behaviour on financial well-being among legal professionals in Kerala.

Scope and Significance of the Study

This study focuses on examining the level of financial literacy, financial behaviour, and financial well-being among legal professionals in Kerala. It aims to understand how financial knowledge and financial practices influence the overall financial well-being of individuals working in the legal profession. The significance of this study lies in its focus on a profession-specific group that often experiences irregular income patterns and varying stages of career stability. By analysing these aspects, the study provides useful insights into the financial management practices of legal professionals and highlights the importance of financial awareness in improving financial well-being. The findings may also assist policymakers, financial institutions, and professional bodies in designing financial education programmes and support mechanisms that promote better financial decision-making among professionals.

Objectives of the Study

1. To assess the level of financial literacy, financial behaviour and financial wellbeing among legal professionals in Kerala.
2. To examine the extent to which financial literacy and financial behaviour determine the financial

well-being of legal professionals in Kerala.

Research Hypotheses

- H1: Financial literacy has a significant positive influence on financial behaviour among legal professionals.
- H2: Financial literacy and financial behaviour significantly predict financial well-being among legal professionals.
- H3: Demographic variables such as age and gender have a significant influence on financial literacy, financial behaviour, and financial well-being among legal professionals.

Research Methodology

The study adopts a quantitative and descriptive research design to examine the relationship between financial literacy, financial behaviour, and financial well-being among legal professionals in Kerala. Primary data were collected from 120 practising legal professionals, including advocates, consultants, and legal officers, using a structured questionnaire and a convenience sampling technique. The questionnaire consisted of four sections covering demographic details, financial literacy, financial behaviour, and financial well-being, and responses were measured using a five-point Likert scale. The reliability of the constructs was tested using Cronbach's Alpha, and the results indicated satisfactory internal consistency for financial literacy ($\alpha = 0.856$), financial behaviour ($\alpha = 0.812$), and financial well-being ($\alpha = 0.857$). The collected data were

analysed using the statistical software IBM SPSS Statistics. Descriptive statistics were used to examine the general characteristics of the variables, while correlation and multiple regression analyses were applied to test the relationships among financial literacy, financial behaviour, and financial well-being. In addition, independent sample t-tests and ANOVA were conducted to analyse differences across demographic variables such as age and gender.

Results and Discussion

Descriptive statistics, correlation analysis, regression analysis, independent sample t-test, and ANOVA were used to analyse the data. The results are presented in the following tables and interpreted in relation to the research objectives and hypotheses of the study.

Table 1 shows the reliability analysis of the major constructs used in the study. This indicates a high level of internal consistency among the items used to measure each construct. Therefore, the measurement scales used in the questionnaire are reliable and suitable for further statistical analysis.

Table 2 shows the descriptive statistics of financial literacy, financial behaviour, and financial well-being among the respondents. The mean values indicate that legal professionals demonstrate a moderate level of financial literacy, financial behaviour, and financial well-being.

Table 3 presents the Pearson correlation coefficients among financial literacy, financial behaviour, and financial well-being. The results indicate that

Table 1
Reliability Analysis of Statistical Constructs

Constructs	No. of Items	Cronbach's Alpha	Interpretation
Financial Literacy	8	0.856	Reliable
Financial Behaviour	10	0.812	Reliable
Financial Well-being	6	0.857	Reliable

Source: Primary Data

Table 2
Descriptive analysis was conducted to understand the level of financial literacy, behaviour, and well-being among respondents

Variable	Mean	Std. Deviation	N
Financial Literacy	2.75	0.58	120
Financial Behaviour	3.04	0.95	120
Financial Well-being	3.01	0.75	120

Source: Primary Data.

financial literacy is positively and significantly correlated with financial behaviour ($r = 0.448, p < 0.01$), suggesting that higher financial knowledge is associated with better financial practices. Financial literacy also shows a significant positive relationship with financial well-being ($r = 0.411, p < 0.01$). Further, financial behaviour is positively and significantly correlated with financial well-being ($r = 0.347, p < 0.01$). These findings support the proposed theoretical relationships among the study variables. Since the inter-correlations among the independent variables were below 0.70, multicollinearity was not a concern in the regression analysis.

Model Summary:

$R=0.448 \quad R^2=0.200 \quad \text{Adjusted}R^2=0.191$
 $F = 21.053 \quad p < 0.001$

Table 4 shows the results of the regression analysis examining the effect of

financial literacy on financial behaviour among legal professionals. The results indicate that the regression model is statistically significant ($F = 21.053, p < 0.001$). Financial literacy explains 20 per cent of the variance in financial behaviour ($R^2 = 0.200$). Further, financial literacy has a significant positive influence on financial behaviour ($\alpha = 0.448, t = 4.588, p < 0.001$). Hence, Hypothesis H1 is accepted.

Model Summary:

$R=0.450 \quad R^2=0.202 \quad \text{Adjusted}R^2=0.183$
 $F = 10.524 \quad p < 0.001$

Table 5 shows the results of the multiple regression analysis examining the influence of financial literacy and financial behaviour on financial well-being. The results indicate that financial literacy has a positive and significant influence on financial well-being ($\beta = 0.321, p = 0.004$). However, financial behaviour shows a

Table 3

Correlation Analysis -Relationship between Financial Literacy, Financial Behaviour, and Financial Well-being

Variables	1	2	3
Financial Literacy	1		
Financial Behaviour	.448**	1	
Financial Well-being	.411**	.347**	1

Note: $p < 0.01$ (2-tailed)

Source: Primary Data

Table 4

Simple Linear Regression Results – Financial Literacy and Financial Behaviour

Variables	B	Std. Error	B	T	Sig.
Constant	1.066	0.429	—	2.485	0.015
Financial Literacy	0.708	0.154	0.448	4.588	<0.001

Source: Primary Data

positive but statistically insignificant relationship with financial well-being ($p = 0.068$). The overall regression model is significant ($F = 10.524, p < 0.001$), explaining about 20.2 per cent of the variation in financial well-being ($R^2 = 0.202$). These findings partially support Hypothesis 2, indicating that financial literacy plays an important role in determining financial well-being among legal professionals

Table 6 shows that gender has a significant influence on financial behaviour, while no significant gender differences were observed for financial literacy and financial well-being.

Table 7 and Table 8 indicate significant age-based differences in financial literacy and financial well-being, with the 50–59 age group exhibiting higher mean scores. Therefore, Hypothesis H3 is partially supported, as significant

differences were observed across age groups and gender for selected constructs.

Findings

1. The descriptive analysis indicates that legal professionals demonstrate a moderate level of financial literacy, financial behaviour, and financial well-being.
2. The correlation analysis reveals a positive and significant relationship between financial literacy and financial behaviour, suggesting that individuals with greater financial knowledge tend to adopt better financial management practices.
3. The regression analysis shows that financial literacy has a significant positive influence on financial behaviour among legal professionals.
4. The results further indicate that financial literacy significantly

Table 5
Multiple Regression Results – Determinants Financial Well-being

Variables	B	Std. Error	B	T	Sig.
Constant	1.450	0.351	—	4.127	<0.001
Financial Literacy	0.399	0.136	0.321	2.924	0.004
Financial Behaviour	0.160	0.086	0.203	1.852	0.068

Source: Primary Data

Table 6
Independent Sample t-test for Gender Differences

Variable	Gender	N	Mean	Std. Deviation	t-value	Df	p	Cohen’s d
Financial Literacy	Male	89	2.64	0.64	1.898	87.45	.061	.31
	Female	31	2.83	0.39				
Financial Behaviour	Male	89	2.80	0.75	4.227	42.90	<.001	1.00
	Female	31	3.61	0.98				
Financial Well-being	Male	89	3.07	0.67	-0.388	118	.698	-0.08
	Female	31	3.01	0.69				

Source: Primary Data

Note: $p < .05$

Table 7
Age-wise Differences in Financial Literacy, Financial Behaviour, and Financial Well-being (One-way ANOVA)

Variable	Sum of Squares	df	Mean Square	F	Sig.
Financial Literacy	6.257	4	1.564	5.516	<0.001
Financial Behaviour	3.454	4	0.863	1.004	0.410
Financial Well-being	7.975	4	1.994	4.335	0.003

Source: Primary Data

Note: $p < .05$

Table 8
Post Hoc (Tukey HSD) Results for Age Groups – Financial Literacy and Financial Well-being

Variable	Age Group	Mean
Financial Literacy	Below 30	2.7385
	30–39	2.4462
	40–49	2.7333
	50–59	3.1667
	60 and above	2.3000
Financial Well-being	Below 30	2.6846
	30–39	2.8615
	40–49	3.3333
	50–59	3.4222
	60 and above	3.3000

Source: Primary Data

influences financial well-being, whereas financial behaviour shows a positive but relatively weaker influence.

- The gender analysis reveals that female respondents demonstrate significantly higher financial behaviour scores compared to male respondents, while financial literacy and financial well-being do not show significant gender differences.
- The ANOVA results indicate that age has a significant influence on financial literacy and financial well-being, suggesting that financial knowledge and financial stability improve with experience.

Suggestions

- Financial literacy programmes and workshops should be organised by professional associations and bar councils to improve financial knowledge among legal professionals.
- Young and early-career legal professionals should receive targeted financial awareness programmes to strengthen their financial decision-making skills.
- Financial institutions can develop specialised financial advisory services designed for professionals with irregular income patterns.

4. Policymakers and financial educators may introduce profession-specific financial education initiatives to enhance financial literacy and improve financial well-being among professional groups.

Conclusion

The findings indicate that financial literacy plays an important role in influencing financial behaviour and financial well-being. Legal professionals with higher financial knowledge are more likely to adopt responsible financial practices, which contributes to improved financial stability. The results also highlight

the influence of demographic factors, particularly age, on financial literacy and financial well-being. These findings emphasise the importance of enhancing financial awareness and promoting sound financial practices among professionals. Strengthening financial literacy through targeted education and professional training programmes can help individuals make informed financial decisions and achieve greater financial security. Overall, improving financial knowledge and behaviour can contribute to better financial well-being among legal professionals.

References

1. Agarnalla S. K., Barua S. K., Jacob J., & Varma J. R. (2015). *Financial literacy among working young in urban India*. *World Development*, 67, 101-109.
2. Atkinson A., & Messy F. A. (2012). *Measuring financial literacy: Results of the OECD/International Network on Financial Education (INFE) pilot study*. *OECD Working Papers on Finance, Insurance and Private Pensions*, No. 15.
3. Huston S. J. (2010). *Measuring financial literacy*. *Journal of Consumer Affairs*, 44(2), 296-316.
4. Joo S. (2008). *Personal financial wellness*. In *Handbook of Consumer Finance Research*.
5. Lusardi A., & Mitchell O. S. (2014). *The economic importance of financial literacy: Theory and evidence*. *Journal of Economic Literature*, 52(1), 5-44.
6. Organisation for Economic Co-operation and Development (2013). *OECD/INFE Toolkit for Measuring Financial Literacy and Financial Inclusion*. Paris: OECD.
7. Perry V. G., & Morris M. D. (2005). *Who is in control? The role of self-perception, knowledge, and income in explaining consumer financial behaviour*. *Journal of Consumer Affairs*, 39(2), 299-313.
8. Sabri M. F., & MacDonald M. (2010). *Savings behaviour and financial problems among college students: The role of financial literacy in Malaysia*. *Cross-Cultural Communication*, 6(3), 103-110.
9. Xiao J. J., & O'Neill B. (2016). *Consumer financial education and financial capability*. *International Journal of Consumer Studies*, 40(6), 712-721.
10. Xiao J. J., Tang C., & Shim S. (2009). *Acting for happiness: Financial behaviour and life satisfaction of college students*. *Social Indicators Research*, 92(1), 53-68.
11. Remund D. L. (2010). *Financial literacy explicated: The case for a clearer definition in an increasingly complex economy*. *Journal of Consumer Affairs*, 44(2), 276-295.
12. Shim S., Xiao J. J., Barber B. L., & Lyons A. (2009). *Pathways to life success: A conceptual model of financial well-being for young adults*. *Journal of Applied Developmental Psychology*, 30(6), 708-723.