Financial Literacy a Key to
Financial Inclusion: A Study conducted for
Tier I and Tier II Cities

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Abstract
One of the reasons for crisis in personal finance is low literacy level in finance. About 77% of the adults present all over the world are considered financial illiterates. The lack of comprehending financial concepts by approximately 4 billion people all over the world. As financial literacy has a direct bearing on the economic growth of a country, therefore it has become an important for the educators of worldwide. Financial literacy is important for people for right financial choices. In the current research paper, an attempt is made to understand and identify the numerous aspects which are important in defining and measuring financial literacy in Indian context. An index for measuring financial literacy has been arrived at and proposed for college going students. A comparison of financial literacy has been drawn among Tier I and Tier II cities of India. It was found that behavior, knowledge & attitude related to finance along with demographics and socio-economic factors has a major impact on the level of financial knowledge of the student.

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I. Introduction
KNOWLEDGE ABOUT FINANCE is referred to as financial literacy. Many financial-literacy definitions are in vogue and all of them state that they are the abilities of individuals to collect and evaluate information that are needed for sound decisions financially that help them in future. When any person correctly answers atleast three out of four financial concepts, he or she is defined as financially literate. It is found that 77% of the adults present all over the world are considered financial illiterates. This amounts to the lack of comprehending concepts (financial) by approximately 4 billion people all over the world (Klapper and Van Oudheusden, 2015)

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