The Impact of Socio-Economic and Psychographic Factors on Financial Inclusion

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ABSTRACT

Financial inclusion is a crucial factor in mainstreaming the low-income population with the formal financial system. It provides access to credit and provides a broad range of financial services. However, factors like illiteracy, inadequate income, and lack of awareness limit the poor people to utilize services offered by the bank. The study examines the financial attitude (FA), financial behavior (FB), and financial knowledge (FK) among the people of Rajasthan and interprets the effect on financial inclusion. This research is segregated based on aspects leading to financial exclusion like age, gender, income, education level, occupation, demographic, etc. The comprehensive research in studying the impact of socio-economic and psychographic factors on financial inclusion reveals that people are concerned about saving money for their future.

KEYWORDS
Financial Inclusion, Financial Literacy, Financial Sector, Microfinance Institutions, No Frills Account, Rajasthan

1. INTRODUCTION

A majority of the world’s population is still not adequately serviced by the formal financial system. Financial inclusion is an essential priority for the economic growth of a country. It turns down the gap between rich and poor and results in the advancement of society. Financial services to the poor do not necessarily result in removing poverty and solve all the problems relating to it but give them resources to create their path to come out of poverty. Financial inclusion, or broad access to financial services, is defined as an absence of price or non-price barriers in the use of financial services (World Bank Report, 2014).

The financial sector in India acts as a bridge to provide financial services to the people. This finance industry is more inclined towards the rural markets to fulfill their financial needs in recent times. Presently the growth rate of the financial sector in India is nearly 8.50% per year. For developing countries like India, it is essential to maintain a healthy growth rate because it shows the country’s financial stability, as the rise in growth shows the better financial position of a nation. The financial sector mainly comprises financial institutions, financial markets, financial instruments, and financial
services. It is divided into two sectors, *i.e.* organized sector (wholly governed by the government) and unorganized sector (governed by private investors but having some control of government). Financial inclusion provides a choice to use financial services but does not necessarily include that everyone should use them. An inclusive financial system creates an opportunity for the economically and socially excluded people to integrate into the economy and contribute to the nation's overall development. Financial inclusion as shown in figure 1 includes the whole gamut of financial products and services like bank accounts, cheque book, debit cards, credit cards, insurance, and health care, loans and affordable credit, etc.

**Figure 1. Component of Financial Inclusion (Author’s File)**

It is necessary to reach financial services to every household. But lack of awareness and illiteracy of financial terms drive the rural people to keep away from the banking services. It is suggested that the banks open the “No Frill” accounts (basic deposit account) with zero balance or a small amount of balance which allows the user to the transaction. Money transfer facility is the most common service used by the households to transfer money either to the children studying in towns and cities or to the parents living in villages. The small loans provided to the rural people for production purposes or personal purposes encourage the people to use the services and helps in financial inclusion.

There are several studies conducted on financial inclusion but most of the studies focus on the impact of financial inclusion on economic development. However, very few academic studies are shown on the factors determining financial inclusion with special relevance to India. To fill this gap, the study aims in identifying the impact of Socioeconomic and Psychographic factors on the FA, FB, and FK thereby affecting financial inclusion in India. In this context, variables like age, gender, income, education level, occupation, demographic, etc are taken into consideration. Understanding the linkage between Socio-economic, psychographic factors, and financial literacy will help the economic policymakers and practitioners identify the factors that will lead towards financial inclusion in India. Economic policymakers can focus on these factors for strengthening financial inclusion in India.
Most of the existing review presents certain specific factors only, and there is a lack broader perspective towards financial inclusion. However, the present study has observed the impact of socioeconomics and demographic factors on FA, FB, and FK. The present study thereby provides a broader perspective on financial inclusion. In order to fulfill the research gap identified from the literature, the current study’s objective is to understand and assess the financial literacy, awareness, and inclusion level in the common mass of Rajasthan State. The paper also analyses & interprets the FB of people across all demographics. It is essential to know the level of financial inclusion and the reason behind not using the financial services by the people and linked to the banking system even if they have been provided all the services at their doorstep.

2. LITERATURE REVIEW

Financial inclusion helps in poverty alleviation through the development of the financial market (Mader, 2017). It becomes essential for each country to measure their financial inclusion to know the extent and trend of the absolute performance of a country in terms of financial inclusion (Gupte, Venkataramani, 2012). Financial inclusion will spur financial development if it is appropriately supervised and efficiently regulated, thereby leading to economic growth, reduced income inequality, and will help in curbing poverty (Cull, 2012). Ozili’s (2020) findings revealed that financial inclusion influences and gets affected by the level of poverty, financial innovation level, financial sector stability, financial literacy, economic conditions, and regulatory factors. Funggov and Weill (2014), in a study on financial inclusion in China, found that formal accounts are used mainly by qualified, higher income, and older individuals.

Ravi (2019) in a study on financial inclusion in India, revealed an unequal expansion of particular financial instruments across states and areas such as eastern and north-eastern parts of India are still excluded from most of the financial instruments. Barik and Sharma (2019), in their study, revealed that though financial inclusion is progressing in India, there are still challenges in the growth of financial inclusion in the rural sector due to lack of digital infrastructure, low financial literacy, and insufficient income. The study recommended that the next phase of the government’s policy on financial inclusion should focus on these parts of India. In their study, Kiran and Sujlana (2018) analyzed that though the number of bank branches is increasing in India, there is a lack of financial services in the rural sector in India. The untapped rural industry has a great potential of improving the consumer base. Therefore, the role of the Government of India, RBI, and Citizens of India will be crucial in tapping this sector. Kumar (2013), in a study, revealed that branch expansion plays a vital role in financial inclusion along with the environmental setup and socioeconomic factors. In their study, Kapadia and Madhav (2018) proposed that to increase the rate of financial inclusion in an economy, a structure including factors leading to financial barriers should be framed. Kumar (2015) stated that rigorous efforts are being implemented over the past years to understand the basic knowledge of financial inclusion, and Pradhan Mantri Jan Dhan Yojna has been launched to make it more meaningful.

Porkodi and Aravazhi (2013) pointed out that only half of the rural sector in India has funds accessibility, and almost 75% of the rural households are excluded from banking services. The study suggested that banks can play a crucial role in increasing financial literacy. Shankar (2013) investigated a lack of uniformity in terms of the geographic spread of microfinance services in India. Therefore, the government should focus on microfinance services in inadequately served regions. Sarma and Pais (2011) analyzed the relationship between financial inclusion and human development and found that income, education, inequality, urbanization, and physical infrastructure are vital in human development. Chakravarty and Pal (2010) applied the axiomatic approach in analyzing financial inclusion, and different dimensions of inclusion were identified. Barman et al. (2009) examined that Microfinance institutions play an imperative role in providing finance to the poor while increasing the debt burden of the rural households. Due to this, it increases the borrowing capacity of the poor
people rural not only from financial institutions but also from indigenous lenders. Chibba (2009) indicated that financial inclusion offers incremental and correlative answers to handle neediness elevate comprehensive advancement, and address the millennium development goals.

Sandreson, Mutandw & Roux (2018) in their study conducted in Zimbabwe found that financial inclusion is positively related to factors like age, financial literacy, education, income, and internet connectivity. However, the study observed a negative relationship between financial inclusion and distance to the nearest financial access point and documentation formalities. In their study, Uddin, Chowdhury & Islam (2017) revealed that financial inclusion is positively related to the literacy rate and negatively related to the age dependency ratio. Mhlanga & Denhere (2020) used the logit model to know the determinants of financial inclusion in Southern Africa. Their study found that education level, age, marital status, race, and income significantly influence financial inclusion, whereas gender negatively influences financial inclusion. Son, Liem & Khuong (2020) in their study on Vietnam suggested that financial inclusion in the economy will be promoted if the usage of mobile money increases in the economy. Sarigul(2020) applied the Johnansen approach and found a significant positive co-movement between GDP per capita, urbanization and financial inclusion and negative(significant) co-movement between cost of living, unemployment and financial inclusion. Morgan, & Long (2020) in their study analyzed that financial literacy has positive impact on financial inclusion and savings.

3. FACTORS LEADING TO FINANCIAL EXCLUSION

Financial exclusion implies the implication of obstacles to use financial products or services. It is the inability to access essential financial services due to various socioeconomic and psychographic factors. The following are the factors that can be responsible for financial exclusion:

- **Gender**: The credit available to females is often limited and requires a male who generally holds title to assets.
- **Age**: Financial service providers are sometimes age bias and extend the financial services to the economically active population. They generally overlook the need to design financial products which fulfill the need of older customers.
- **Literacy**: Lack of understanding of investment and savings and the limited literacy of business finance skills often constrain financial services.
- **Legal Identity**: The absence of legal identity documents such as Birth certificates, written records which often exclude women, minorities, refugees, and migrant workers, are the reasons for not providing financial services.
- **Income**: Financial status plays a vital role in getting financial services from institutes, and poor people find it challenging to access these services even if they are tailored to them.
- **Occupation**: Loan application is evaluated by the banks and other institutes for the unorganized and small borrower, which results in the rejection of applicants who require the funds.
- **Terms and Conditions**: Banks often imply some rules such as maintaining a minimum balance, Bank Charges, a minimum transaction which often dissuades people from using such services.
- **Psychological and cultural barriers**: Many people think their cause has not been looked at and are excluded from accessing financial services. E.g., older adults find it challenging to use ATMs and online services, which is the most convenient facility for everyone. The cultural and religious barrier to financial services is also seen in some countries.
- **Place of residence**: Banks operate in profitable areas. People living in underdeveloped areas do not find it feasible to travel long distances and therefore are excluded from financial services.
After analyzing these factors (Figure II), we can interpret that different components are responsible for financial exclusion and significantly impact financial inclusion. These factors affect it is essential to understand by the banks, so to design the product in such a way to provide maximum benefit to the public.

4. RESEARCH METHODOLOGY

The current study contains pre-set of well-structured questions covering personal information, FA, FB, and FK of the individual in the form of a Non-Disguised Questionnaire of Financial Literacy & Inclusion. The effect of Socioeconomic and psychographic factors on the economic attitude of respondents is analyzed in the study. Along with demographic information, the respondents were asked a few questions in multiple-choice on their knowledge of finance and different aspects of financial literacy. The sources of information were strictly primary and there were no secondary sources involved in the fundamental research. The probability sampling technique is used in the collected data for the research. While collecting the data from the respondents, it was kept in mind to take an equal ratio of all the classes of demographics to come with genuine and valid research. The constructed research frame developed for this is presented in Figure III and Figure IV.

Figure 2. Components of Financial Exclusion (Author’s File)
4.1 Sampling Selection:

In light of the time and resource restrictions, the sample size was calculated by taking into account the samples utilized in various investigations. Hence it was estimated that the sample size of more than 1000 people might be enough for such kind of study. With the aid of several academics and scholars, a systematic questionnaire was created and evaluated. A small sample of 20 respondents carried out a pilot survey to check the questionnaire’s feasibility. The final research questionnaire was created after making specific changes analyzed from the pilot survey. The questionnaire consists of nine constructs measured on a 5-point scale of Likert. The data were obtained through a purposive sampling technique, where questionnaires were distributed to a pre-defined list of respondents based on several population factors, including age, income, and gender so that each group could better reflect
in the study. We were able to fetch 1227 responses after numerous reminders to respondents at various locations in Rajasthan. Some of the cities included in this study are Kota, Udaipur, Jodhpur, Ajmer, Dosa, Jaisalmer, Alwar, Bikaner, and other areas. The sampling process used for data collection is given below in figure V. The questionnaires were verified for redundancy and after which 20 responses were removed, and an effective sample of 1205 respondents was selected for the study. The study was carried out for from July, 2020 to Feb. 2021.

4.2 Hypothesis:

The following hypotheses have been formulated for the study base on the literature review:
• **H1**: There is a significant difference in FA among respondents of different psychographic characteristics (Gender, Caste, and Age).
• **H2**: There is a significant difference in FB among respondents of different psychographic characteristics (Gender, Caste, and Age).
• **H3**: There is a significant difference in FK among respondents of different psychographic characteristics (Gender, Caste, and Age).
• **H4**: There is a significant difference in FA among respondents of different socioeconomic characteristics (Education, Income, and Demography).
• **H5**: There is a significant difference in financial behaviour among respondents of different socioeconomic characteristics (Education, Income, and Demography).
• **H6**: There is a significant difference in FK among respondents of different socioeconomic characteristics (Education, Income, and Demography)

The data is analyzed by counting different aspects of questions, and calculation is made and presented in other charts and diagrams. Then, t-test and ANOVA are applied to show the differences between various factors.

**5. ANALYSIS AND FINDINGS**

The analysis is done on 1205 respondents, and the data is collected from different socioeconomic and psychographic divisions of the society. The research shows many respondents from low to rich and from highly literate to illiterate people. Their opinions are examined to come to the results and show the situation clearly.
The sample is a judicious mix of all the demographics. It truly represents the population demography of the country where about 35.68% of the population resides in Metro areas & 32.61% in rural areas, and with the lowest with 12.45% in semi-urban areas. The research shows that maximum respondents were between the age group of 25-49 with 55.10%, which is a good and healthy response from a company’s point of view, and minimum with the age group of more than 64 years with 4.32%. Most of the respondents are from a joint family with the highest 47% and a Nuclear family with 43%, clearly showing that respondents are majorly from joint and nuclear families, which is a health response for the research. Maximum respondents are Full-time workers with 67% that is 55.6%, and the second-highest is those who are not working. They are unemployed with 38.26%, which is not a good and healthy sign for the country.

The majority of respondents were literate. Only 3.73% of the samples were illiterate, which shows the majority can read and write and understand, which is a good sign for the economy and banking system. The occupation of the respondents is balanced, and the majorities were self-employed persons with 36.27%, which is again a good sign for the banking system for capital needs, followed by the salaried person with 21.24%. Around 28.46% of Annual Income lie between slab 50001-200000. The

<table>
<thead>
<tr>
<th>Category</th>
<th>Percentage(%)</th>
<th>Category</th>
<th>Percentage(%)</th>
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<td></td>
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<td>Students</td>
<td>16.85</td>
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<td>25-49 years</td>
<td>55.10</td>
<td>Housewife</td>
<td>14.27</td>
</tr>
<tr>
<td>50-64 years</td>
<td>12.78</td>
<td>Working</td>
<td>61</td>
</tr>
<tr>
<td>&gt;64 years</td>
<td>4.32</td>
<td>Not Working</td>
<td>39</td>
</tr>
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<td>Retired Person and others</td>
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<td>&lt;100000</td>
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<td>Caste</td>
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<td>50001-200000</td>
<td>28.46</td>
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<tr>
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<td>20.3</td>
<td>200001-500000</td>
<td>18.34</td>
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<td>OBC</td>
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<td></td>
<td>&gt;1000000</td>
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<td>No Income</td>
<td>40.58</td>
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</table>
current study represents awareness about various financial products in urban and rural areas. Before going into a detailed analysis of different financial product sources, the study has found various information sources for deciding on the selection of financial products.

5.1 Observations on Components of FA, FB, and FK:

- The survey has found that 16.34% of respondents strongly agree on investing money in a different area for saving. But more than 52.34% sample shows that they do not know where to invest money or do not have money for spending.
- The study shows that 32.03% of respondents are either unaware of the investment policies or decide to invest the money. However, 20.17% know the importance of saving and see the disadvantage of idle funds.
- The study also shows that 62.32% of respondents make their monthly budget, and 37.68% of respondents do not have a monthly budget. This indicates that many people still do not have the budget and need proper knowledge to make the budget.
- The study found that 28.80% of respondents have plans regarding their investment behavior, signifying that they were aware of the financial products.
- The study has asked the respondent to check the knowledge about the calculation of simple and compound interest. If the respondents put Rs.1000 into a deposit account with a guaranteed simple interest rate of 10%, then how much money would be there in his account at the end of the first year if he/she doesn’t withdraw or withdraw deposit any money.
- The study found that 68.13% of respondents gave the correct answer to this question. And 29.38% of respondents don’t have any idea, which shows a lack of knowledge amongst respondents.
- The study shows that most people answered the question correctly, which shows that 56.35% of the population knows compound interest.
- The study shows that 68.55% wanted to invest their money in more than one financial product, which offers a better investment, which directly signifies a sound knowledge of financial products amongst the respondents.
- The study shows (fig. 8) that 35.32% of respondents seek another family’s consent or advice for a financial decision, and 28.84% of respondents take the financial decision themselves in the family.

Figure 7. Financial Decisions (Author’s File)
The study shows that 68.55% wanted to invest their money in more than one financial product which offers a sign of better investment, which directly signifies a sound knowledge of financial products amongst the respondents. After the descriptive data analysis, the research model is examined to test the hypotheses. Path coefficients and level of significance (p-value) are employed to test the hypothesized relationships in FA, FB, and FK with socioeconomic and psychographic factors.

5.2 Reliability and Accuracy Testing
The Cronbach’s Alpha model has been used to understand the dependability of the data obtained on the Likert scale. A score of 0.6 and higher is deemed to be considered fit for the study. A score of 0.702 indicates that the data gathered by means of 5 points Likert scale are trustworthy, i.e., consistent and reliable. Reliability of .702 means that more than half of the variance of the observed score is attributable to truth and less than half is attributable to error. It can also be said that reliability of .702 means the variability is about 70 percent true ability and 30 percent error. Hence the research can be carried out on this data set.

5.3 Response Accuracy Scale
The scale is a one-item measure used to assess the accuracy of the responses placed at the end of the questionnaire. Participants indicated how accurately they responded to the questionnaire on a five-point custom scale ranging from “Didn’t read the questions in the survey at all” to “read all questions in the survey”. Only respondents who chose “read most parts of the survey” or “read all questions in the survey” were included in the study and their responses were retained.

5.4 Data Screening
No missing values were found in the data. However, responses from 23 people were excluded from the analysis as they did not choose option no 4: “Read most part of the survey” or option 5: “Read all questions in the survey carefully”, of the Response accuracy scale as prescribed by the authors. The excluded respondents were from the analysis. Thus, the final data comprised of 1205 individuals (831 males and 374 females).

6. HYPOTHESIS TESTING
Psychographic and Socioeconomic factors are taken into consideration for hypothesis testing. The hypothesized model is used for examining the direct relations between financial affairs and various performances. The impact of psychographic factors i.e., the impact of age on FA, is represented by hypotheses H1a, H2a, H3a, which estimates a significant difference between age groups with FA, FB, and FK. The dependent variable in this hypothesis is age-groups. In contrast, the dependent variables are FA, FB, and FK, normally distributed with a p-value of 0.451, 0.656, and 0.735 among the different age groups. The analysis shows that FA, FB, and FK are significantly related to the age variable with R2=0.661, 0.624, and 0.560, respectively. This analysis also shows that age is strongly impacting the FA, FB, and FK with a p-value of less than 0.05. For this analysis, we achieved the power of 63.21% for a one-way ANOVA with 4 different age groups.

The impact of psychographic factors i.e., impact of caste on FA is represented by hypotheses H1c, H2c, H3c, which estimates a significant difference between the groups of caste in relation to FA, FB and FK. The dependent variable in this hypothesis is different caste groups, while the dependent variables are FA, FB, and FK, which are normally distributed with a p-value of 0.061, 0.077, and 0.081 among the different caste groups. The analysis shows that FA, FB, and FK are moderately significantly related to the age variable with R2=0.335, 0.289, and 0.371, respectively. This analysis also shows that different caste groups moderately impact the FA, FB and FK with a p-value of greater
than 0.05 among different caste groups. For this analysis, we achieved the power of 54.90% for a one-way ANOVA with 4 different caste groups.

The impact of socioeconomic factors i.e., impact of education on FA is represented by hypotheses H4a, H5a, H6a which estimates a significant difference between the different education groups in relation to FA, FB and FK. The dependent variable in this hypothesis is different education groups, while the dependent variables are FA, FB and FK which are normally distributed with a p-value of 0.056, 0.099, and 0.068 among the different educational groups. The analysis shows that FA, behavior, and knowledge are highly significantly related to educational variables with the value of $R^2=0.613$, 0.734, 0.540 respectively. This analysis also shows that different educational groups strongly impact the FA, FB and FK with a p-value of less than 0.05 among different caste groups. For this analysis, we achieved the power of 61.32% for a one-way ANOVA with 4 different educational groups.

The impact of socioeconomic factors i.e., impact of location on FA is represented by hypotheses H4b, H5b, H6c which estimates a significant difference between the different location groups in relation to FA, FB and FK. The dependent variable in this hypothesis is different location groups, while the dependent variables are FA, FB and FK which are normally distributed with a p-value of 0.616, 0.352, and 0.861 among the different educational groups. The analysis shows that FA, FB and FK are somehow highly significantly related to location variable with the value of $R^2=0.476$, 0.411, 0.677 respectively. This analysis also shows that different location groups strongly impact the FA, FB and FK with a p-value of less than 0.05 among different location groups. For this analysis, we achieved the power of 53.88% for a one-way ANOVA with 4 different location groups.

The impact of socioeconomic factors i.e., impact of income on FA is represented by hypotheses H4c, H5c, H6c which estimates a significant difference between the different income groups in relation to FA, FB and FK. The dependent variable in this hypothesis is income groups, while the dependent variables are FA, FB and FK which are normally distributed with a p-value of 0.080, 0.065, and 0.071 among the different caste groups. The analysis shows that FA, FB, and FK are moderately significantly related to income variable with the value of $R^2=0.392$, 0.357, 0.492 respectively. This analysis also shows that different income groups moderately impact the FA, FB, and FK with a p-value of greater than 0.05 among different income groups. For this analysis, we achieved the power of 67.31% for a one-way ANOVA with 4 different income groups.

| Hypotheses Testing Table- ANOVA |
|-----------------------------|-----------------|---------------|-------|-------|
| Hypotheses Number | Hypotheses Path | f-value | $R^2$ | p-value | Result |
| H1a | FA........A | 4.467 | 0.661 | 0.000 | Supported |
| H2a | FB........A | 5.793 | 0.624 | 0.043 | Supported |
| H3a | FK........A | 5.082 | 0.560 | 0.002 | Supported |
| H1c | FA........C | 1.766 | 0.335 | 0.152 | Not Supported |
| H2c | FB........C | 0.338 | 0.289 | 0.798 | Not Supported |
| H3c | FK........C | 0.538 | 0.371 | 0.656 | Not Supported |
| H4a | FA........E | 4.545 | 0.613 | 0.020 | Supported |
| H5a | FB........E | 4.464 | 0.734 | 0.000 | Supported |
| H6a | FK........E | 4.214 | 0.540 | 0.011 | Supported |
| H4b | FA........L | 4.821 | 0.476 | 0.000 | Supported |
| H5b | FB........L | 4.938 | 0.411 | 0.027 | Supported |
| H6b | FK........L | 4.981 | 0.677 | 0.046 | Supported |
| H4c | FA........I | 0.682 | 0.392 | 0.563 | Not Supported |

Table 2 continued on next page
The two-sample t-test based on mean value is applied to check the impact of psychographic factors on FA, represented by hypothesis H1b, H2b, H3b which estimates a significant difference between the gender groups concerning FA, FB and FK. The dependent variable in this hypothesis is gender, while the dependent variables are FA, FB and FK which are normally distributed with a p-value of 0.881 and 0.763 among the different groups. Firstly, Levene’s test is used to check the variability between the gender groups concerning FA, FB, and FK. In all the cases, the p-value for Levene’s test is greater than 0.05, which shows the variances are equal across the two groups. The obtained result indicated that no significant difference was observed between the groups when analyzing the relation between gender and FA with a p-value of 0.693. However, a significant difference was observed between the gender’s financial literacy regarding FB and FK with a p-value of 0.002 and 0.020 respectively.

### Relationship between FA, FB and FK

The correlation between the three aspects of financial literacy has been determined to evaluate the link between FK, FA and financial behaviour (Table IV). The findings of the correlation study indicate a positive link between FK and FB, although the degree of relationship is much smaller. Thus, the concept of high FK leading to positive FB and favorable FA is supported. Furthermore, the less associated level between the three dimensions employed in our measurements of financial literacy i.e. FK, FA and FB justifies such a combined measure to determine the population’s level of financial literacy.

### Table 2 continued

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<th>Hypotheses Number</th>
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<td>0.357</td>
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<td>H6c</td>
<td>FK........I</td>
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### Table 3. Hypotheses Testing Table- Two-Sample Test

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<td>H1b</td>
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<td>0.240</td>
<td>0.652</td>
<td>0.693</td>
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<td>H2b</td>
<td>FB........G</td>
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<td>3.893</td>
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<tr>
<td>H3b</td>
<td>FK........G</td>
<td>0.257</td>
<td>2.887</td>
<td>0.020</td>
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</table>
The study does not cover public policy initiatives and technological development in the area of financial inclusion. Thus, the future direction is to build a comprehensive indicator of financial inclusion reflecting determinants like public policy and technological progress in the analysis.

7. LIMITATION

The survey was collected from different segments of Rajasthan districts, focusing on the rural and semi-urban segments. The survey was proposed to be carried out in 20 households per Cluster (village or semi-urban area). The district-wise urban samples were distributed within towns/cities in proportion to their population reported in Census 2011. The wards within the town/cities were selected using Probability Proportional to Size (PPS) methodology. Similarly, villages were also chosen at block level through “Probability Proportional to Size” (PPS) methodology. The survey of rural areas was carried out in 20% of the blocks within each district, which was also selected through PPS methodology. The household within the cluster was selected through Right Hand Standard Random Route Methodology.” Under the right hand standard random route methodology, every dwelling unit after a pre-defined interval on the right-hand side along the route was approached for the survey. Generally preferred starting point was an important junction or landmark (such as village gate, temple, pond, etc) within the cluster. The limitation of the survey was:

· The survey was only confined to Rajasthan, focusing mainly on the rural and semi-urban segment. It may therefore not show the pattern applicable throughout the country. Since, majority of sample belong to the age group of 25-49 years, therefore, respondents may biased in answering specific questions.
· Some respondents were even reluctant to divulge personal information, which may affect the validity of some responses.
· The study was carried out for the limited time-period from July, 2020 to Feb. 2021.

8. DISCUSSION & RECOMMENDATIONS

The objective of the study was to analyze the impact of socioeconomic and psychographic factors on financial literacy in semi-urban and rural India. The study examined financial literacy via three factors financial attitude, financial Behavior and Financial Knowledge. The result of the study suggests that age and education impact the behavior and attitude of people significantly in rural areas, which enhance financial literacy levels among the people. Education is affecting a majority of aspects of financial knowledge and Financial Behavior of respondents like ‘Financial Management, ‘Living Expenses in comparison to income’, ‘Understanding of Simple Interest & Compound Interest’ and

<table>
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<th>FA</th>
<th>FB</th>
<th>FK</th>
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<td>Sig. (2-tailed)</td>
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<td>Sig. (2-tailed)</td>
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Table 4. Hypotheses Testing of Relationship
‘Timely Bill Payments’ which states that respondents with the low level of education are less likely to be financially active, aware & agile.

Occupation affects aspects such as ‘Preparation of Monthly Budget’, ‘Understanding of Simple Interest & Compound Interest’, ‘Timely Payment of Bills’ & ‘Understanding of Diversification of money’ which signifies that respondents with service & business as their occupation have a score over the others in these financial aspects. Annual Income affects the Financial Knowledge and Financial Behavior aspects of respondents such as ‘Understanding of Simple Interest & Compound Interest’, ‘Understanding of Diversification of money’, ‘Buying Behavior’, ‘Timely Bill Payments’ which signifies that respondents with high Annual Income are having a better score over the others with low annual income in these aspects & are more likely to understand the concept S.I., C.I., diversification of money & pay their bills on time because of no or little financial constraints.

Gender affects the ‘Understanding of Compound Interest’ & ‘Diversification aspect of money’ parameters, which implies that women with generally low education levels are the weaker section to understand the complex mechanism of calculating Compound Interest & Diversification of Money compared to men. This affect the ‘Financial Attitude’ of respondents with all the three aspects viz. ‘Living Expenses more than Income’, ‘Sources of meeting the excess living expenses,’’ & ‘Setting of long-term financial goals,’ which reduce financial knowledge.

Household Structure of respondents is affect the ‘Financial Attitude’ of ‘Saving over Spending’ & ‘Money is to be Spend’ stating that the respondents with joint & nuclear families tend to be more inclined towards Saving Money than single respondents. Household Structure is also influence the ‘Budget’ & ‘Financial Manager’ aspects of respondents with persons with joint & nuclear families more likely to frame monthly household budgets & have anyone specific as ‘Financial Manager’ of family.

The results found from the study confirmed prior expectations and previous studies, by pointing out that age and education has a significant impact on financial literacy (Rai et al., 2019; Barik & Sharma, 2019; Ozili, 2020), Occupation (Yoshino et al., 2017; Worthington, 2009; Morgan et al., 2019) and annual income affects the financial knowledge and financial behavior (Hastings & Mitchell, 2011), women are having lower financial literacy levels (Lusardi and Mitchell, 2014 & Bucher-Koenen et al., 2016) and joint & nuclear families tend to be more inclined towards Saving Money than single respondents (Mouna & Anis, 2017; Servon Kaestner, 2008; Mottola, 2013).

9. CONCLUSION

Financial inclusion has significant relevance to the development of the economy and has become a worldwide issue. It is essential to know the level of financial inclusion and the reason behind not using the financial services by the people and linked to the banking system even if they have been provided all the services at their doorstep. The paper has analyzed & interpreted the impact of socioeconomic and demographic factors on financial inclusion in India. The comprehensive research in studying the impact of socioeconomic and psychographic factors on financial inclusion reveals that people are concerned about saving money for their future. Still, there is enormous scope for better utilization of savings. Although financial inclusion is making its way in India, its mass penetration still has a vast scope. Financial literacy, camp awareness programs, advertisements will indeed promote financial Inclusion in India. The study does not cover public policy initiatives and technological development in the area of financial inclusion. Thus, the future direction is to build a comprehensive indicator of financial inclusion reflecting determinants like public policy and technological progress in the analysis.

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