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A STUDY ON EVALUATING THE IMPACT OF FINANCIAL LITERACY ON FINANCIAL INCLUSION AND FINANCIAL WELLBEING OF THE TRAFFIC POLICE

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Keywords

Financial Literacy,
Financial Well-Being,
Traffic Police,
Structural Equation Model,
SEM.

Abstract

The capacity to make educated financial decisions is crucial for individuals to improve their financial situations and general well-being, and financial literacy equips them with the necessary information. Traffic police officers are crucial for maintaining public safety and regulating traffic. The objective of this study is to evaluate the impact of financial literacy on the financial inclusion and financial wellness of traffic police personnel. The technique employed in the study is Structural Equation Modelling. The findings of the study indicated that there is a significant impact of financial literacy on financial inclusion and financial well-being.

1. INTRODUCTION

The concept of financial well-being has been studied by many different academicians. Research has been done throughout the years on financial well-being (FWB), how it is defined, and how it relates to other factors including financial behavior (FB), Financial Stress (FS), and financial literacy (FL). To improve FWB, one must first comprehend what it entails and then implement wise tactics to improve one's financial situation, which is especially important in difficult times. Navigating the intricacies of the financial systems requires someone to have sufficient FL and strategic planning abilities. Numerous studies have shown that understanding FL concepts, such as "emergency savings and corporate retirement plans" may have a significant impact on one's immediate and long-term financial health (Henager & Cude, 2016). Additionally, FL can lessen the consequences of economic instability, including crises like "unemployment, mortgage foreclosure, and bankruptcy" (Bowman et al. 2017). Financial stability has been shown to lessen the stress and anxiety brought on by financial crises (Bruggen et al., 2014; Netemeyer et al., 2018).

This evaluation can be linked with both objective financial situations and subjective traits, covering perceived and real financial knowledge, financial confidence, self-regulation, self-worth, (FB), and financial stress (CFPB, 2017; Sorgente & Lanz, 2017). Still, much research on financial well-being overlooks the interrelationships among all relevant components in a significant degree. Furthermore, there has been little empirical research aiming at creating a conceptual framework and evaluating it with national data. Previous research has looked at financial situations utilizing young adults and college students as the sample group (Limbu & Sato, 2019; Braun Santos et al., 2016). Moreover, it has characterized financial well-being using expected future security and current stress, without implying structural or hierarchical relationships among the factors (Netemeyer et al., 2018).

This study aims to evaluate the impact of (FL)on the financial inclusion and well-being of traffic police, a group usually overlooked in studies on financial behavior. The traffic police personnel play a critical role in ensuring the safety of the public and maintaining the law and order of the roads. They face a lot of financial challenges due to their demanding work schedules, health issues due to longer duty hours, very limited access to financial resources, as well as financial awareness. Thus, this study aims to highlight existing gaps and opportunities for financial empowerment of the traffic police personnel.

2. REVIEW OF LITERATURE

1. Fan & Henager (2022)

Intended to establish a conceptual framework for comprehending financial well-being and to experimentally validate this framework utilising data from 2018 "National Financial Capability Study". "Financial pleasure, short-term financial behaviour (FB), and perceived financial competence significantly affected financial well-being, while financial stress and long-term financial conduct showed a negative and direct link with financial well-being." Furthermore, attributes associated with "financial perception and knowledge, financial stress, and short-term (FB)" exerted substantial indirect impacts on financial security.

2. Çera, G., et al. (2021).

Intended to investigate the mediating function of (FB) in the combined impact of (FL)and (FI) on the financial capability of individuals. Enhanced financial capability can be achieved through increased access to financial services, positive (FB), and improved financial knowledge, according to the research. Financial capability and financial knowledge are connected by (FB), which has emerged as a critical mediator. Additionally, the behavioural pathway was identified as a critical mechanism in the development of financial capability, as the indirect effects of financial knowledge and financial attitude on financial capability were found to be substantial.

3. Philippas, & Avdoulas (2021).

Investigated the interrelationship between "financial literacy, financial fragility, and financial well-being," as well as their determinants. It endeavoured to offer innovative perspectives by concentrating on Gen Zs university students in Greece. The research indicated that children who consistently track their expenditures, are male, and have highly educated fathers had elevated levels of financial literacy. The research revealed that financially literate students had greater resilience when confronted with unexpected financial disturbances, indicating reduced financial fragility.

4. Hasan, et al. (2021)

Investigated the influence of (FL) on financial access in rural areas, with a particular emphasis on fintech, microfinance, and banking channels. The research revealed that access to financial services is significantly influenced by financial knowledge. Profession, income level, and awareness of fundamental financial operations, including depositing, withdrawing, and comprehending interest rates, were among the most significant determinants. These results indicate that there is a pragmatic influence on the capacity of individuals to interact with formal financial services.

5. Morgan, P. J., & Long, T. Q. (2020)

Evaluated the impact of "(FL) on savings behaviour and (FI) in Laos by employing a more expansive definition of (FL)that includes financial knowledge, behaviour, and attitudes." The study indicated that (FL) has a statistically pragmatic effect on both (FI) and savings behaviour. The degree to which (FL) impacted (FI) differed across many parameters. When considering income and education, persons with elevated (FL) scores were more inclined to save via both official and informal methods.

6. Garg, N., & Singh, S. (2018)

Assessed the level of (FL) among youth globally through previous studies. The research demonstrates that the (FL) levels among youth are predominantly poor worldwide, resulting in significant worry. The (FL) level of youth is determined by several "socioeconomic and demographic characteristics, such as age, gender, income, marital status, and educational achievement." Additionally, there is a correlation between "financial knowledge, financial attitude, and financial behaviour.

3. OBJECTIVES OF THE STUDY:

1. To analyse the impact of financial literacy on financial inclusion & financial well-being of the traffic police.
2. To give suggestive measures to enhance financial literacy, promote financial inclusion and improve financial well-being of the traffic police.

Hypothesis:

H1: The impact of (FL) on financial inclusion of the traffic police is significant.
H2: The impact of (FL) on financial well-being of the traffic police is significant.

4. RESEARCH METHODOLOGY:

Table No: 1 Research Methodology

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Aspect	Details
Sample Size	175 Traffic Police (Minimum necessary sample size: 156)
Sample Size Determination	According to A prior Sample Size Calculator for SEM; Effect Size = 0.3, Statistical Power = 0.9, Number of Latent Variables = 3, Number of Observable Variables = 17, Probability Level = 0.05
Sampling Method	Non-random purposive sampling
Data Gathering Methods	Primary and secondary data
Analytical Method	Structural Equation Model (SEM)
Analytical Tool	SMART PLS

Data Analysis and Interpretation:

Table No: Reliability and validity

Construct	Beta Co-efficient	T-statistics	P-Value
(FL)	0.907	0.900	0.645
Financial Inclusion	0.900	0.906	0.617
Financial Well-Being	0.890	0.890	0.575

Since all values align with the suggested criteria established by Hair et al. (2013), we may ascertain that appropriate reliability and convergent validity are present.

Table No: Discriminant validity

Construct	Financial Inclusion	(FL)	Financial Well-Being
Financial Inclusion	0.803		
(FL)	0.774	0.785	
Financial Well-Being	0.763	0.753	0.758

According to the Fornell-Larcker criterion, it may be inferred that the notions are different and that appropriate discriminant validity exists.

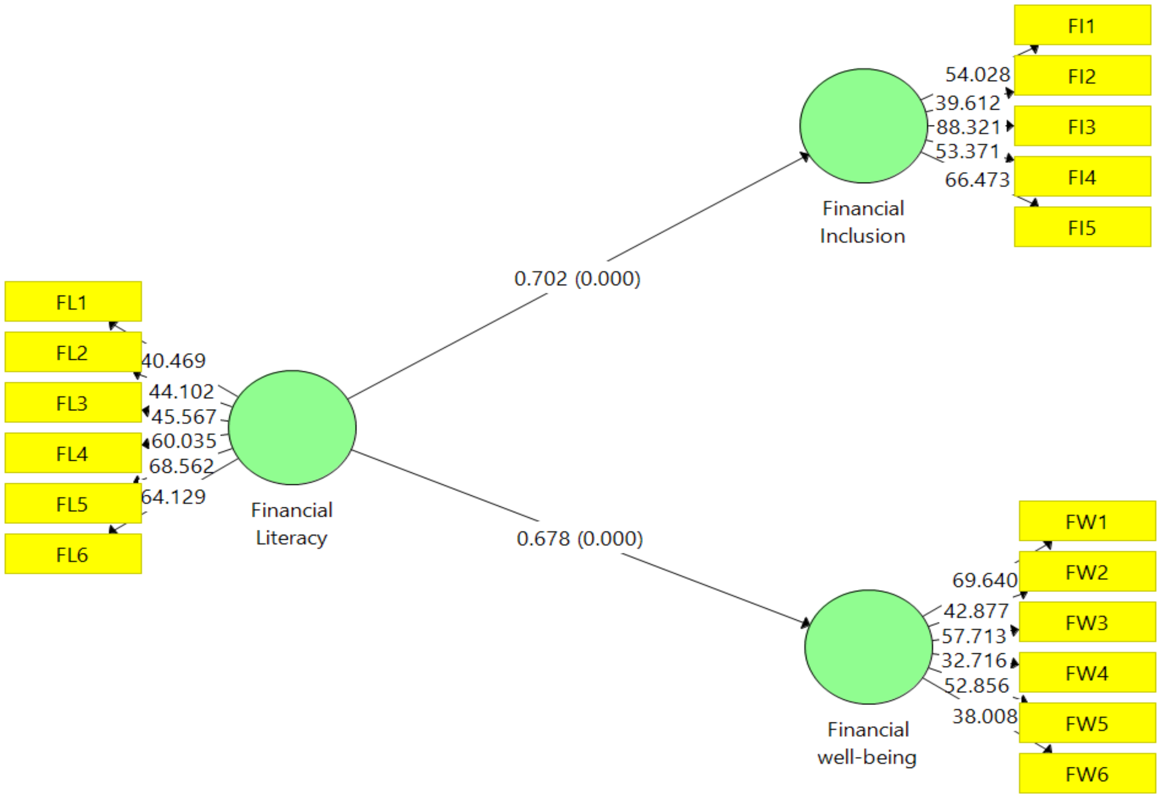

Figure No 1: SEM model

Table No: Hypothesis testing

Construct	Beta Co-efficient	T-statistics	P-Value
(FL)→ Financial Inclusion	0.702	26.835	0.000
(FL)→ Financial Well-Being	0.678	23.805	0.000

The P-value is less than the 5% significance threshold, leading to the rejection of the null hypothesis (H0) and the acceptance of the alternative hypothesis (H1) in all instances, demonstrating a substantial effect of (FL)on financial inclusion and financial well-being.

5. CONCLUSION

The results of the studies clearly show how important (FL)is to improve financial well-being and support financial inclusion. Better financial knowledge, behavior, and attitudes help people to use financial services more wisely, therefore improving their general financial stability and quality of life. Those who are financially literate are more likely to create smart investment plans, avoid financial fraud, and reduce their financial stress. This improves their financial situation and supports the main goals of economic development and stability of finances. Therefore, especially among underprivileged and at-risk populations, improving (FL)not only raises involvement in the official financial system but also fosters long-lasting financial resilience and well-being.

Suggestions:

To increase financial literacy, promote financial inclusion, and raise traffic police officers' financial

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well-being, the government has to provide mandatory financial literacy training courses including budgeting, saving, insurance, digital banking, and investment planning.

While police departments should collaborate with banks and other financial institutions to offer regular awareness seminars, banks, and other financial solutions must be tailored to meet the particular needs of traffic police.

Digital payment companies have to provide useful training on safe digital transactions, welfare organisations have to create financial counselling sections to provide individualised support.

A financially strong and resilient police force will result from including financial education into police training, registering officers in government social security programs, using voluntary savings deduction systems, and planning outreach events for police families.

6. AUTHOR (S) CONTRIBUTION

The authors agreed to have no connections or engagements with any group or body that provides financial and non-financial assistance for the topics and resources covered in the article.

7. CONFLICT OF INTEREST

The author(s) declared that no potential conflict of interest concerning the research, authorship, and/or publication of this article.

8. PLAGIARISM POLICY

The authors declare that any kind of violation of plagiarism, copyright, and ethical matters will be handled by all authors. Journalists and editors are not liable for the aforesaid matters.

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