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A Study on Financial Literacy and its Impact on Decision-Making Capability among the Faculty of Paro College of Education

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Abstract

This research examines the level of financial literacy among the faculty of Paro College of Education (PCE) and the impact of financial literacy on financial decision-making capability of faculty of PCE. The survey data was obtained from 43 faculty using semi-structured questionnaire. The questionnaire comprises of three Sections (i.e. A, B and C). The questionnaire has been standardised to likert scale to obtain accurate understanding on those parameters. Section A covers the demographic information of the respondent; section B covers the question of financial literacy where the question is typically set to understand respondent's knowledge, practice and attitude. Section C finds out the question of respondent's decision-making capability on the parameter of spending, saving and investments. The data collected from the primary source are analysed using descriptive statistics such as frequency, mean, percentage and correlation. The finding shows that the respondents with high financial literacy generally exhibit more favorable saving behavior and respondents with low financial literacy tend to display lower saving behavior. The Financial Literacy and Saving have a strong positive correlation, and this correlation is statistically significant. Whereas Financial Literacy with Spending and Investment are not statistically significant and the respondents are using their major income for spending compared to saving and investment.

Keywords— Financial literacy, saving, spending, investment, decision-making

1 Introduction

1.1 Background

"Financial literacy not only involves the ability to count your money, it also tests your ability to evaluate the cost and benefit associated with each decision you make" - Wayne Chirisa.

According to Raquepo [1], "Financial literacy is the ability to understand how money works: how someone makes, manages and invests it, and also expends it". Financial literacy allows individuals to understand financial concepts and make informed decisions related to their finances and with financial literacy, individuals can avoid common financial mistakes such as overspending, and taking on too much debt.

Financial literacy is an essential skill for individuals to manage their personal finances effectively. In Bhutan, financial literacy is becoming increasingly important as the country continues to develop economically. In Bhutan, there is a lack of financial literacy among individuals, especially in rural areas. According to the World Bank's Global Findex database, only 23% of Bhutanese adults have an account with a formal financial institution, and only 11% of Bhutanese adults have saved money in the past year [1]. The lack of financial literacy can lead to poor financial decisions, such as taking out high-interest loans or not saving enough for emergencies or retirement. Improving financial literacy in Bhutan faces several challenges. One of the major challenges is the lack of financial education and resources available to individuals, especially in rural areas. Despite these challenges, there are several strategies to enhance financial literacy in Bhutan. One such strategy is to promote financial education in schools. By introducing financial literacy topics in the curriculum, students can learn about financial concepts early on, which can help them make informed financial decisions in the future [2].

Another strategy is to provide financial education and resources to adults. Financial institutions can offer financial education workshops or provide financial literacy resources on their websites. Additionally, employers can offer financial education and resources to their employees, which can help them make informed decisions about their finances [3].

Financial literacy in Bhutan is recorded with the rate of adults, 73% for males and 54% for females from the total population (Bhutan population, 2021). Higher education level has been linked to greater financial literacy, while lower education level has been linked to poorer financial literacy, according to research. While having a good income is important, gender might also differ in terms of financial awareness and decision-making ability [4]. Paro College of Education (PCE) was established on November 4, 1975. It started as a pre-school care teacher training Centre (TTC) located in the beautiful Rinpung campus in Paro. This initiative showcased the Royal Government's commitment to building a self-reliant and sustainable education system for Bhutan. Initially, the college had eight female students and a demonstration school. Over the years, it grew in size and stature, eventually being renamed as Paro College of Education in 2003. Today, it is a leading institution for teacher education in Bhutan, contributing to the nation's educational development. Paro College of Education operates on two campuses: Rinpung and Nangka Choeling. The Nangka Choeling campus was officially opened by Her Majesty Gyalyum Dorji Wangmo Wangchuck on November 18, 1999. The college was initially known as the National Institute of Education (NIE) and offered its first bachelor's program in education in 2000 and in 2006, it was merged with the Royal University of Bhutan.

Paro College of Education currently offers a wide range of programs, including diplomas, undergraduate degrees, postgraduate degrees, and master's programs. These programs cover important areas such as early childcare and development, primary education, secondary education in the national language (Dzongkha), health and physical education, inclusive education, and educational leadership studies. The college provides education through both full-time and part-time modes. Additionally, PCE has a dedicated team of academic staff who engages in research activities and offer support to government agencies and civil society in terms of policies and programs.

This study has emphasized on understanding the level of financial literacy among the faculty of Paro College of Education (PCE). This research has conducted on a particular organization which is PCE. PCE has been chosen as the place of study because of its convenience to reach the respondents. It is a teacher training institute where the majority of the observant are considered highly intellectual by the nature of the job that they provide education to the educators. Since PCE is an educational sector, it has expected of having higher financial literacy among the faculty. This

study aims to verify and validate the assumption.

1.2 Problem Statement

With the modernization, people are giving more importance towards management of their lifetime investments, financial planning, and spending decisions. People who are financially literate not only handle their money more confidently, but also stand a better chance of navigating the unavoidable ups and downs of their financial futures by understanding how to manage and develop solutions when they emerge. Everybody should be knowledgeable about financial literacy in order to survive the complex financial world because it is just as important skill as reading, writing, and computing [4]. Learning and putting into practice a variety of budgeting, debt management, and investment product understanding abilities are all part of becoming financially literate. Basic actions to better the personal finances include making a budget, monitoring the spending, being cautious about making on-time payments, being economical with savings, frequently monitoring the credit report, and investing for the future [5].

However, poor financial literacy hinders the saving culture, where people spend extensively to improve their standard of living and purchase luxuries. According to Warke and Warke 5[5] states that "poor financial decisions may be made as a result of a person's lack of financial literacy, which may have an adverse effect on that person's financial stability. The development of one's financial literacy is a way of increasing one understands of numerous financial ideas".

Despite the growing importance of financial literacy in modern society, there remains a significant gap in understanding financial concepts and decision-making capability. This lack of financial literacy can have serious consequences for individuals and communities, including poor financial decision-making, increased debt, and reduced economic opportunities (Lusardi, 2019). Moreover, the impact of financial literacy on decision-making is not fully understood, and more research is needed to determine the relationship between financial literacy and decision-making outcome. Therefore, there is a need for further research on understanding the level of financial literacy and making financial decisions.

1.3 Research Question

This research attempts to answer the following question:

1. How does the financial decision-making capability of the lower level of financial literacy differ from a higher level of financial literacy helps in saving, spending, and investment?

1.4 Objectives

- To study the level of financial literacy among the faculty of Paro College of Education (PCE).
- To study the impact of financial literacy on the financial decision-making capability of the faculty of PCE.

2 Literature Review

The financial literacy encompasses a broad range of knowledge and skills related to personal finance and financial decision-making. Some of the key components of financial literacy includes; financial attitudes, financial knowledge, and financial perception. Appropriate knowledge is needed in order to manage financial resources successfully. This knowledge involves making personal financial decisions regarding asset building, insurance, investment, and tax planning. Lack of sufficient financial literacy has a detrimental effect on a person's financial health [5]. Financial literacy has been identified as

a crucial ability for anyone operating in an environment where the financial landscape is becoming more complex. People who are financially literate are better able to assert themselves and make more effective decisions in their daily financial dealings. The study's findings indicate that people have a respectable level of financial literacy. Analysis of people's financial behavior revealed that the majority of them demonstrated fairly positive financial behavior. Additionally, it has been found that financial literacy can improve people's knowledge and decision-making skills, which will ultimately result in better financial behavior [6].

Sekar and Gowri [8], surveyed 189 and the total financial literacy level of 50.90% among all respondents are not encouraging. This demonstrates how few individuals in the city are aware of their financial problems. The study's findings indicate that, depending on numerous demographic and socioeconomic criteria, the level of financial literacy among respondents varies greatly. While age is unaffected by financial literacy, gender, education, income, marital status, and the number of dependents all have an impact.

The need of having a high degree of financial literacy and personal finance skills is never-ending, especially for young people and students. The purpose of this study is to see if there are any variations in financial literacy and logical financial decision-making among students at Umea University's various faculties. This is done within the framework of prior studies and research on financial literacy, utility, and rationality. An online poll was used to collect data for a quantitative investigation. Two comparisons were done between the Business Administration students in the reference group and each of the four faculties. The first comparison was about financial literacy, and the second was about logical financial decision-making. The results demonstrate that the reference group has more financial literacy, but they are not different when it comes to rational financial decision-making. The study also looked into the connection between financial literacy and sensible financial decision-making. These two variables were subjected to a correlation test, and the findings revealed that they were independent of one another [6].

Agarwal, et.al [9] states literacy is an important sign of progress. People are increasingly conscious of the importance of education nowadays, yet literacy alone is insufficient. Financial knowledge is becoming increasingly important. Individuals with financial literacy can navigate the financial world, make informed investment decisions, and reduce their chances of being deceived. Furthermore, women should be aware of it, especially since they make many household decisions. However, due to a lack of knowledge about investing options, they are uninterested in managing investment decisions. This paper intends to investigate respondents' saving decisions, as well as their awareness of investment avenues and the investment patterns of both teaching and non-teaching female workers in the education sector of the Jhansi District. The main conclusions are that most working women are aware of investment opportunities and put their money in bank and post office fixed deposits.

While many resources are available in Switzerland to help people improve their financial understanding, this research shows that financial literacy is generally low across nations. A quantitative online poll of Swiss youth was done to get the data. Overall, there were significant demographic disparities in financial literacy levels for the gender and education variables. For starters, young males have greater financial literacy scores than women and invest more. Furthermore, people with a university degree performed better on financial literacy questions than those without, and they were more willing to invest. However, there was no way to draw any conclusions about the association between income and financial literacy. The biggest reason for people not investing is a lack of understanding. Individuals with lower financial literacy, unsurprisingly, make more financial blunders, save less for retirement, and accumulate less wealth throughout their lifetime [7].

Financial literacy is becoming increasingly important as it is becoming increasingly crucial for individuals to gain the skills necessary to live in modern society and cope with the rising range and complexity of financial products and services offered. Financial literacy is defined as the capability to make educated decisions and make efficient financial decisions. Individuals can use it to improve their overall well-being and plan for their future stability. The study's major goal is to examine

the level of financial literacy among college students by assessing the impact of several demographic parameters such as gender, age group, the discipline of study, level of study, annual household income, parent's occupation, and the students' source of money [8].

3 Methodology

3.1 Research Design

The study has followed the descriptive research design in understanding the financial literacy and their financial decision-making capability.

3.2 Sampling Design

The study has used purposive sampling methods to choose PCE as the place of study. The faculty of PCE are the population from which the sample for this study was determined. Since the total population is less than hundred which is 65, all the 65 faculty are taken as sample size.

3.3 Response Rate

Out of 65 sample size, only 43 responses were gathered. Since some did not participate and others being unavailable.

3.4 Data Collection Methods

The required data for this study was collected through the primary source. The tools used for the data collection was mainly through semi-structured survey questionnaire.

The questionnaire comprises of Three Sections (i.e. A, B and C). The questionnaire has been standardised to likert scale to obtain accurate understanding on those parameters. Section A covers the demographic information of the respondent; section B covers the question of financial literacy where the question is typically set to understand respondent's knowledge, practice and attitude. Section C finds out the question of respondent's decision-making capability on the parameter of spending, saving and investments.

3.5 Data Analysis Methods

This study has employed descriptive statistics to understand the relationship between financial literacy and financial decision-making capability.

Descriptive statistics refers to the research representation that describes, show, and summarize the basic features of a dataset found in a given study, presented in a summary that describes the data sample and its measurements. For data analyses we have used frequency, percentage and mean.

3.6 Frequency and Percentage

Frequency in research refers to the number of times a particular event, behaviour, or characteristic occurs within a given sample or population. It is an important statistical measure used to describe the prevalence or occurrence of specific variables or phenomena in a study [9].

Percentages depict the relative frequency or proportion of a particular category or variable within a sample or population. Percentages are calculated by dividing the frequency of a specific category by the total number of observations and multiplying by 100. Percentages also provide a way to express the distribution of data in a more interpretable and standardized form. It helps to

understand the relative prevalence or occurrence of different categories or values within a dataset. By comparing the percentages across different groups or variables, it enables to identify patterns, differences, or associations within the research findings [10].

3.7 Mean

The mean, also known as the arithmetic mean or average, is a statistical measure that represents the central tendency of a set of values. It is calculated by summing up all the values in a dataset and dividing the sum by the total number of values.

The formula to calculate the mean is as follows:

$$\text{Mean} = \frac{\text{Sum of all Values}}{\text{Total Number of Values}} \tag{1}$$

This study has used Mean Score and interpreted the result as presented in Table 1.

Table 1: Interpretation of the Mean Score

Mean Score	**Interpretation (Level)**
4.00 – 4.99	Very High
3.00 – 3.99	High
2.00 – 2.99	Moderate
1.00 – 1.99	Low
0.00 – 0.99	Very Low
Note: (Researcher composes)	

3.8 Correlation

Correlation refers to a statistical measure that describes the relationship between two variables. It quantifies the extent to which changes in one variable are associated with changes in another variable. The correlation coefficient often denoted as "r," ranges from -1 to 1, where:

- A correlation coefficient of -1 indicates a perfect negative correlation, meaning that as one variable increases, the other variable decreases in a linear fashion.
- A correlation coefficient of 0 indicates no correlation, meaning that there is no linear relationship between the variables.
- A correlation coefficient of 1 indicates a perfect positive correlation, meaning that as one variable increases, the other variable also increases in a linear fashion [11].

3.9 Tools of Analysis

The Statistical Package for the Social Sciences (SPSS) software was used to compile and compute the data. Microsoft package was also being used for tabulation and graphical representation of data analysed.

4 Results and Discussion

4.1 Reliability Test and Demographic Information

A survey questionnaire of 33 questions were used for the study. These questions were further classified into 7 different themes to understand the financial literacy and decision making capabilities

of the participants. From 33 questions, 30 questions for 6 themes were 5 point Likert Scales (1= Strongly Disagree, 2 = Disagree, 3 = Neutral, 4= Agree, and 5 = Strongly Agree) and remaining 3 were interval scale. To ensure reliability, the pilot testing should be conducted. However, due to time constraint, pilot testing couldn't be conducted. Nevertheless, reliability statistical test was conducted for 33 items. The test indicates that there is reliability in the survey (Crohbach's Alpha = 0.688). According to Konting et al. (2009), a Cronbach's alpha value of 0.61 or higher suggests that the questionnaire's reliability is acceptable.

Table 2: Demographic information of participants

Category	Frequency	Percentage (%)
Age		
20–30	3	7.0
31–40	12	27.9
41–50	10	23.3
Above 50	18	41.9
Marital Status		
Single	9	20.9
Married	33	76.7
Designation		
Assistant Lecturer	4	9.3
Associate Lecturer	4	9.3
Lecturer	18	41.9
Assistant Professor	14	32.6
Associate Professor	3	7.0
Income or Earning		
Below 50,000	6	14.0
50,001–65,000	13	30.2
65,001–75,000	7	16.3
Over 75,001	17	39.5
Note: Compiled by the researcher		

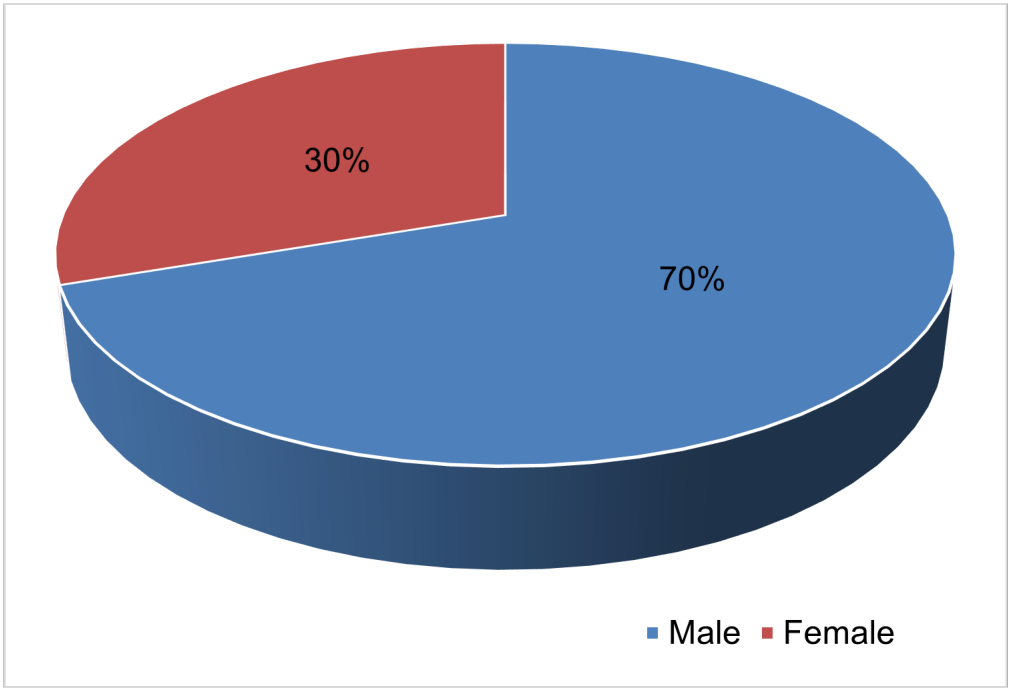


Figure 1: Demographic information of the participants based on gender

Table 2 presents the demographic profile of the respondents. The sample consisted of 43 participants, of whom 30 were male and 13 were female. The majority of respondents were aged above

41 years and were married (n = 33). In terms of professional designation, most respondents were lecturers and above. Additionally, the majority reported a monthly income exceeding Nu. 50,000.

Table 3: Level of Financial Literacy

Category	Mean	Standard Deviation
Financial Literacy	2.97	0.41
Knowledge	3.23	0.67
Practice	2.52	0.72
Attitude	3.17	0.50
Note: Compiled by the researcher		

The overall financial literacy level of respondents is moderate (M = 2.97, SD = 0.41). Among the three components, financial knowledge recorded the highest mean score (M = 3.23), followed by attitude (M = 3.17), while practice recorded the lowest mean (M = 2.52). This indicates that although respondents possess adequate financial knowledge and positive attitudes, the application of financial practices remains relatively weak.

Table 4: Decision-Making Capability

Category	Mean	Standard Deviation
Decision-Making Capability	3.31	0.56
Saving	3.15	0.83
Spending	3.58	0.74
Investment	3.21	0.79
Note: Compiled by the researcher		

The overall decision-making capability of respondents is moderate (M = 3.31, SD = 0.56). Among the three dimensions, spending recorded the highest mean score (M = 3.58), followed by investment (M = 3.21), while saving recorded the lowest mean (M = 3.15). This suggests that respondents are more inclined toward spending decisions compared to saving or investment decisions.

4.2 Correlation and Cross-Tabulation Analysis

The Spearman's rho correlation analysis reveals a statistically significant positive relationship between financial literacy and saving behavior (r = 0.496, p = 0.001). However, no statistically significant relationship was found between financial literacy and spending (p = 0.185) or investment (p = 0.891). This indicates that higher financial literacy is associated with improved saving behavior, while its relationship with spending and investment behavior is weak and statistically insignificant.

Table 5: Correlations between Financial Literacy and Saving Behavior

	Saving	Spending	Investment
3*Financial Literacy	Correlation Coefficient	0.496**	0.206
0.022			
	Sig. (2-tailed)	0.001	0.185
0.891			
	N	43	43
43			
***. Correlation is significant at the 0.05 level (2-tailed).*			
Note: Compiled by the researcher.			

The analysis shows a weak positive correlation between financial literacy and decision-making capability (r = 0.287). However, this relationship is not statistically significant (p = 0.062), indicating marginal significance.

This suggests that while individuals with higher financial literacy tend to demonstrate better decision-making capabilities, the relationship is not strong enough to be conclusive and may require a larger sample size for further validation.

Table 6: Correlations between Financial Literacy and Decision-Making Capability

Spearman's rho		**Financial Literacy**	**Decision-Making**
3*Financial Literacy	Correlation Coefficient	1.000	0.287
	Sig. (2-tailed)	.	0.062
	N	43	43
3*Decision-Making	Correlation Coefficient	0.287	1.000
	Sig. (2-tailed)	0.062	.
	N	43	43

Note: Compiled by the researcher.

The results indicate that respondents with higher income levels tend to demonstrate higher financial literacy. A larger proportion of individuals with high financial literacy fall within the higher income categories (above Nu. 50,000), suggesting a positive association between income level and financial literacy

Table 7: Cross-tabulations of Financial Literacy Level and Monthly Income

Monthly Income (Ngultrum)	**High Financial Literacy**	**Low Financial Literacy**	**Total**
Less than 50,000	2	4	6
50,001–65,000	7	6	13
65,001–75,000	4	3	7
Over 75,000	10	7	17
Total	**23**	**20**	**43**

Note: Compiled by the researcher.

The findings show that financial literacy tends to be higher among older age groups, particularly those aged 41–50 and above 51 years. In contrast, younger age groups (20–40 years) show a relatively higher proportion of low financial literacy. This suggests that financial literacy improves with age and experience.

Table 8: Cross-tabulation of Financial Literacy Level and Age Group

Age Group	**High Financial Literacy**	**Low Financial Literacy**	**Total**
20–30	1	2	3
31–40	4	8	12
41–50	9	1	10
51 and above	9	9	18
Total	**23**	**20**	**43**

Note: Compiled by the researcher.

The analysis reveals that lecturers constitute the largest group in both high and low financial literacy categories. Assistant professors and associate lecturers also show mixed levels of financial literacy.

Overall, no clear linear relationship is observed between professional designation and financial literacy. However, lecturers account for the highest number of respondents with both high and low financial literacy levels.

Table 9: Cross-tabulations of Financial Literacy Level and Designation

Designation	High Financial Literacy	Low Financial Literacy	Total
Assistant Lecturer	1	3	4
Associate Lecturer	2	2	4
Lecturer	11	7	18
Assistant Professor	8	6	14
Associate Professor	1	2	3
Total	**23**	**20**	**43**

Note: Compiled by the researcher.

4.3 Behavioral Analysis

Respondents with higher financial literacy demonstrate more responsible spending behavior, particularly in paying bills on time (M = 4.41). However, their habit of maintaining expense records is relatively weak (M = 2.57).

Similarly, respondents with lower financial literacy also demonstrate timely bill payment behavior (M = 4.70), but show even weaker expense tracking behavior (M = 2.10). Additionally, they tend to rely more on income when making spending decisions (M = 4.00).

Overall, while both groups demonstrate responsible financial obligations, individuals with higher financial literacy exhibit slightly more disciplined spending habits.

Table 10: Spending behavior of respondents

Spending Behavior Statement	High Financial Literacy	Low Financial Literacy
Before I spend on something, I consider whether I can afford it or not.	3.74	3.35
I pay my rent and bills on time.	4.41	4.70
I keep a record of my monthly expenses.	2.57	2.10
My spending depends on income I earn.	3.65	4.00
I avoid unnecessary expenses and only spend money on things that are important to me.	3.57	3.75

Note: Compiled by the researcher.

Table 10 shows the spending behavior of respondents. The respondents with the highest financial literacy level exhibit certain spending behaviors and they are more likely to pay their rent and bills on time (mean of 4.41), demonstrating a responsible approach to managing their financial obligations but individuals tend to keep a record of their monthly expenses is relatively low (mean of 2.57), it indicate that while they engage in this practice, it may not be a consistent habit for all of them. The respondents with the low financial literacy level have a slightly higher mean of 4.70 when it comes to paying their rent and bills on time, suggesting that despite their lower financial literacy, they may have a relatively high tendency to fulfill their financial obligations promptly. However, they are less likely to keep a record of their monthly expenses (mean of 2.10), indicating a lower emphasis on tracking their spending. Moreover, they have a higher mean of 4.00 in considering their income when making spending decisions, implying that they may rely more heavily on their income as a determining factor for their spending choices.

Overall, it indicates that higher financial literacy is associated with more responsible spending behaviors, including paying bills on time, and keeping a record of expenses. However, respondents with lower financial literacy levels display a mix of behaviors, exhibiting some responsible habits such as timely bill payments and prioritizing essential expenses, while also showing a tendency to rely more on income and potentially neglect keeping track of expenses.

Table 11: Saving behavior of respondents

Saving Behavior Statement	High Financial Literacy	Low Financial Literacy
I save whenever I receive money.	3.39	2.85
I save at least 5 percent of my monthly income.	3.35	2.45
I am interested in setting saving goals.	3.39	3.35
I increase my savings when my salary increases.	3.52	3.40
I am the kind of person who always looks to save money.	3.09	2.60
Note: Compiled by the researcher.		

Table 12 shows the investment behavior of respondents. The respondents with high financial literacy have a mean of 3.78, indicating that they tend to consider the risk associated with an investment before making a decision, and low financial literacy have a slightly higher mean of 3.90, suggesting that they may be even more inclined to assess the risk of an investment before proceeding. Respondents with high financial literacy have a mean of 3.48, indicating that they consider the potential return on investment before making an investment decision, and low financial literacy have a slightly higher mean of 3.60, suggesting that they may place a slightly greater emphasis on assessing the potential return when making investment decisions. Respondents with high financial literacy have a mean of 3.52, suggesting that they consider their income when making investment decisions, and low financial literacy have a slightly higher mean of 3.60, indicating that they may rely slightly more on their income when determining their investment decisions compared to those with high financial literacy. Respondents with high financial literacy tend to demonstrate habits such as considering both risk and return, consulting investment professionals, allocating income for investment purposes, and considering their income when making investment decisions. On the other hand, respondents with low financial literacy also display investment behavior but with relatively lower scores, indicating a relatively lower inclination to engage in these investment behaviors.

Table 12: Investment behavior of respondents

Investment Behavior Statement	High Financial Literacy	Low Financial Literacy
Before I invest, I always look at the risk.	3.78	3.90
Before I invest, I always look at the return.	3.48	3.60
I often consult with an investment professional when making investment decisions.	2.87	2.65
I always allocate income for investment purposes.	2.68	2.10
My investment decision depends on the income I earn.	3.52	3.60
Note: Compiled by the researcher.		

The findings indicate that respondents allocate significantly more income toward spending compared to saving and investment. The average spending score (M = 8.38) is more than double the combined averages of saving (M = 2.56) and investment (M = 2.38), indicating a strong consumption-oriented financial behavior.

Table 13: Distribution of Monthly Income

Variables	N	Mean
Saving	41	2.56
Investment	39	2.38
Spending	42	8.38
Note: Compiled by the researcher.		

Figure 2 shows that the average saving and investment mean scores of the participant's salaries are 2.56 and 2.38 respectively. However, the average spending mean score of their salary is 8.38. It shows that the average spending is more than double the average saving and investment.

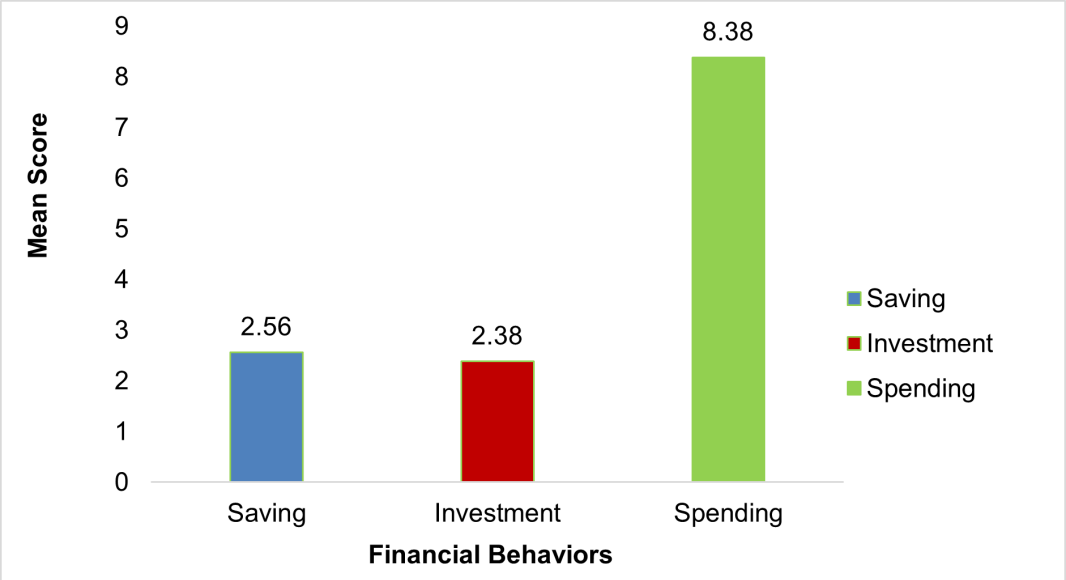


Figure 2: Distribution of Monthly Income

4.4 Summaries of Findings

4.4.1 Demographic Information

There are 30 male and 13 female participants. Most of the participants are 41 and above in age, while most of the participants are married (n=33 of 43). The distribution of financial literacy levels across different age groups. It seems that there are more individuals with high financial literacy in the older age groups (41-50 and 51 and above), while the younger age groups (20-30 and 31-40) have a higher proportion of individuals with low financial literacy. Finding of the distribution of financial literacy levels across different designations appears that the highest number of individuals with high financial literacy is among the Lecturer designation (11 individuals), followed by Assistant Professors (8 individuals). On the other hand, the highest number of individuals with low financial literacy is also among the Lecturer designation (7 individuals), followed by Assistant Professors (6 individuals).

4.4.2 Level of Financial Literacy

The overall financial literacy of the participants is moderate (M=2.97) with not much variation in their attitudes or opinions (S. D=0.41). The participants have higher knowledge of financial ideas (M=3.23) and the least practice of financial (M=2.52) with varied attitude. Respondents with high financial literacy generally exhibit more favorable saving behavior, such as saving whenever they receive money, saving a certain percentage of their monthly income, and actively seeking opportunities to save money. On the other hand, respondents with low financial literacy tend to display lower scores in this saving behavior, indicating a relatively lower inclination to save and engage in proactive saving behaviors.

4.4.3 Saving, Spending, and Investment Behaviors

The study shows higher spending behavior with mean score of 3.58, followed by investment (M= 3.21) and the saving (M = 3.15). The study found the overall financial behaviors of the participants as moderate (M=3.31) with not much variation in their attitude (S.D = 0.56).

4.4.4 Relation between level of Financial Literacy and Decision-Making Capability

The relation between financial literacy and the decision-making capability is found not significant statistically at 0.062 and spearman correlation of 0.287. This value indicates a week positive correlation between the two variables. It means that as Financial Literacy increases, there is a tendency for Decision-Making Capability to increase as well, but the relationship is not very strong.

4.4.5 Correlation of Financial Literacy with respect to Saving, Spending, and Investment

The study concluded that Financial Literacy and Saving have a strong positive correlation, and this correlation is statistically significant. Whereas Financial Literacy is positively correlated with Spending and Investment, but not statistically significant.

4.4.6 Distribution of monthly income as per Saving, Spending, and Investment

The study has found that, respondents are using their major income for spending compared to saving and investment. The average score of spending is twice as high as the average scores for saving and investment, with mean scores of 8.38, 2.56, and 2.38 respectively.

5 Recommendation

Based on the findings of this study, the following recommendation is proposed:

The finding shows that, the overall level of financial literacy amongst the respondent as moderate. Further the study indicated that respondents have low level of financial behaviors. From the three financial behaviors, saving, spending and investment, spending behavior is the lowest. Therefore, to improve the overall financial literacy of the respondents and financial behaviors, financial literacy programs and awareness should be conducted to make respondents more financially literate. Further financial literacy programs should not only aim to increase their knowledge but also emphasize the development of favorable financial practices and attitudes.

6 Conclusion

The study explored the financial literacy level and its impact on saving, spending, and investment behavior among the faculty of PCE. The findings revealed that the overall financial literacy level among the faculty was not high. While respondents demonstrated a certain level of financial knowledge, their financial attitudes and behaviors did not align with their knowledge. This indicates a gap between financial knowledge and financial behavior among the faculty members. The study emphasized the need for interventions and programs that go beyond enhancing financial knowledge and also focus on improving attitudes and promoting positive financial practices. The limitations for this study are, the research was conducted exclusively among the faculty of PCE, which limits the generalizability of the findings to other populations. Secondly, there was limited Bhutanese literature on financial literacy and it has given us challenges to draw the desired concept on financial literacy from Bhutanese context. Lastly, the study did not account for external factors that may influence financial behavior, such as economic conditions or personal circumstances. There is also future scope on exploring the level of financial literacy within different groups of population, larger sample size, and other external factors.

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