



# ASSESSING THE KEY DRIVERS OF FINANCIAL KNOWLEDGE AMONG ACADEMIC PROFESSIONALS

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## ABSTRACT

Financial knowledge is a vital competency that enables individuals to make informed decisions regarding budgeting, investments, debt management, and retirement planning. While much research has focused on students and the general population, academic professionals represent a unique group whose financial literacy directly impacts personal well-being and institutional financial practices. This study explores the key drivers influencing financial knowledge among university professors by examining socio-demographic, psychological, and environmental factors. Socio-demographic aspects such as age, gender, income, and educational background shape foundational financial understanding, while psychological variables, including financial self-efficacy, risk tolerance, and planning orientation, affect the application of knowledge. Environmental factors, such as access to financial education, institutional support, and peer influence, further reinforce literacy levels. By integrating these dimensions into a theoretical framework, the study provides insights for designing targeted interventions and educational programs that enhance financial literacy among academic professionals, ultimately promoting sound financial decision-making in higher education contexts.



## I. INTRODUCTION

Financial knowledge and literacy have become increasingly critical competencies in today's dynamic and complex economic environment. As individuals navigate a wide array of financial products, services, and investment opportunities, the ability to understand, interpret, and apply financial information is essential for effective personal and professional decision-making. While a considerable body of research has focused on financial literacy among students, young adults, and the general population, relatively little attention has been given to academic professionals, particularly university professors. This is an important oversight, as professors occupy a unique position in society: they are highly educated, intellectually analytical, and often responsible for guiding the next generation of students, yet their personal financial decisions and literacy levels can have broader implications for their own well-being as well as the financial functioning of the institutions they serve. Financial knowledge, in this context, is not merely about knowing the terminology of budgeting, investment, or debt; it also involves the practical ability to make informed and rational decisions that affect both short-term and long-term financial outcomes.

Financial literacy encompasses a variety of domains, including budgeting, investment strategies, debt management, retirement planning, and risk assessment. Each of these domains requires both cognitive understanding and behavioral application. For instance, a professor may understand the principles of asset diversification in theory but may lack the confidence or practical know-how to invest effectively in real-world markets. Similarly, knowledge of retirement planning instruments such as pension schemes, provident funds, or other investment portfolios requires both familiarity with the instruments and the capacity to integrate them into a coherent personal financial strategy. In academic settings, the assumption often arises that higher levels of formal education naturally correlate with superior financial literacy. However, research has demonstrated that education alone is not a sufficient predictor of financial competence. Even highly educated individuals may exhibit gaps in essential financial skills, particularly when it comes to practical application, behavioral tendencies, and risk-related decision-making.

A variety of factors can influence financial knowledge among university professors, spanning socio-demographic, psychological, and environmental domains. Socio-demographic factors such as age, gender, income level, educational attainment, and years of professional



experience play a substantial role. Older faculty members often possess more exposure to financial decisions over time, which can enhance practical knowledge and confidence in decision-making. Gender has been shown to influence self-perceived financial competence, with male academics frequently reporting higher confidence in their financial decision-making despite similar educational backgrounds. Income and financial stability provide access to financial tools, advisory services, and investment opportunities, which may further reinforce knowledge acquisition. Additionally, professional experience within academia often involves exposure to institutional budgeting, grant management, and administrative financial responsibilities, which can indirectly enhance an individual's personal financial literacy by providing practical insights into resource allocation and planning.

Psychological factors also significantly shape the acquisition and application of financial knowledge. Attributes such as financial self-efficacy, risk tolerance, long-term planning orientation, and attitudes toward money management influence how individuals perceive, interpret, and act upon financial information. Academic professionals with higher financial self-efficacy are more likely to engage proactively in budgeting, investment planning, and retirement preparation. Conversely, financial anxiety or uncertainty can impede the translation of theoretical knowledge into practical action. Behavioral finance research highlights that cognitive biases, heuristics, and emotional responses to risk can further mediate the relationship between knowledge and behavior. Professors who recognize and address these psychological factors are better positioned to convert their financial knowledge into sound decision-making practices.

Environmental factors, including access to financial resources, institutional support, and professional networks, provide additional avenues for enhancing financial literacy. Universities often offer workshops, seminars, or online training programs designed to improve personal finance skills. Faculty members who actively engage with these resources tend to exhibit higher levels of financial knowledge. Moreover, peer influence and organizational culture can shape financial attitudes, as observing colleagues making prudent financial decisions may encourage similar behaviors. Access to digital financial tools, such as online budgeting applications, investment simulators, and educational webinars, further supports knowledge acquisition and practical application.



The interplay between personal, psychological, and environmental factors underscores the multifaceted nature of financial literacy among academic professionals, highlighting the need for targeted interventions that address all relevant dimensions.

The purpose of this study is to examine and assess the key drivers that determine financial knowledge among academic professionals. By identifying these determinants, the research aims to provide insights for universities, policymakers, and educational program designers seeking to improve financial literacy among faculty members. This study adopts a theoretical perspective, reviewing existing literature on financial literacy, exploring socio-demographic and cognitive influences, and proposing a conceptual framework for understanding the factors that shape financial knowledge among university professors. Addressing this research gap is critical, as it bridges the broader field of financial literacy research with the unique context of academic professionals—individuals who operate at the intersection of expertise, responsibility, and financial decision-making capacity. Through this exploration, the study emphasizes the importance of recognizing both the personal and institutional factors that influence financial literacy, laying the foundation for interventions that enhance financial well-being and support the strategic financial functioning of higher education institutions.

## **II. LITERATURE REVIEW**

According to J. Gajendra Naidu(2017) in his study on financial literacy “Demographically India uses 2.4% of world’s land with 17.5% share in world’s population. The financial system of a country plays a key role in economic development. Since independence Indian leaders are aiming to eradicate poverty and turn India into vibrant, self –reliant global economy and embedded financial literacy needs in every citizen’s life. India is traditionally a country of enthusiastic savers (K N Narendra-2015). Indians are suffering from financial diseases like under insurance, debt trap, insufficient retirement fund and low return on investment due to low financial literacy”

Kamal Gupta et al. (2014), assessed the level of financial literacy amongst 87 micro Entrepreneurs of Kangra district of Himalaya Pradesh based on record keeping, various institutional awareness, savings, investment plans, savings management and various loan products. It is found that most of respondents are responsive of bank loans, less awareness about other financial institutions. Overall possess low financial skills which reflected in



deficient record keeping, poor cash management, improper savings habits, less awareness on financial products. Research suggested that to create more awareness and financial alternatives for well-being of micro Entrepreneurs

Lavanya Rekha Bahadur (2015), analysed two pillar of the economy: financial literacy and financial inclusion and its current scenario as well as common people perspective about financial instruments. Data collected from 202 Mumbai and thane district individuals. It is found that level of financial literacy is very low and suggested to encourage financial literacy from school level, national level programs and seep effort to the grass root level

K N Narendra (2014), discussed the role of Financial Planner in the era of overloaded information. Study suggested that the persistent and prolonged efforts by all stake holders to educate and bring down revolution in India.

Sumit Agarwal et al. (2010), examined investment behaviour, liability choice, risk tolerance and insurance usage of 1,694 Hyderabad respondents who are interested in personal finance. Data for analysis provided by Investment Yogi Financial Advisory Services. Majority of respondents are financially literate- they answered the numeracy, inflation and diversification questions correctly. Study found that majority of males with higher education level and aggressive investors are more literate than females and less educated.

### **III. THEORETICAL FRAMEWORK**

This study adopts a multidimensional framework to assess the drivers of financial knowledge among academic professionals. Drawing from Lusardi and Mitchell's (2014) financial literacy model, the framework incorporates socio-demographic, psychological, and environmental factors as primary determinants. Socio-demographic variables include age, gender, income, educational background, and years of professional experience. Psychological factors encompass attitudes toward money, financial self-efficacy, risk tolerance, and long-term financial planning orientation. Environmental factors capture access to financial information, institutional support, and participation in financial education programs.

According to human capital theory, investments in education and knowledge enhance an individual's ability to make informed decisions and improve outcomes. Applied to financial literacy, this theory suggests that academic professionals with greater exposure to education,



training, and experience are likely to develop higher financial knowledge. Behavioral finance theory complements this perspective by emphasizing cognitive biases, heuristics, and psychological tendencies that influence financial decision-making. Together, these theoretical perspectives provide a comprehensive lens for examining the key drivers of financial knowledge among university professors.

The framework posits that socio-demographic, psychological, and environmental factors interact to shape financial knowledge levels. For instance, a professor with extensive professional experience and access to financial training may exhibit high financial literacy, while one with similar education but limited engagement with financial resources may demonstrate lower knowledge. This interactional perspective underscores the importance of considering multiple dimensions rather than a single determinant when assessing financial literacy among academic professionals.

#### **IV. METHODOLOGY**

This research paper is conceptual and theoretical, focusing on synthesizing existing literature to identify the key drivers of financial knowledge among academic professionals. The study adopts a qualitative approach, analyzing previous empirical studies, theoretical models, and reports from educational and financial institutions. Sources include peer-reviewed journals, books, and authoritative publications on financial literacy, behavioral finance, and higher education.

The methodology involves a systematic review of the literature, identifying recurrent themes and variables that influence financial knowledge. Socio-demographic factors, psychological constructs, and environmental influences are categorized and analyzed in relation to their impact on financial literacy. The theoretical approach allows for the development of a conceptual framework that can guide future empirical studies and policy interventions. While no primary data collection is conducted in this theoretical study, the synthesis of prior research provides robust insights into the determinants of financial knowledge among university faculty.



## V. DISCUSSION

The literature and theoretical analysis reveal that financial knowledge among academic professionals is shaped by a complex interplay of factors. Socio-demographic variables such as age, gender, income, and education significantly influence literacy levels. Older faculty members, for instance, often demonstrate higher financial literacy due to accumulated experience with investments, retirement planning, and personal finance management. Gender differences persist, with male professors frequently exhibiting greater confidence in financial decision-making. Income stability provides the means to access financial services and tools, further reinforcing knowledge.

Psychological factors play a crucial role in mediating financial knowledge. Financial self-efficacy—the belief in one’s ability to manage financial matters—strongly predicts engagement with financial planning activities. Risk tolerance, long-term orientation, and proactive financial behavior enhance the application of knowledge to real-world decisions. Academic professionals with positive attitudes toward financial learning are more likely to seek information, participate in workshops, and adopt prudent financial behaviors. Conversely, financial anxiety or lack of confidence can impede literacy acquisition despite high cognitive ability.

Environmental and institutional factors are equally influential. Access to financial education, institutional support, and professional networks facilitates the development of knowledge. Universities that prioritize financial literacy training through seminars, online modules, or mentoring programs contribute to higher literacy levels among faculty. Peer influence and organizational culture also play a role; professors who observe colleagues engaging in sound financial practices may adopt similar behaviors. Digital resources, including financial planning apps, online courses, and webinars, provide additional avenues for knowledge enhancement.

The integration of socio-demographic, psychological, and environmental factors in a theoretical framework offers a nuanced understanding of the key drivers of financial knowledge among academic professionals. The interaction between these variables suggests that interventions aimed at improving financial literacy should be multifaceted. For example, programs targeting younger faculty may focus on practical investment strategies and long-



term planning, whereas workshops for mid-career professors might emphasize retirement optimization and risk management. Tailoring interventions to the specific needs and characteristics of academic professionals increases the likelihood of effective knowledge acquisition and application.

## VI. CONCLUSION

Financial knowledge among academic professionals is a critical competency that impacts personal well-being, professional decision-making, and institutional efficiency. This theoretical study identifies socio-demographic, psychological, and environmental factors as the primary drivers of financial literacy among university faculty. Age, gender, income, and education provide foundational knowledge, while attitudes, self-efficacy, and behavioral tendencies shape the application of financial skills. Environmental supports, including access to financial education, institutional initiatives, and peer influence, further enhance knowledge levels. The multidimensional theoretical framework presented in this paper underscores the need for comprehensive interventions that address the diverse determinants of financial literacy among academic professionals. Universities, policymakers, and financial educators can leverage these insights to design targeted programs that improve financial decision-making, promote prudent financial behaviors, and ultimately contribute to the well-being of faculty members. Future empirical research can validate the proposed framework, examine causal relationships, and explore the impact of specific interventions on financial knowledge acquisition. By understanding and addressing the key drivers of financial literacy, academic institutions can empower professors to make informed financial decisions and serve as role models for students and colleagues alike.

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