A Study on the Effects of the Persona on Financial Literacy

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Abstract
Financial literacy is the process through which people obtain an awareness of their financial status and learn how to strengthen it over time by instilling financial habits such as saving, budgeting, and planning that allow them to make sound financial decisions. It is the capacity to employ knowledge and skills to efficiently manage financial resources across a lifetime. Without financial literacy, one's decisions and actions regarding savings and investments may become unsteady and unsupported. This study examines the effects of Carl Jung's theory of the Persona on an individual's financial literacy. To solve this problem, a questionnaire was issued, and the sample was divided into two separate groups—one group being conscious of the Persona and the other being unconscious. A t-test was then conducted to compare and differentiate the two groups. Findings revealed that an individual's financial literacy is heavily influenced by their Persona. This study deduces that people who are conscious of their Persona possess a higher level of financial literacy as compared to their counterparts who remain unconscious of their Persona. Since this study proves that being conscious of the Persona indeed has positive effects on financial literacy levels, we must all take the necessary steps to "Integrate" the Persona into our ego consciousness.
Keywords: financial literacy, Persona, planning, education, unconscious

Introduction
Financial literacy means the ability to use information and skills pertaining to finance effectively for a prolonged period of time. Financial literacy is the process through which people obtain an awareness of their financial status and learn how to strengthen it over time by adopting financial habits such as saving, budgeting, planning, and making sound financial decisions.

Importance of Financial Literacy

The significance of financial literacy cannot be overstated. Financial literacy is essential because it helps people become self-sufficient and financially secure. This includes the capacity to save money, tell the difference between wants and needs, manage a budget, pay bills, buy a house, pay for college, and plan for retirement. Literacy helps individuals create a realistic roadmap to lead them through their daily lives while making prudent financial decisions.

A solid financial literacy foundation can help support a variety of life goals, such as saving for college or retirement, managing debt responsibly, and running a business. Financial literacy involves understanding how to devise a budget, make plans for retirement, manage debt, and track personal spending.

Essentials of Financial Literacy

Financial literacy is comprised of numerous financial variables and abilities that allow a person to acquire knowledge about successful debt and money management.

The following are the essential parts of financial literacy that should be followed:

1. Budgeting

In budgeting, there seem to be four major uses for funds that determine a budget: investing, spending, saving, and giving away.

Having a proper harmony between the key functions of money allows individuals to more effectively assign their earnings, which leads to financial prosperity and security.

A budget should, in general, be designed to pay off all existing debt while also allowing for savings and positive investments.

2. Investing

To become financially literate, one must first learn about the key components of investing. Some of the components that should be learned include interest rates, price levels, diversification, risk reduction, and indices.

Learning about important investment components enables people to make better financial decisions, which may result in an increase in income.

3. Borrowing

At a certain point in their lives, almost everyone will need to borrow money. Understanding interest charges, interest rates, payment periods, the time value of money, and loan structuring is crucial for successful borrowing. If the above-mentioned points are understood immaculately, a person will improve his financial literacy and will be able to provide well-formulated borrowing guidelines, thereby reducing long-term stress.

4. Taxation

Knowing the different types of taxation as well as how they effect a person's net income is essential for acquiring financial literacy. Employment, inheritance, rental, investment, and unanticipated income are all taxed differently. Through income management, knowledge of the various income tax rates supports financial stability and improves economic health.

5. Personal Financial Management

Personal financial management, the most significant factor, comprises all of the preceding components.

Financial stability is attained by balancing the financial components listed above in order to improve and expand savings and investments while minimising borrowing and debt.

An individual's financial literacy will improve if they have a good understanding of the financial components outlined above.

The Persona

Carl Jung, a Swiss psychoanalyst, identified the Persona as a sort of mask, crafted on one side to make a specific impression on others as well as to obscure the real nature of an individual. Initially, the term "Persona" alluded to a theatrical prop worn by actors to portray the roles they played. According to Carl Jung's psyche model, the Persona exists between our ego and society. **It must be duly noted that every single individual has a Persona. The difference arises in the fact whether the individual is conscious of that Persona or not.**

If one is able to discern a behavioural change with respect to the situational environment, one can be said to be conscious of the Persona. If one observes no such change, he or she is believed to be unaware or unconscious of the Persona.

Relationship between the Persona and financial literacy.

Since the Persona has a significant effect on an individual's life, it must also affect one's financial behaviour in some way. The aim of this research is to test whether being conscious of one's Persona leads to having a higher level of financial literacy. The research takes into account different components of financial literacy and tests to what extent being conscious of the Persona affects one's financial knowledge.

Literature Review

1) Study comparing the financial literacy of undergraduate business majors

Low rates of financial literacy were discovered by **Chen and Volpe (1998)** among undergraduate students. A 36-question test covering general financial knowledge was given to a sample of students from 13 public and private colleges, and the average response rate was just 53 percent. Business majors made up a sizable share of the sample, and they performed better on the test than their counterparts from other fields of study, who barely averaged 50%. Importantly, students performed best on questions that covered topics in which young people are more likely to have some experience, like auto insurance and apartment leases, and worst on questions that covered topics in which they are less likely to have the required experience, like taxes, life insurance, and investments. This implies that having financial expertise may improve financial literacy.

2) Attitude of MBA students towards financial planning

206 MBA students were polled as part of **Scott Yetmar's and David S. Murphy's (2010)** study on the views of MBA students toward personal financial planning. Participants' degree of knowledge was questioned. Their research showed that while the majority of respondents believed that financial planning was necessary and that they were interested in creating one, relatively few believed they had the skills and knowledge required to create their own plan. Although the findings couldn't be applied to the broader population, the opinions of this group

were significant since it makes sense to assume that educated people would be more interested in and adept at creating their own personal financial plans. The desire for respondents to believe their financial advisor would prioritise their needs is one of their perceived wants. Although some experts view this as the definition of "independence," the respondents gave planner independence less weight. In order to build client confidence, planners must behave in a way that makes it evident that their clients' requirements come first.

3) What influences financial planning?

M. Safari, F. Kimiyaghalam, and S. Mansori (2016) enunciate that it is challenging to dispute the significance of financial advice in decision-making in today's highly complicated and turbulent financial market. People may turn to close networks (such as friends or family) or qualified advisors for this kind of assistance. The research on people who request financial assistance is reviewed and summarised in their study**.** According to their research, psychosocial qualities, socioeconomic characteristics, and demographic profiles are those that are most likely to have an impact on people's decisions to seek financial assistance. They used the notion of planned behaviour and created a conceptual framework to evaluate this behavior's process. According to their study, the total financial planning process is directly influenced by financial stress, demographic characteristics, financial knowledge, confidence, personality traits, financial self-efficacy, and financial risk tolerance.

4) Spreading the significance of financial literacy and planning

According to **P.S. Priya and M.V. Subha (2014)**, financial sector and economic changes have increased the population's disposable income. Because of the availability of fresh financial instruments on both the investment and credit sides that are offered by a wide range of financial intermediaries, the investing public must be aware of the extent of each product and its supplier in order to make an informed choice when considering where to invest. It's important to educate those outside the official financial system about banking and the advantages of doing business with banks. Fostering financial literacy encourages financial inclusion and, eventually, financial stability. Financial literacy would benefit the financially excluded since it would enable them to understand the benefits of and how to use the formal financial system. The financially excluded may also benefit from making informed selections about the products and services on the market to their maximum advantage. Their study emphasises the importance of and possibilities for financial literacy.

5) The future and challenges of Financial planning and literacy

The **Adult Financial Literacy Advisory Group (AdFLAG)** conducted research to determine "how to promote increased access to financial education to young people and adults" (AdFLAG, 2000, p. 10). They concluded that the need for financial literacy will only grow as they predicted that individuals would become more autonomous. Altering work patterns, an ageing population, declining government involvement, and more complex financial products all contributed to new difficulties. With a special focus on vulnerable population groups like older adults, children, single parents, members of underrepresented racial and ethnic groups, people with disabilities, and residents of public housing, AdFLAG advised that short-term financial literacy education be centred on education, employment, housing, financial services, and communication.

6) Influence of financial literacy

The influence of financial knowledge on financial decision-making was studied **by Tamimi et al. in 2009.** Their findings demonstrated that financial literacy levels are influenced by an individual's field of activity and that stock and banking investors tend to have greater levels of financial literacy. The survey also revealed that men have a higher degree of financial literacy, which is followed by higher levels of income, age, and education.

7) Effects of financial literacy on an individual's day to day life

Cude examined the elements influencing people's financial literacy in **2010**. His research indicates that financial literacy will grow with higher levels of education, risk tolerance, age, job experience, parental occupation, family income, and attendance at training classes. This study found that persons with more financial literacy are more successful both personally and professionally. They experienced far less financial stress, made investments and saved with a longer time horizon, and as a result, they had a brighter future.

In a **2005** study, **Neil et al.** examined the connections among the financial well-being, health, and financial activities of 3,121 clients of a financial consulting business. They discovered that those with higher salaries and more financial stability report less stress, are more motivated to manage their money, have better family connections, and are both psychologically and physically healthier.

8) The Concept of the Persona

V. Daniels (2011) states that a Persona is a mask worn by a person to conform to societal expectations and conceal their true nature. Daniels advices that a person should not be identified with the Persona, as it is an unconscious aspect that represents the Ego consciousness. He adds that the inflation of the Persona leads to the Repression of unconscious experiences.

The Persona is the "mask" or image that is displayed to the public. It is intended to leave an impression on others while concealing one's true nature. To some extent, it is a figure from the unconscious, in that the wearer is unaware that they are putting on the mask. It stipulates behaviour patterns in accordance with the demands of daily life. It represents the conscious ego in all of its forms. It is the person's adaptation to the world; the manner in which he or she deals with it should not be mistaken for the entire person. If a person fully identifies with their Persona, they are denying other aspects of their personality, including the rest of their unconscious.

The notion of Persona is central to Jung's Analytical Psychology. In some ways, it is a portal that invites one to enter the deep, undiscovered, enormous area of the psyche, especially the unconscious. Because the Persona is in the realm of awareness, it is immediately accessible and apparent.

Research Gap

The current research literature is unclear in deciding whether the Persona affects an individual's financial literacy. No such attempt has been made to take into account the psychological aspect of the Persona and relate it to one's knowledge pertaining to finance. This study attempts to establish a relationship between the Persona and financial literacy of students from different courses. Its goal is to see if the Persona has any effect on a person's financial ability.

Objectives

- To determine the effects of the Persona on the financial cognizance of the general public.
- To gain familiarity with the idea of financial literacy pertaining to the general population and to achieve new insights into it.
- To accurately portray the characteristics of financial instruments and determine their effects.
- To display the effects psychological factors have on an average individual's financial literacy.
- To gain a better understanding of the workings of Carl Jung's theory of the Persona.

Hypothesis

- Null Hypothesis(H0) – Being conscious of the Persona has no effect on financial literacy.
- Alternative Hypothesis(H1) – Being conscious of the Persona has an effect on financial literacy.

Research Methodology

- A survey was conducted with the aim of collecting **qualitative data** to test the hypothesis.
- **Primary data** was collected through the survey conducted by issuing a **questionnaire**, which recorded **120** respondents ranging in age from **16 to 59 years** old.
- The questionnaire was issued through Google Docs.
- The questionnaire contained **10 questions**; all questions followed a **closed-ended format**.

The respondents were divided into two groups - one group being conscious of the Persona and the other being unconscious of it.

Research Design

The research design is descriptive in nature.
Two groups are being compared through Normal data (Parametric test);
Therefore, **t-Test: Two-Sample Assuming Unequal Variances** is used.
Data was analysed through the **MS Excel** software.

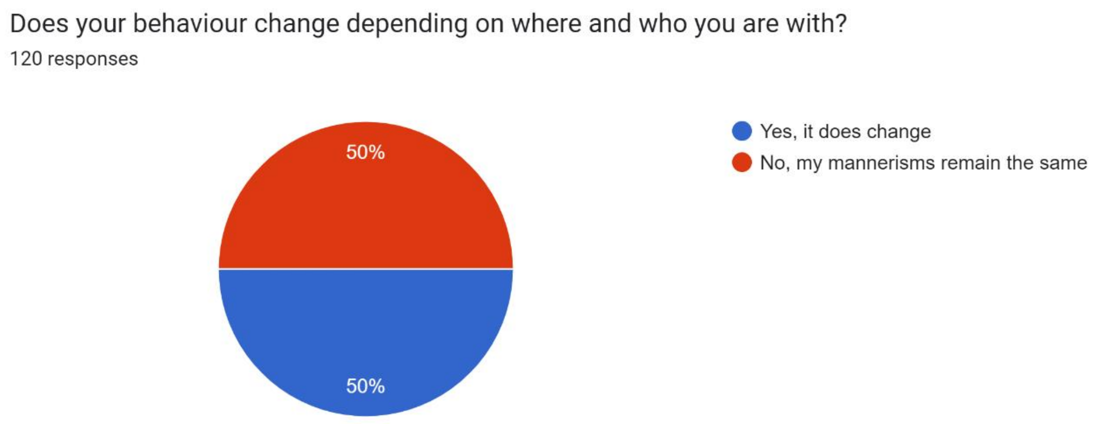
Limitations

This research is subject to the following limitations:

- Even though it was found that a Persona does exert an influence on their financial literacy, it could not be determined exactly how the Persona affects one's financial knowledge.
- Other Psychoanalytical concepts like the shadow, complexes, archetypes, repression, etc. were not taken into account while conducting the study. Only the Persona archetype was taken into consideration.
- Lack of previous research studies on the topic – there has been no attempt to academically compare, correlate, or display the effects of psychoanalytical concepts on financial literacy.

Data Interpretation

The first question tests whether the respondent has a Persona or not. 50% of respondents affirmed that their behaviour does change depending on the time, place, and situation. It must be noted that every living human being has a Persona. As a result, people who report that their behaviour does not change in response to a situational change are simply unaware of their Persona.



Hence, the respondents were bifurcated into two groups of 60, one group being conscious of the Persona and the other being unconscious of it.
The succeeding set of questions aimed to test the sample size for their financial knowledge.

Hypothesis Testing

Components of Financial Literacy:	Conscious of the Persona (Affirmative Responses)	Not Conscious of the Persona (Affirmative Responses)
Financial Planning	42	29
Personal Budgeting	36	36
Mutual Funds/Stock Markets	38	24
Cognizance of Bank operations	37	18
Taxation	33	21
Personal Savings Account	38	37
Debt Management	36	26
Future Financial Plans	34	29

The following formula is used to determine the statistic value *t*:

$$t' = \frac{\bar{x} - \bar{y} - \Delta_0}{\sqrt{\frac{s_1^2}{m} + \frac{s_2^2}{n}}}$$

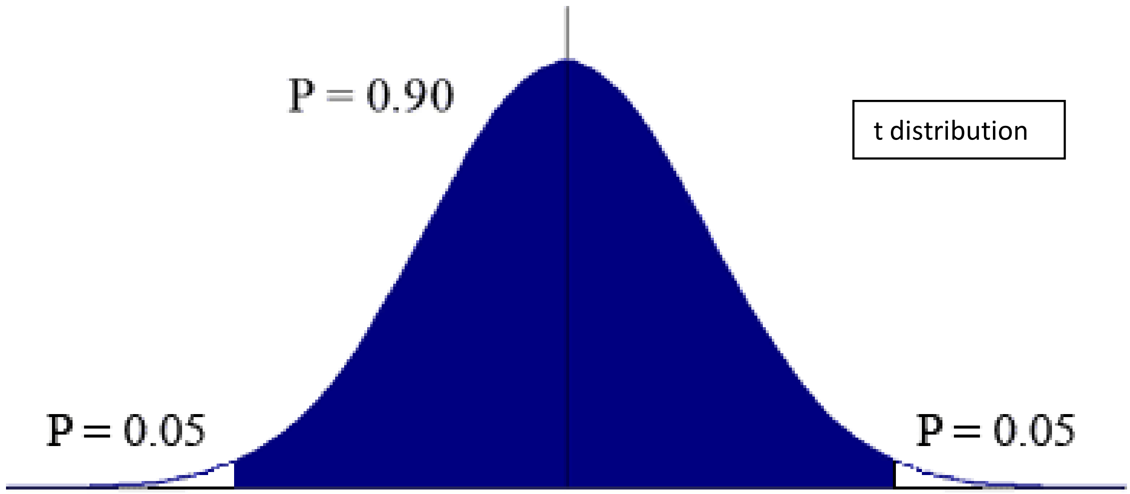
t-Test: Two-Sample Assuming Unequal Variances

	Conscious of the Persona	*Not Conscious of the Persona*
Mean	36.75	27.5
Variance	7.642857143	44.85714286
Observations	8	8
Hypothesized Mean Difference	0	
df	9	
t Stat	3.61083027	
P(T<=t) one-tail	0.002825993	
t Critical one-tail	1.833112933	
P(T<=t) two-tail	0.005651985	
t Critical two-tail	2.262157163	

Conclusion

if p>0.05, we accept the null hypothesis;

Else, if p<0.05, we reject the null hypothesis.



P(T<=t) one-tail	0.002825993
P(T<=t) two-tail	0.005651985

Now, since the P values of tail one and tail two are both less than 0.5 (i.e., p<0.5), we will **reject the Null hypothesis(H0)** and **accept the Alternate Hypothesis(H1)**.

Hence the **Alternative Hypothesis(H1) was proven to be true**.

Therefore, **being conscious of the Persona has an effect on financial literacy.**

The primary goal of this paper was to gain insight into the concept of the Personas and investigate its effects on the aspect of financial literacy. The collected data indicates that the Persona does indeed affect the knowledge of an individual pertaining to finance. **The data collected shows us that people who are conscious of their Persona have more knowledge about financial concepts than those who are unconscious of their Persona.** Since this study has proven that the Persona indeed has an effect on the financial knowledge of a person, we must all take the necessary steps to "Integrate" the Persona into our own ego consciousness. Knowing/Being aware of, and identifying changes in our personality and behaviour with respect to situational changes will help us in more than one way. The Persona and Financial Literacy are both subjects of great significance, and we can only hope that further studies can be conducted in the future to establish and compare the relationships between the two concepts.

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https://sites.chem.utoronto.ca/chemistry/coursenotes/analsci/stats/12tailed.html
https://sites.chem.utoronto.ca/chemistry/coursenotes/analsci/stats/images/2tailed.gif

Appendix

The Questionnaire:
1) Does your behaviour change depending on where and who you are with?
2) Are you familiar with the term 'Financial Planning'?
3) Have you ever maintained/kept track of a Personal budget?
4) Have you ever invested in mutual funds or the stock market?
5) Are you aware of the ways Banks or other such financial institutions operate?
6) Do you know the laws and regulations relating to Taxation?
7) Do you have a savings account in a Bank that you manage Personally?
8) Do you possess the capability to manage Debts?
9) Have you made any financial goals/plans for the future?
10) Overall, how would you rate your Financial Knowledge?