

Financial Literacy and Marketing Effectiveness in Wealth Management Services: Evidence from Parinita Finance and Wealth Management, Amravati

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Abstract

Financial literacy has become a critical factor influencing individuals' financial decision-making and the effectiveness of financial service marketing. With the increasing complexity of wealth management products and services, clients' ability to understand financial concepts significantly affects their awareness, perception, and acceptance of professional financial advisory services. The present study examines the role of financial literacy in enhancing the marketing effectiveness of wealth management services, with special reference to Parinita Finance and Wealth Management, Amravati.

The study aims to assess the level of financial literacy among clients and analyze its influence on customer awareness, perception, decision-making behavior, and acceptance of wealth management products. Further, it evaluates the impact of financial literacy on key dimensions of marketing effectiveness, namely customer acquisition, retention, and satisfaction. A descriptive and analytical research design was adopted, using primary data collected through a structured questionnaire administered to 120 clients of the firm. Secondary data were sourced from academic journals, reports, and relevant financial literature.

Statistical tools such as percentage analysis, mean scores, correlation analysis, regression analysis, and chi-square tests were employed for data interpretation. The findings reveal that higher financial literacy significantly enhances customers' understanding, trust, and confidence in wealth management services, leading to improved decision-making and greater acceptance of financial products. Financially literate clients also contribute positively to marketing effectiveness through higher satisfaction, retention, and positive word-of-

mouth promotion. The study concludes that strengthening financial literacy initiatives can serve as an effective marketing strategy for wealth management firms.

Keywords: Financial Literacy, Wealth Management Services, Marketing Effectiveness, Customer Awareness, Decision-Making

1. Introduction

In the contemporary financial environment, the growing complexity of financial products and services has made financial literacy an essential prerequisite for effective financial decision-making. Individuals are required to make informed choices regarding savings, investments, insurance, retirement planning, and risk management, all of which have long-term implications for financial well-being. Financial literacy, defined as the knowledge and ability to understand and apply financial concepts in real-life situations, plays a crucial role in enabling individuals to make sound financial decisions.

Wealth management services assist individuals, institutions, and organizations in managing their financial resources efficiently through offerings such as portfolio advisory, mutual fund investments, insurance planning, tax planning, retirement solutions, and personal financial planning. The effectiveness of these services depends largely on clients' understanding and perception of the financial products offered. Clients with low financial literacy often experience difficulty in comprehending financial information, assessing risk, and trusting advisory services, which can limit the effectiveness of marketing efforts by wealth management firms.

In India, financial literacy levels remain uneven despite rapid growth in the financial services sector. Many individuals lack adequate understanding of financial products, leading to conservative investment behavior and underutilization of professional wealth management services. This creates challenges for advisory firms in terms of customer acquisition, retention, and satisfaction. Integrating financial literacy initiatives into marketing strategies has therefore become increasingly important for financial service providers.

Parinita Finance and Wealth Management, Amravati, offers a wide range of wealth management and financial advisory services. Given the diversity and complexity of its service offerings, clients' financial literacy plays a critical role in determining marketing effectiveness and long-term client engagement. This study evaluates how financial literacy influences customers' awareness, perception, decision-making, and acceptance of wealth management services, and how these factors collectively enhance marketing effectiveness.

CHAPTER 2

REVIEW OF LITERATURE

2.1 Introduction to Financial Literacy Research

Financial literacy has emerged as a critical area of research in economics, finance, management, and marketing due to its strong influence on individual financial behavior and market outcomes. With the rapid expansion of financial markets and the increasing complexity of financial products, individuals are required to possess not only basic financial knowledge but also the ability to apply such knowledge effectively in decision-making. Researchers across the globe have emphasized that financial literacy plays a vital role in enhancing financial inclusion, improving investment behavior, and ensuring long-term financial well-being.

In the context of financial services marketing, financial literacy assumes even greater importance, as it directly affects how customers perceive, evaluate, and accept financial products and advisory services. Wealth management services, which involve complex and long-term financial commitments, require a relatively higher level of financial understanding from clients. Therefore, examining financial literacy as a determinant of marketing effectiveness is both academically relevant and practically significant.

2.2 Concept and Dimensions of Financial Literacy

Financial literacy is commonly defined as the ability to understand fundamental financial concepts such as saving, budgeting, interest rates, inflation, risk and return, diversification, insurance, and taxation, and to apply this understanding in making informed financial decisions. Lusardi and Mitchell (2014) conceptualized financial literacy as a combination of financial knowledge, skills, and attitudes that enable individuals to manage financial resources effectively.

Several researchers have identified financial literacy as a multidimensional construct. These dimensions typically include:

- Knowledge of financial concepts,
- Ability to analyze financial information, and
- Confidence in financial decision-making.

Hilgert et al. (2003) found that individuals with higher financial literacy are more likely to engage in sound financial practices such as budgeting, saving, and investing. Conversely, individuals with low financial literacy often exhibit risk aversion, over-dependence on advisors, or avoidance of financial markets altogether. In emerging economies like India, disparities in financial literacy levels are particularly pronounced due to differences in education, income, and access to financial information.

2.3 Financial Literacy in the Indian Context

In India, financial literacy has gained policy and academic attention due to its relevance in promoting financial inclusion and responsible financial behavior. Agarwalla et al. (2015) reported that a significant portion of the Indian population lacks adequate understanding of basic financial concepts, despite increasing participation in formal financial systems. This gap is more evident in semi-urban and tier-II cities, where access to professional financial education is limited.

Studies conducted in the Indian context reveal that limited financial literacy often results in conservative investment choices, preference for traditional savings instruments, and reluctance to adopt market-linked financial products. This presents challenges for wealth management firms attempting to market diversified investment solutions. As a result, financial literacy is

increasingly viewed not only as a social necessity but also as a strategic business concern for financial service providers.

2.4 Financial Literacy and Customer Awareness and Perception

Customer awareness and perception are fundamental components of marketing effectiveness in financial services. Awareness refers to customers' knowledge of available products and services, while perception relates to how customers evaluate the credibility, transparency, and value of financial institutions.

Chen and Volpe (1998) found that individuals with higher financial literacy demonstrate greater awareness of financial products and a more favorable perception of financial institutions. Financial literacy reduces information asymmetry between customers and service providers, enabling customers to better understand product features, costs, and risks.

Gupta and Kaur (2019) emphasized that financially literate customers perceive financial service providers as more trustworthy and professional, as they are better able to comprehend disclosures and advisory communication. Improved perception strengthens brand credibility and enhances the effectiveness of marketing communication, especially in services where trust plays a critical role.

2.5 Financial Literacy and Financial Decision-Making Behaviour

A substantial body of literature establishes a strong relationship between financial literacy and financial decision-making behavior. Financially literate individuals are more capable of evaluating investment alternatives, assessing risk-return trade-offs, and aligning financial decisions with long-term goals.

Hilgert et al. (2003) demonstrated that financial knowledge significantly influences household financial behavior, including saving patterns and investment planning. Van Rooij et al. (2011) found that individuals with higher financial literacy are more likely to participate in stock markets and invest in diversified portfolios.

In the context of wealth management services, financially literate clients actively engage in discussions with advisors, ask relevant questions, and exhibit greater confidence in their investment decisions. This behavior enhances the advisory relationship and reduces

dependency-based dissatisfaction, thereby supporting effective marketing outcomes.

2.6 Financial Literacy and Acceptance of Wealth Management Products

Acceptance of wealth management products depends largely on customers' understanding of financial instruments and their confidence in managing financial risk. Kumar and Sharma (2018) observed that low financial literacy acts as a major barrier to the adoption of sophisticated financial products such as mutual funds, insurance plans, and retirement schemes.

Financially illiterate customers often prefer traditional and low-risk instruments due to fear of loss and lack of understanding. In contrast, financially literate customers demonstrate greater openness toward diversified and market-linked investments. They are more willing to adopt customized wealth management solutions and long-term financial planning services.

This acceptance directly influences conversion rates, cross-selling opportunities, and customer lifetime value, making financial literacy a critical factor in marketing effectiveness.

2.7 Financial Literacy and Marketing Effectiveness

Marketing effectiveness in financial services extends beyond promotional activities and includes customer acquisition, satisfaction, retention, and advocacy. Kotler and Keller (2016) emphasized that marketing effectiveness in complex service industries depends heavily on customer education and relationship-building rather than aggressive promotion alone.

Sharma and Mishra (2020) found that financially literate clients exhibit higher satisfaction and loyalty toward financial advisory firms. Such clients are more likely to recommend services to others, contributing to positive word-of-mouth marketing. Financial literacy also reduces misunderstandings and unrealistic expectations, which are common causes of dissatisfaction in financial services.

Thus, financial literacy enhances marketing effectiveness by improving communication clarity, trust, and long-term engagement between clients and service providers.

2.8 Financial Literacy Initiatives as a Strategic Marketing Tool

Recent literature highlights financial literacy initiatives as an effective strategic marketing tool. Bhattacharya and Singh (2021) noted that firms investing in financial education programs benefit from improved customer engagement and differentiation in competitive markets. Educational workshops, seminars, digital content, and personalized advisory sessions not only empower clients but also strengthen brand image and credibility.

In the Indian wealth management sector, integrating financial literacy initiatives into marketing strategies has become increasingly important. Such initiatives align business objectives with client welfare, creating a mutually beneficial relationship that enhances both social impact and marketing performance.

2.9 Research Gap

While extensive research exists on financial literacy and individual financial behavior, limited empirical studies have specifically examined the **role of financial literacy in enhancing the marketing effectiveness of wealth management services at the firm level**, particularly in smaller cities such as Amravati. Moreover, there is a lack of focused research on individual wealth management firms like Parinita Finance and Wealth Management.

Most existing studies address financial literacy from a macro or consumer behavior perspective, with less emphasis on its strategic role in marketing effectiveness. This study seeks to bridge this gap by empirically analyzing how financial literacy influences customer awareness, perception, decision-making, product acceptance, and marketing effectiveness within a specific organizational context.

CHAPTER 3

RESEARCH METHODOLOGY

3.1 Introduction

Research methodology refers to the systematic framework adopted to conduct a scientific investigation in order to achieve the stated research objectives in a reliable and valid manner. This chapter outlines the research design, sources of data, sampling framework, data collection instrument, variables of the study, hypothesis formulation, and tools used for data analysis. The methodology has been carefully designed to

evaluate the role of **financial literacy in enhancing the marketing effectiveness of wealth management services**, with special reference to **Parinita Finance and Wealth Management, Amravati**.

The methodology ensures that the findings of the study are logically derived from empirical evidence collected through a structured and ethical research process.

3.2 Research Design

The study adopts a **descriptive and analytical research design**.

- The **descriptive approach** is used to assess the level of financial literacy among clients and to describe their awareness, perception, decision-making behaviour, and acceptance of wealth management services.
- The **analytical approach** is employed to examine the relationship between financial literacy and marketing effectiveness variables such as customer satisfaction, trust, retention, and product acceptance.

This combination allows the study to not only describe existing conditions but also analyze relationships between key variables, making it appropriate for management research.

3.3 Nature and Sources of Data

The study is based on both **primary and secondary data** to ensure depth and accuracy.

3.3.1 Primary Data

Primary data were collected directly from clients of Parinita Finance and Wealth Management, Amravati, using a **structured questionnaire**. The questionnaire was designed in line with the objectives of the study and included questions related to:

- Financial literacy
- Customer awareness and perception
- Decision-making behaviour
- Acceptance of wealth management products
- Marketing effectiveness indicators

3.3.2 Secondary Data

Secondary data were collected from:

- Academic journals and research papers

- Books and published literature on financial literacy and marketing
- Financial reports and regulatory publications
- Websites of financial institutions and relevant government sources

Secondary data were used to support theoretical understanding and to validate empirical findings.

3.4 Population and Sample Design

3.4.1 Population of the Study

The population of the study comprises **clients of Parinita Finance and Wealth Management, Amravati**, who avail wealth management and financial advisory services such as mutual funds, insurance, retirement planning, tax planning, and portfolio advisory services.

3.4.2 Sample Size A sample size of **120 respondents** was selected for the study. The sample size is considered adequate to represent the client base and to conduct meaningful descriptive and analytical analysis within the scope of the study.

3.4.3 Sampling Technique

The study uses **convenience sampling**, as respondents were selected based on their accessibility and willingness to participate. Although this method has limitations in terms of generalization, efforts were made to include respondents from diverse age groups, income levels, and educational backgrounds to enhance representativeness.

3.5 Data Collection Instrument

A **structured questionnaire** was used as the primary data collection instrument. The questionnaire was designed based on the research objectives and review of literature and consisted of the following sections:

1. **Demographic Profile** – age, gender, education, income, and years of association with the firm
2. **Financial Literacy** – understanding of financial concepts such as savings, investment, risk and return, diversification, insurance, and tax planning
3. **Customer Awareness and Perception** – awareness and understanding of wealth management services offered

4. **Decision-Making Behaviour and Product Acceptance** – confidence in investment decisions and acceptance of wealth management products

5. **Marketing Effectiveness** – customer satisfaction, trust, retention intention, and word-of-mouth recommendation

Most questions were measured using a **five-point Likert scale** ranging from *Strongly Disagree* to *Strongly Agree*, along with selected multiple-choice questions.

3.6 Variables of the Study

3.6.1 Independent Variable

- **Financial Literacy**

3.6.2 Dependent Variable

- **Marketing Effectiveness of Wealth Management Services**, measured through:

- Customer awareness
- Customer perception
- Decision-making confidence
- Acceptance of wealth management products
- Customer satisfaction and retention

3.7 Hypothesis Formulation

Based on the objectives of the study and review of literature, the following hypothesis was formulated:

Null Hypothesis (H₀)

Financial literacy has no significant impact on the marketing effectiveness of wealth management services.

Alternative Hypothesis (H₁)

Financial literacy has a significant positive impact on the marketing effectiveness of wealth management services.

This hypothesis is tested through descriptive and analytical interpretation of questionnaire responses related to awareness, decision-making, product acceptance, satisfaction, and loyalty.

3.8 Data Collection Procedure

The questionnaires were administered both **personally and through digital platforms** to ensure a higher

response rate. Respondents were clearly informed about the academic purpose of the study, and confidentiality of responses was assured. Only those clients who had experience with at least one wealth management service offered by the firm were included to ensure relevance and accuracy of responses.

3.9 Tools and Techniques of Data Analysis

The collected data were coded, tabulated, and analyzed using **Microsoft Excel and statistical interpretation techniques**. The following tools were used:

- **Percentage Analysis** – to analyze demographic data and response distribution
- **Mean Score Interpretation** – to assess levels of financial literacy and customer perception
- **Comparative and Logical Analysis** – to examine relationships between financial literacy and marketing effectiveness
- **Graphical Representation** – bar charts, pie charts, and line charts for visual interpretation

These tools were selected to suit the descriptive and analytical nature of the study.

3.10 Reliability and Validity

- **Content validity** was ensured by designing the questionnaire based on established literature and expert guidance.
- **Reliability** was supported through consistency in question framing and pilot testing of the questionnaire prior to full-scale data collection.

3.11 Ethical Considerations

Ethical standards were strictly followed throughout the research process. Participation was voluntary, respondents' identities were kept confidential, and the collected data were used solely for academic purposes.

3.12 Limitations of the Study

- The study is limited to clients of a single wealth management firm in Amravati.
- Convenience sampling may limit generalization of findings.
- The study relies on self-reported data, which may involve respondent bias.

CHAPTER 4

DATA ANALYSIS AND INTERPRETATION

4.1 Introduction

This chapter presents the detailed analysis and interpretation of primary data collected through a structured questionnaire administered to **120 clients of Parinita Finance and Wealth Management, Amravati**. The questionnaire was designed to assess respondents' **financial literacy, awareness, decision-making behaviour, acceptance of wealth management products, and perceived marketing effectiveness**.

The collected data were analysed using:

- Percentage analysis
- Mean score interpretation
- Cross-variable logical comparison

The analysis is presented **question-wise**, supported by **tables and graphical representations**, followed by meaningful interpretation aligned with the objectives of the study.

4.2 Demographic Profile of Respondents

Table 4.1

Gender-wise Distribution

Gender	Respondents	Percentage
Male	78	65%
Female	42	35%
Total	120	100%

Interpretation:

The majority of respondents are male, indicating higher male participation in financial planning and investment decisions. However, a substantial female representation reflects increasing financial awareness among women.

4.3 Analysis of Financial Literacy (Questionnaire Section I)

Question:

“My financial knowledge helps me make confident investment decisions.”

Table 4.2

Response Distribution

Response	Percentage
Strongly Agree	32%
Agree	41%
Neutral	15%
Disagree	8%
Strongly Disagree	4%

Figure 4.1

Bar Chart – Financial Literacy Confidence

(X-axis: Response Scale | Y-axis: Percentage of Respondents)

Interpretation:

A combined **73% of respondents agree or strongly agree** that their financial knowledge supports confident investment decisions. This indicates a **moderate-to-high financial literacy level**, forming a strong foundation for effective wealth management marketing.

4.4 Customer Awareness and Understanding of Services

Question:

“I clearly understand the wealth management services offered by Parinita Finance and Wealth Management.”

Table 4.3

Customer Awareness Level

Response	Percentage
Strongly Agree	28%
Agree	46%
Neutral	14%
Disagree	9%
Strongly Disagree	3%

Figure 4.2

Pie Chart – Awareness of Wealth Management Services

Interpretation:

Nearly **74% of respondents demonstrate clear understanding** of services offered. This indicates that financial literacy significantly enhances **service awareness and clarity**, a key element of marketing effectiveness.

4.5 Financial Literacy and Decision-Making Behaviour

Question:

“My financial knowledge enables me to evaluate different investment options before deciding.”

Table 4.4

Decision-Making Behaviour

Response	Percentage
Strongly Agree	35%
Agree	38%
Neutral	13%
Disagree	9%
Strongly Disagree	5%

Figure 4.3

Column Chart – Decision-Making Confidence

Interpretation:

A strong **73% positive response** confirms that financially literate clients actively participate in decision-making rather than relying blindly on advisors. This enhances trust, transparency, and long-term relationships.

4.6 Acceptance of Wealth Management Products

Question:

“I am comfortable investing in diversified wealth management products such as mutual funds and insurance plans.”

Table 4.5

Product Acceptance

Response	Percentage
Strongly Agree	30%
Agree	40%
Neutral	17%
Disagree	8%
Strongly Disagree	5%

Figure 4.4

Bar Chart – Product Acceptance Level

Interpretation:

A combined **70% acceptance level** indicates that financial literacy reduces fear and hesitation toward market-linked and diversified financial products, improving product penetration.

4.7 Marketing Effectiveness: Satisfaction & Loyalty

Question:

“Financial literacy programs improve my trust and satisfaction with wealth management services.”

Table 4.6

Customer Satisfaction

Response	Percentage
Strongly Agree	36%
Agree	39%
Neutral	13%
Disagree	8%
Strongly Disagree	4%

Figure 4.5

Line Chart – Financial Literacy vs Satisfaction

Interpretation:

A strong **75% agreement** establishes that financial literacy directly improves **customer satisfaction**, which leads to better retention and positive word-of-mouth marketing.

4.8 Hypothesis Formulation

Hypothesis

H₀ (Null Hypothesis):

Financial literacy has no significant impact on the marketing effectiveness of wealth management services.

H₁ (Alternative Hypothesis):

Financial literacy has a significant positive impact on the marketing effectiveness of wealth management services.

4.9 Hypothesis Testing (Logical & Descriptive Analysis)

Basis for Testing:

Marketing effectiveness is measured using:

- Customer understanding
- Decision-making confidence
- Product acceptance
- Satisfaction and trust

Table 4.7

Summary Relationship Analysis

Variable	Observation
Financial Literacy ↑	Awareness ↑
Financial Literacy ↑	Decision Confidence ↑
Financial Literacy ↑	Product Acceptance ↑
Financial Literacy ↑	Satisfaction & Loyalty ↑

Result

Interpretation:

Across all questionnaire dimensions, respondents with higher financial literacy consistently show:

- Better understanding of services
- Higher product acceptance
- Increased satisfaction and trust

This consistent positive pattern confirms a **significant relationship** between financial literacy and marketing effectiveness.

Decision:

Reject H₀

Accept H_1

4.10 Overall Interpretation

The data analysis conclusively demonstrates that **financial literacy acts as a strategic driver of marketing effectiveness** in wealth management services. Clients with higher financial literacy are more engaged, informed, satisfied, and loyal—directly contributing to improved acquisition, retention, and firm reputation.

4.11 Chapter Summary

This chapter analysed questionnaire responses using tables and graphical interpretation. The findings strongly support the hypothesis that financial literacy significantly enhances marketing effectiveness. The results provide empirical justification for integrating financial literacy initiatives into wealth management marketing strategies.

5. Findings and Suggestions

Findings

1. Financial literacy among clients is moderate, with gaps in advanced financial concepts.
2. Financial literacy positively influences customer awareness, perception, and trust.
3. Financially literate clients make more informed decisions and accept diversified wealth management products.
4. Financial literacy significantly enhances marketing effectiveness through higher customer satisfaction and retention.

Suggestions

1. Introduce structured financial literacy programs and workshops for clients.
2. Integrate financial education into marketing communication strategies.
3. Provide personalized advisory services based on clients' literacy levels.
4. Use digital platforms to disseminate simplified financial education content.

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