

## **Comparative Analysis of Financial Literacy Initiatives in India and the US**

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### **ABSTRACT**

*Financial literacy is defined as the knowledge and skills needed to make sound financial decisions. In recent years, this has become increasingly prevalent with a growing economy which rapidly is switching to digitalization. Countries must create programs to equip the youth with these skills, however, while government action has been taken, there is still scope for improvement. The research seeks to analyze the areas of improvement through analyzing the current systems and the impact of those systems. As for the US, there is a significant focus on digitization and resources created statewise. On the other hand, NGOs lead the way for financial literacy in India with a great focus on inclusivity. Furthermore, by combining systemic infrastructure and localized innovation, both countries can serve as global models for empowering youth through financial literacy.*

**Keywords:** Financial Literacy, Initiatives, Education, US, India

### **1. Introduction**

#### **1.1. General Background**

In an economy that has become increasingly globalized and digitized, the ability to make informed financial decisions is a necessity. Financial literacy is defined as the knowledge and skills needed to make sound financial decisions [1]. For youth in particular, early exposure to financial concepts helps to foster positive habits such as saving, budgeting, and investing. However, lack of education in these concepts can leave the youth inadequately equipped to deal with future spending. Thus, governments and policymakers must play a role and launch initiatives in order to help the youth understand the financial systems in their respective counties. The importance of financial literacy for the youth lies in its long term impact. This is because young individuals who receive financial education become more likely to avoid debt, budget their expenses, and manage money better in the future [2]. These long term impacts contribute to

greater economic development goals which then leads to financial inclusion for others [3]. Moreover, today, youth are exposed to financial concepts at a younger age due to the digital age, making financial tools more accessible for all. Along with this several initiatives by both the government and private institutions have been put in place to make financial education more accessible to all.

Both developed and developing nations have recognized financial literacy as a necessary and have implemented national level initiatives especially targeting youth. However, the design of these programs varies depending on the country due to differences in education systems and national priorities. The US and India provide two highly contrasting cases in this regard. The US being a country with a robust financial sector and a centralized approach to financial literacy. On the other hand, India has its efforts focused on inclusion based financial literacy, often being seen through India's emphasis on regional languages and methods to reach underserved communities. This paper seeks to examine the national-level financial literacy initiatives targeted at youth in the United States and India. It aims to answer the central research question: How do national-level financial literacy initiatives for youth differ between India and the US, and what can each country learn from the other?

The paper is structured as follows. First, it explores the major youth-focused financial literacy programs in the United States. Next, it analyzes similar initiatives in India, detailing the government's approach and effectiveness. A comparative analysis follows, which identifies similarities, contrasts, and lessons that each country can draw from the other. The paper concludes with recommendations for how both countries can strengthen their approaches by integrating best practices from one another. By conducting this comparative review, the study aims to contribute to the growing discourse on financial literacy. The goal is to highlight the importance of tailored approaches that address local contexts while also drawing from global experiences.

## **2. US Financial Literacy Initiatives**

### **2.1. Government and State-Level Initiatives**

The primary coordinating body for financial literacy initiatives in the US is the Financial Literacy and Education Commission (FLEC). The FLEC was established under the Fair and Accurate Credit Transactions Act of 2003 and is chaired by the Secretary of the Treasury, composed of representatives from more than 20 federal agencies such as the Department of Education, The Federal Reserve, and Consumer Financial Protection Bureau. The function of the FLEC is to develop and promote national strategy for financial education through initiatives like MyMoney.gov, a website with financial education resources [4].

The Consumer Financial Protection Bureau (CFPB) plays a more direct role in financial education focused for the youth. It has initiatives such as the “Money You Grow” series which includes resources for parents and education to teach money management concepts to younger audiences. Additionally, the CFPB published research and toolkits which are used to help schools implement more evidence-based financial literacy programs. Similar to the CFPB, the Federal Deposit Insurance Corporation (FDIC) also contributes to financial literacy through its initiative called Money Smart. It includes a curriculum tailored for people ages 12-20 which teaches concepts such as banking, credit, and savings. Just like the Money You Grow series, it teaches financial literacy through shows. Furthermore, the Federal Reserve System offers education resources as well through its portal. It offers materials and workshops on economic and personal finance [5].

A key aspect of the US approach to financial literacy is its decentralized nature of the education system. While the federal government does offer resources, the educational policy for financial literacy requirements is often determined at the state level. As of 2024, 26 US states have implemented some sort of financial education requirements [6]. Among these states, 17 mandate that this requirement is completed by writing high school in order to graduate. States like Florida, Virginia, and Missouri have led the way for financial education, often being embedded within the K-12 curriculum.

Despite the progress made, significant variations still exist in how financial literacy continues to be taught across a variety of states. Some states integrate personal finance into subjects like economics, while others require separate courses. This lack of standardization can affect the depth and quality of the instruction, along with the consistency across different states.

## **2.2 Role of Private and Non-Governmental Organizations**

Nonprofits play a crucial role for youth financial literacy in the US. Specifically, the Jumpstart Coalition has been instrumental for developing national standards for personal finance education. Another organization would be the Council for Economic Education (CEE). It provides classroom materials, professional development courses, and the National Personal Finance Challenge which is a competition. Furthering these nonprofits, the National Endowment for Financial Education funds research on these topics and also helps to develop resources for the youth [7].

One of the most important nonprofits is Next Gen Personal Finance who provides a free personal finance curriculum to be used by schools and education centers. NGPF has also supported campaigns in several states to make it a graduation requirement and has actually taken actions by training thousands of teachers through workshops. It is known to have engaging content such as

simulations and games which has made it one of the most effective tools for the younger generation [8].

Financial institutions have also contributed to this movement through CSR programs or events in compliance with the Community Reinvestment Act. For example, banks and credit unions partner with schools to offer Bank at School initiatives. Events like these help students understand real world banking and financial management. Additionally, private companies like Visa have their own platforms like Visa's Practical Money Skills or Intuit's Mint app. These apps include financial planning tools along with increasing the amount of resources. However, a major crisis has been that these programs undermine the inclusivity which nonprofits try to introduce [9].

### **3. India Financial Literacy Initiatives**

#### **3.1 National-Level Efforts and Government Initiatives**

The approach that India has taken to financial literacy has been one that has been focused on financial inclusion. These multiple decentralized methods have been aimed at improving financial literacy.

Launched in 2014, Pradhan Mantri Jan Dhan Yojana (PMJDY) is aimed at universal financial education by enabling the population who don't have bank accounts to open them and create saving accounts. The scheme allows people as young as 10 years old to take part through opening accounts with a parent, making it a gateway for financial education from such a young age. The effects of these have been important, in fact, in 2024 more than 500 millions accounts had been opened as a result of this program [10].

The National Centre for Financial Education (NCFE) was established by the financial regulators in India which are the RBI, SEBI, IRDAI, and PFRDA. The NCFE launched the program known as Financial Literacy Week and developed content specifically for school children which is the FEPA (Financial Education for Primary and Adolescents). However, implementation remains patchy and limited by state-level prioritization [11].

SEBI's National Financial Literacy Assessment Test (NFLAT) is a free online test for school students that aims to assess and incentivize financial knowledge across India. While widely available, its reach is limited compared to the scale of the school-going population. Mainly due to the fact that it is not mandated and is solely for the schools who can afford to and have the ability to integrate this within their curriculums [12].

While the Digital India and JAM Trinity (Jan Dhan-Aadhaar-Mobile) is not a curriculum or a program, this mobile app aims to expose youth to financial literacy at a younger age. This is through increased exposure to concepts such as digital payments, mobile banking, and Aadhaar-based identity-linked services. Although this initiative is a great cause, its implementation is limited as only those who are conscious about financial literacy will specifically download this app.

### **3.2 NGO and CSR-Led Initiatives**

Much of India's youth-focused financial literacy relies on non-governmental organizations and corporate social responsibility (CSR) initiatives. These are some of them included below.

Smile Foundation is an NGO which was run in partnership with the Flipkart Foundation. Smile Foundation has improved access to quality education, healthcare, and livelihood for many people in India. Their work has spanned across almost 25 different states [13].

The Advaita Bodhi initiative was used to provide children with E-learning opportunities and increase access to financial literacy. Specifically, digital banking was introduced to students at a young age, along with assisting women and marginalized communities. Advaita Bodhi's work revolves around rural areas, allowing financial literacy to be introduced at a younger age as opposed to later [14].

The Kokan NGO India has taken on the noble mission of transforming the lives of marginalized communities. Over the span of 13 years, the Kokan NGO has been able to reach out to more than 1,167,606 beneficiaries. This was done through 12 projects across 10 states, offering those in need with a sense of security and support in terms of their financial literacy [15].

## **4. Comparative Analysis between India and the US**

India and the US represent two distinct approaches to financial literacy. The US has a structured system with one that relies on a centralized framework which is often led by state-level mandates. On the other hand, India has a more decentralized strategy in which NGOs take the forefront when it comes to financial literacy. While the US financial literacy is done through bodies such as the FLEC, India's initiatives are particularly aimed at inclusivity, especially helping in the rural areas.

India would benefit greatly if it were to integrate the US emphasis on curriculum institutionalization. As of 2024, 26 US states have mandated some form of personal finance education for high school students. India, in contrast, lacks a nationwide mandate of that sort. If it was to integrate financial literacy as a nationwide or state-level mandate, it could greatly

improve its reach and consistency. Furthermore, another strategy would be for India to adopt the model of centralized oversight, creating a similar body like the US has with the FLEC. Specifically, financial regulators such as the RBI, SEBI, or Ministry of Education, could help to streamline these efforts by guiding schools with the curriculum development, outreach strategy, and impact measurement.

Another area where India could improve is teacher training. In the US, NGOs like Next Gen Personal Financial and the Council for Economic Education provide training and support to teachers in order to ensure effective financial education context. In India, a main issue is that educators lack the expertise to teach such subjects due to lack of training. Thus, if India were to invest in a formal certification program, the effectiveness of the content delivery would significantly improve across the country.

Furthermore, the US has developed systems for assessing the impact of financial education, allowing for them to determine whether the initiatives put in place are having any real impact. Specifically, the National Financial Capability Study has been put in place in order to assess this, allowing for behavioral change over time to be assessed. Most evaluations in India are often limited to the short-term, often with feedback coming from short projects to assess financial literacy. By establishing an assessment framework, financial literacy can be assessed in the long-term along with determining what initiatives will have the best impact to help the youth.

India's financial education is largely based on grassroots initiatives driven by NGOs or CSR initiatives. Often being done at a smaller scale, these programs highlight the importance of experiential, peer-based, and localized learning. Additionally, these programs often rely on real-life applications of financial concepts which are done through involving parents and community members. Such approaches could be especially valuable in the US especially for underserved populations, including students from low-income families who may not relate to standard classroom instruction.

Moreover, India's financial inclusion initiatives such as the Pradhan Mantri Jan Dhan Yojana (PMJDY) offer insights into how access to financial services can serve as a gateway to financial literacy. By enabling adolescents to open and operate basic savings accounts, India links financial access with early exposure and practice. The US could similarly integrate these real-world financial experiences into education.

Furthermore, India's use of corporate social responsibility (CSR) funds to scale financial literacy in remote and underprivileged regions is another thing which the US can implement. While American nonprofits receive foundation and government grants, more active partnerships could enhance outreach to vulnerable communities. India's model of a multilingual, mobile-first

content delivery presents a valuable model. With regional language content, voice-assisted learning tools, and mobile platforms, India has reached populations with low literacy or limited digital access. The US could adopt a similar approach by creating apps to help the youth with financial literacy concepts. These apps could be further improved by creating contents in other languages in order to ensure inclusivity for everyone.

## **5. Conclusion**

This comparative review of financial literacy initiatives in the United States and India reveals that both countries have made notable efforts to improve youth financial capability, yet through distinctly different pathways. The United States has established a structured and centralized approach, whereas, India has taken a more decentralized model led by CSR initiatives and NGOs. As the global economy becomes increasingly complex and digitally driven, equipping the next generation with strong financial knowledge is more critical than ever. By combining systemic infrastructure and localized innovation, both countries can serve as global models for empowering youth through financial literacy.

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