

Decoding The Financial Framework: Money Generation, Banking Dynamics and Investment Literacy

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Abstract: This research paper delves into the intricate fabric of the financial landscape, aiming to decode the multifaceted elements comprising money generation, banking dynamics, and investment literacy. The study examines the mechanisms underpinning money creation, exploring the roles of central banks, commercial banks, and the broader financial system in fostering economic growth. It scrutinizes the evolving dynamics within banking institutions, encompassing technological advancements, regulatory frameworks, and their implications on financial stability and inclusivity. Furthermore, this paper investigates the significance of investment literacy in empowering individuals to make informed financial decisions. It assesses the factors influencing investment behavior, such as risk perception, financial education, and market volatility. The research also elucidates the pivotal role of financial institutions and educational initiatives in enhancing investment literacy among diverse demographics. Drawing upon comprehensive analysis and empirical evidence, this research contributes to a deeper understanding of the intricate interplay between money generation, banking dynamics, and investment literacy. It underscores the need for accessible financial education, robust regulatory frameworks, and innovative strategies to foster a more resilient and informed financial ecosystem for individuals and economies worldwide.

Keywords: Financial Education and Planning, Policy, Portfolio, Rate of Return, Financial Inclusion, Financial Literacy, Investment Awareness, Money Supply, Monetary Policy, Banking System, Financial Decision-Making, Wealth Creation, Savings Behaviour, Central Banking, Commercial Banking, Digital Banking, Risk Management, Non-Performing Assets (NPAs), Asset Allocation, Portfolio Diversification, Market Volatility, Financial Empowerment, Financial Behaviour, Youth Financial Awareness, Inclusive Growth, Financial Accessibility.

1. Introduction:

The financial system of any nation forms the backbone of its economic development, shaping the trajectory of growth, stability, and inclusivity. In India, this framework is particularly complex, given the country's diverse demographic profile, evolving regulatory landscape, and the interplay between traditional practices and modern innovations. Understanding the mechanisms of money generation, the dynamics of banking institutions, and the significance of investment literacy is therefore not merely an academic exercise but a practical necessity for individuals, policymakers, and institutions alike. This research paper seeks to decode these three pillars of financial architecture, offering a holistic perspective on how they collectively influence economic resilience and individual empowerment. Money generation, at its core, is the process through which currency is created, circulated, and managed within an economy. In India, this responsibility lies primarily with the Reserve Bank of India (RBI), which functions as the nation's central bank. The RBI's role extends beyond printing notes and minting coins; it encompasses demand assessment, design approval, security features, and quality control, ensuring that the currency remains both functional and trustworthy. The distribution of money through issue offices and currency chests further illustrates the intricate network that sustains liquidity across the country. By examining these processes, one gains insight into how monetary supply is regulated, how inflationary pressures are managed, and how confidence in the financial system is maintained. The study of money

generation thus provides a foundational understanding of the economic machinery that drives growth and sustains public trust.

Equally critical is the examination of banking dynamics. Banks serve as intermediaries between savers and borrowers, channeling funds into productive investments while safeguarding deposits. Over time, Indian banking has undergone significant transformation, shaped by regulatory reforms, technological advancements, and the push for financial inclusion. From the nationalization of banks in the mid-20th century to the rise of private and digital banking in recent decades, the sector has continuously adapted to meet the needs of the changing economy. Today, banks not only provide traditional services such as loans and deposits but also facilitates digital transactions, offer investment products, and contribute to policy implementation. The integration of technology, through mobile banking, online platforms, and fintech collaborations, has revolutionized accessibility, enabling even rural populations to participate in the financial system. At the same time, challenges such as non-performing assets, cybersecurity risks, and regulatory compliance highlight the delicate balance between innovation and stability. By analyzing these dynamics, this paper underscores the evolving role of banks as both custodians of financial stability and catalysts of economic progress.

Investment literacy forms the third crucial dimension of this study. In an era marked by financial complexity and volatility, the ability to make informed investment decisions is indispensable. Investment literacy refers to the knowledge and skills required to understand financial products, assess risks, and plan for long-term goals. For the youth, in particular, it is a tool of empowerment, equipping them to navigate savings, investments, and retirement planning with confidence. Concepts such as compound interest, asset allocation, and risk diversification are not merely theoretical—they directly impact the financial well-being of individuals and households. Moreover, investment literacy fosters a culture of responsibility and independence, reducing reliance on informal or exploitative financial practices. In India, where financial literacy levels remain uneven across regions and socio-economic groups, initiatives by educational institutions, government programs, and financial organizations play a pivotal role in bridging the gap. By cultivating awareness and practical skills, investment literacy contributes to both personal prosperity and national economic resilience.

The interconnectedness of these three elements, money generation, banking dynamics, and investment literacy cannot be overstated. Currency creation ensures the availability of money, banking institutions provide the channels for its circulation and productive use, and investment literacy empowers individuals to utilize financial resources effectively. Together, they form a cycle that sustains economic activity, promotes stability, and enhances inclusivity. For instance, the efficient management of currency by the RBI supports banking operations, while banks, in turn, facilitate investment opportunities that require informed decision-making by individuals. Similarly, investment literacy enhances public confidence in financial institutions, encouraging greater participation in formal banking and investment channels. This synergy highlights the importance of viewing the financial system not as isolated components but as an integrated framework.

2. Literature Review

1. [Dash and Ranjan \(2023\)](#) examined on understanding financial literacy as a combination of knowledge, behaviour, and attitude required for effective financial decision-making. It adds significant value by conceptualising financial literacy in a structured manner and establishing its direct relationship with savings, investment patterns, and long-term financial stability. Further, the literature strengthens this foundation by providing empirical evidence that financially literate individuals demonstrate better financial planning, risk management, and wealth accumulation. Overall, these studies contribute by building a strong theoretical and analytical framework that explains how financial literacy influences individual and economic outcomes.
2. However, the existing literature reflects notable gaps as it remains largely confined to a macro-level and theoretical perspective, with limited focus on the practical and institutional dimensions of the financial system. It does not adequately examine the role of banks and financial institutions in actively promoting financial literacy or the real-time mechanisms through which individuals engage with financial systems. Additionally,

there is insufficient exploration of banking operations, money generation processes, and customer-level interactions, particularly in relation to youth-focused financial products and awareness. The present study addresses these gaps by adopting a practical and empirical approach, analysing banking dynamics, institutional roles, and direct customer interactions through surveys, thereby bridging the disconnect between theoretical understanding and real-world financial functioning.

3. The study by Pranusha (2023) analyses the level of financial literacy among college students, focusing on their understanding of basic financial concepts such as budgeting, savings, investment, and personal money management. It contributes to the literature by highlighting that while students possess foundational awareness, their knowledge remains largely superficial and lacks depth in areas like financial planning and advanced financial concepts. The study further adds value by establishing the importance of financial literacy in shaping responsible financial behaviour and economic participation, particularly among youth. By emphasizing the need for integrating financial education into academic curricula, it reinforces the idea that early exposure to financial knowledge can significantly improve long-term financial decision-making.
4. However, the study exhibits key limitations as it is restricted to a small sample size of 50 respondents from a single institution, thereby limiting its generalizability across diverse student populations. Additionally, it focuses primarily on basic awareness and does not sufficiently explore the broader financial ecosystem, including banking systems, money generation, and institutional roles. There is also a lack of emphasis on practical application, as the study does not analyse how students implement financial knowledge in real-life scenarios such as investment decisions, risk assessment, or interaction with financial instruments. The present research addresses these gaps by adopting a wider and more practical approach, incorporating insights into banking dynamics, financial systems, and real-world financial behaviour, thereby providing a more comprehensive and application-oriented understanding of financial literacy.
5. The study by Lusardi and Mitchell (2023) provides a comprehensive analysis of financial literacy, defining it as the ability to understand and apply core financial concepts in economic decision-making. A significant contribution of the study is the introduction of standardized measurement tools, particularly the “Big Three” questions, which assess understanding of interest compounding, inflation, and risk diversification, enabling cross-country comparisons. The research adds substantial value by empirically demonstrating that financial literacy levels remain low globally and by identifying demographic disparities based on gender, education, and socio-economic status. Additionally, it establishes a strong link between financial literacy and economic outcomes, highlighting its role in influencing savings, investment behaviour, and overall financial stability, while advocating for policy-level and educational interventions.
6. However, the study is limited in scope as it primarily focuses on basic financial concepts and does not encompass the broader financial framework, such as money generation processes, banking operations, and institutional financial systems. It also concentrates largely on individual-level financial behaviour without adequately examining the role of financial institutions, intermediaries, and regulatory mechanisms in shaping financial literacy and decision-making. Moreover, the practical interaction between individuals and banking systems remains underexplored. The present research addresses these gaps by extending the analysis beyond theoretical measurement to include banking dynamics, institutional roles, and real-world financial practices, thereby offering a more holistic and application-oriented understanding of financial literacy.

3. Objectives

The following are the aims set out to be achieved through a thorough study carried out for purposes this research paper:

- To provide for a compiled guide with a purpose of satisfying young minds in search of Financial and Investment Literacy.
- To assess and establish the need for Financial Literacy in youth.
- To affirm that such need (i.e., need for financial education) is not being executed successfully at the academic level.

4. Money Generation

In India, currency (notes and coins) is generated by The Reserve Bank of India primarily in four stages i.e. Demand Assessment, Design and Security features, Printing and Minting and the initial stage of Quality Control then the currency is distributed and circulated.

How is currency made?

In India, money is made by the Reserve Bank of India (RBI), which is the country's central bank. The process of creating money involves several steps, and it primarily takes the form of currency notes and coins. [Section 22 of The Reserve Bank of India Act, 1934](#), gives RBI the "sole right" to issue banknotes in India. The central bank internally works out a design, which is put before the [RBI's Central Board](#). [Section 25](#) states that "the design, form, and material of bank notes shall be such as may be approved by the Central Government after consideration of the recommendations made by the RBI's Central Board. The RBI's Department of Currency Management, currently headed by Deputy Governor, has the responsibility of administering the core function of currency management.

If the design of a currency note has to change, the Department works on the design and submits it to RBI, which recommends it to the central government. The government gives the final approval.

Where are bank notes and coins produced/minted?

Bank notes are printed at four currency presses, two of which are owned by the Government of India through its Corporation, Security Printing and Minting Corporation of India Ltd. (SPMCIL) and two are owned by the Reserve Bank, through its wholly owned subsidiary, Bharatiya Reserve Bank Note Mudran Private Ltd. (BRBNMPL). The currency presses of SPMCIL are at Nasik (Western India) and Dewas (Central India). The two presses of BRBNMPL are at Mysuru (Southern India) and Salboni (Eastern India).

Coins are minted in four mints owned by SPMCIL. The mints are located at Mumbai, Hyderabad, Kolkata and NOIDA. The coins are issued for circulation only through the Reserve Bank in terms of Section 38 of the RBI Act.

RBI, in consultation with the central Government and other stakeholders, estimates the quantity of banknotes that are likely to be needed denomination-wise in a year, and places indents with the various currency printing presses for their supply. Two of India's currency note printing presses (Nasik and Dewas) are owned by the Government of India; two others (Mysore and Salboni) are owned by the RBI through its wholly owned subsidiary, Bharatiya Reserve Bank Note Mudran Ltd (BRBNML). Notes that are received back from circulation are examined, after which those fit for circulation are reissued, while the soiled and mutilated notes are destroyed.

How does the Reserve Bank distribute currency to the people?

The Reserve Bank presently manages the currency operations through its 19 Issue Offices located at Ahmedabad, Bengaluru, Belapur, Bhopal, Bhubaneswar, Chandigarh, Chennai, Guwahati, Hyderabad, Jaipur, Jammu, Kanpur, Kolkata, Lucknow, Mumbai, Nagpur, New Delhi, Patna, Thiruvananthapuram and a currency chest at its Kochi office. Further, a wide network of currency chests maintained and managed by scheduled banks are part of currency management architecture. The Issue Offices receive fresh banknotes from the currency printing presses which in turn send fresh banknote remittances to the currency chests. Direct remittances by the presses to the currency chests also happens.

The Reserve Bank offices located at Hyderabad, Kolkata, Mumbai and New Delhi (Mint Linked Offices) receive coins from the mints. These offices then send the coins to the other offices of the Reserve Bank who in turn send the same to Currency Chests and Small Coin Depots. The banknotes and rupee coins are stocked at the currency chests and small coins at the small coin depots. The bank branches receive the banknotes and coins from the Currency Chests and Small Coin Depots for further distribution among the public.

5. Investment Literacy

Investment literacy holds profound significance for the youth as it equips them with the essential knowledge and skills necessary to navigate the complexities of the financial world. It empowers young individuals to make informed decisions regarding savings, investments, and financial planning, laying the groundwork for their future financial well-being. Understanding concepts such as compound interest, risk management, asset allocation, and the basics of investing not only cultivates a sense of financial responsibility but also instils confidence in making sound financial choices early in life. Moreover, investment literacy for the youth promotes a mindset of long-term financial sustainability, fostering habits that could lead to greater economic stability and opportunities for wealth accumulation over time. By arming young individuals with this knowledge, investment literacy serves as a catalyst for financial independence, enabling them to build a solid foundation for their future financial success.

6. Provident Fund

The Constitution of India under "Directive Principles of State Policy" provides that the State shall within the limits of its economic capacity make effective provision for securing the right to work to education and to public assistance in cases of unemployment, old-age, sickness & disablement and undeserved want.

The [EPF & MP Act, 1952](#) was enacted by Parliament and came into force with effect from 4th March, 1952. A series of legislative interventions were made in this direction, including the [Employees' Provident Funds & Miscellaneous Provisions Act, 1952](#). A Provident Fund (PF) is a savings and retirement fund in India that is typically established and contributed to by salaried employees and their employers. It is a government-backed initiative aimed at providing financial security to employees during their retirement years. Both the employee and employer make regular contributions to the fund, with a portion of the employee's salary allocated towards the PF account. These contributions accumulate over the years, earning interest, and can be withdrawn upon retirement or for specific purposes like buying a house, education, or medical emergencies. The Employees' Provident Fund (EPF) and the Public Provident Fund (PPF) are two common types of PFs in India, with the EPF primarily applicable to organized sector employees and the PPF open to all Indian citizens. PF accounts help individuals build a financial cushion for their post-retirement life and achieve long-term financial goals. They also offer tax benefits and are an integral part of the country's social security system.

CONTRIBUTION BY	MONTHLY % CONTRIBUTED
Employer	12.00%
Employee	12% or 10%
Total	24%

What are the provident fund benefits?

- i. It aids in long-term financial planning.
- ii. There is no need to invest in a single, lump-sum amount.
- iii. Employees' salaries are deducted on a regular basis, which allows them to save a significant amount of money over time.
- iv. It may be able to assist an employee financially in the event of an emergency.
- v. It aids in the saving of money for retirement and the maintenance of a healthy lifestyle.

Types of Provident Funds:

i. General Provident Fund: The general Provident Funds is a type of PF maintained by government bodies, including local authorities, the railways, and other such bodies.

ii. Recognised Provident Fund: The recognised Provident Fund is the one that applies to all privately owned organisations that have more than 20 employees. Moreover, holding a rightful claim to the PF associated with your organisation, you will be given a UAN or Universal Account Number. This enables you to transfer your PF funds from one employer to another whenever you move from one occupation to another.

iii. Public Provident Fund: The public provident fund is defined by the voluntary nature of investment on the part of the employee. The PPF is also associated with a minimum deposit of Rs. 500 and a maximum amount of Rs. 1.5 lakh. The PPF has a lock-in period of 15 years.

How to check your PF balance?

Those looking to check their PF details must have an active Universal Account Number (UAN), which can help them review their PF account balance. Here are the steps to check your Provident Fund online balance:

- a) Visit the EPFO website.
- b) Enter your UAN and password.
- c) View and download your EPF account statement.

Difference between PF and PPF

PF is the popular name for EPF or Employees' Provident Fund. It is a government-established savings scheme for employees of the organised sector. The EPF interest rate is declared every year by the EPFO (Employees Provident Fund Organisation) which is a statutory body under the Employees' Provident Fund Act, 1956. For the current financial year 2022-23, the interest rate on the EPF account has been fixed at 8.15%. Only employees of companies registered under the EPF Act can invest in the EPF or PF. Both the employer and employee are required to contribute 12% of the employee's basic salary and dearness allowance every month to the EPF account.

PPF or Public Provident Fund is a government-supported savings scheme. It is open to everyone, employed, self-employed, unemployed, or even retired. It is not mandatory and anyone can contribute any amount to the PPF subject to a minimum of Rs 500 and a maximum of Rs 1.5 lakh per year. It has a fixed return which is set by the government every quarter. You can open a PPF account with the post office or most major banks. The PPF interest rate is reviewed every quarter. The current PPF interest rate is 7.1%.

FEATURES	PF	PPF
Interest Rate	8.15 %	7.1 %
Who can Invest	Only Salaried Employee	Anybody can invest in PPF
Employer Contribution	Yes	No
Minimum Investment	12% of Basic Salary	Rs. 500
Lock-in Period	Retirement or Resignation	15 Years, Extendable in 5 years block
Tax-on Withdrawal	If withdrawn before 5 years	No
Loan	Yes- Only in special cases	Yes- From 3rd Year to 6th Year
Tax Exemption	Yes	Yes

Liquidity	In case of special cases	No
Scheme offered by	Employee Provident Fund Organisation (EPFO)	Select public sector banks and Post Office

7. LIC

LIC stands for Life Insurance Corporation of India. It started its operations as a corporate firm in September 1956 after the Life Insurance of India Act was passed by India's Parliament in June 1956. The LIC Act came into effect from July 1956. It helped in the nationalization of the private insurance industry in India. LIC of India was formed by merging 154 life insurance companies, 16 foreign companies and 75 provident companies. It is one of the largest financial institutions in India. It has an asset value of over 2,529,390 crores. The headquarters of LIC is in Mumbai, Maharashtra Office. The main slogan of LIC is- "Yogakshemam Vahamyaham" meaning "Your welfare is our responsibility". It is in Sanskrit and is obtained from the 22nd verse of the Bhagavad Gita's 9th chapter. The chairman of Life Insurance of India is Mr M.R Kumar.

Role of LIC in Indian Economy

LIC is known as India's largest government-owned life insurance and investment corporation. The main role of LIC is to invest in global financial markets and different government securities after gathering funds from people through their various life insurance policies. At least 75% of these gathered funds are to be invested in Central and State Government securities, as stated by one of the LIC rules.

Functions of LIC

- i) Collect people's savings in exchange for an insurance policy and promote savings in the country.
- ii) Protect the capital of the people by investing funds into government securities.
- iii) Issue insurance policies at affordable rates
- iv) Provide various loans like direct loans to industries, housing loans, loans to various national projects at reasonable interest rates.

Objectives of LIC

- i) LIC aims to spread awareness about the importance of life insurance among people living in rural areas and people who are a part of socially and economically backward classes.
- ii) It aims to meet several life insurance needs of the community people who are subjected to change with the changing social and economic environment.
- iii) It aims to conduct business economically while taking into consideration that the money belongs to the policyholders.
- iv) It aims to maximize the mobility of people's savings through attractive insurance-linked savings.
- v) It aims in providing utmost job satisfaction to all the agents and employees of the corporation and promotes building a co-operative work environment to deliver efficient service with courtesy to its insured public.
- vi) It aims to deploy the funds to the best advantage of the investors and the community as well.

Types of LIC Life Insurance Plans:

LIC provides numerous schemes to its policyholders. It offers different schemes for different categories and segments of the Indian economy. It is the largest insurance policy company in terms of the number of policies it has issued to date. Some of the policies are as follows:-

- a) LIC's Jeevan Pragati
- b) LIC's Jeevan Labh
- c) LIC's Single Premium Endowment Plan
- d) LIC'S Jeevan Lakshya
- e) LIC's Jeevan Tarun

What are the Basic Policies of the Life Insurance Corporation of India?

The basic policies in Life Insurance Corporation of India (LIC) are term insurance, cash value insurance, straight life insurance, and limited payment life insurance. The details of each of these policies are given below: Term insurance:

This insurance is like an insurance protection contract, similar to auto insurance, home insurance, or health insurance. Therefore, it ensures the individual against any risk of financial loss in case of death and does not include any savings plan. In this insurance policy, the owner buys a fixed amount of coverage and pays an annual premium based on their age. The policy is for a fixed period of time and thus the coverage stops if it is not renewed. These policies are available for five years, ten years or fifteen years where the amount of premium to be paid remains constant. The life insurance can also be purchased with a condition of 65 years of age, that is, the insured does not become 65 years of age and in this case, the amount of premium to be paid increases annually. There is decreasing term life insurance also available wherein the coverage of the insurance decreases with time so that the annual premium to be paid remains constant. Term insurances provide maximum coverage to the premium spent.

i) Cash value insurance:

In this kind of policy, the amount of actual insurance decreases over time and the savings component of the policy increases over time. This type of insurance is funded by the premium payments done by the insured along with the earnings of the saving element in the policy. These insurance policies are of two types: straight life policy and a limited payment policy that provides coverage to the insured throughout life.

ii) Straight life insurance:

The insurance is throughout life. In this type of insurance, the amount of protection decreases as the savings amount increases, though the total coverage of the policy that includes the protection and savings elements remains the same. The premium in these policies is higher than the term insurance which is based on the age of the individual when he or she buys insurance. The premium for this policy remains constant. The face value of insurance refers to the amount which is paid when the insured person dies.

iii) Limited payment life insurance:

In this type of policy, the insured person pays the total amount of policy in a limited number of years, that is, usually 20 to 30 years or by the age of 65. After the completion of the term, the policy remains active for the whole life of the insured if he or she has not withdrawn the amount at any point in time. The amount of premium to be paid every year in this policy is obviously higher than the straight life policy.

8. Mutual Funds

Mutual funds are the safest way to invest in the stock market and build wealth. As we know, mutual funds are handled by managers who are specialists in the field of investments. Mutual funds can be considered safe as they are supposed to be transparent as per the law, and the documentation is in the public domain with stringent regulatory scrutiny.

Investors are invited to purchase units of mutual funds, and the money is thus invested to grow. The same money grows if the funds do well and if the funds are not doing well then the invested money can eventually be lost. Hence mutual funds can show movement higher or lower than the purchase price as the value of the asset increases or decreases. There are many kinds of mutual funds, and some are riskier than others and they are accordingly categorized into various

types. This article covers all you need to know about mutual funds, their types, why you should invest and how to secure your money.

How Mutual Funds Work?

Mutual funds are investments made in various financial assets by professional investment companies on behalf of various investors. These investments are done in bonds, money markets, equities, real estate, and various other securities, with the sole motive to make profits. The term mutual fund is only used in the USA and India, and various other countries use different terms for it. The value of a mutual fund is in accordance with its net asset value (NAV). The previous day's NAV is the purchasing price of a mutual fund. This can be calculated by calculating the value of all the assets of the fund and then subtracting the value of liabilities of the fund. The aggregate is divided by the number of units.

Returns are calculated with the help of appreciation in the value of the portfolio. For example, if the mutual fund has invested in stocks and if the value of those stocks increases the value of the mutual fund will also increase, in overall credibility and accordingly investments are made.

Interest rate: If there is any fluctuation in the interest rate, if the interest rate is the floating rate of interest the prices of the bond in a portfolio fluctuate.

Advantages of Investing in Mutual Funds

There are many advantages of investing in mutual funds especially for beginners and people with less capital, which cannot be compared to any other kind of investment, we are going to discuss them one by one:

i. Funds are managed by professionals

Mutual fund managers are thoroughly trained professionals with years of experience; at the same time they are concerned about their professional reputation and accordingly are better equipped to understand and analyse the markets than a lay investor. Hence chances of losing money are very little.

ii. Mutual funds are extremely affordable

Mutual funds are quite affordable as one can even start the investment with INR 100. Hence, there is no need to necessarily invest only when you have huge sums of money. You can instead start small and build as deemed fit.

iii. Minimal risk

Mutual funds have an extremely diversified portfolio, and this reduces the risk to a great extent. If a person has invested in just one company, two or three, then the chances of losing the money are much higher than in a mutual fund which has invested in a number of instruments. These investments are done in various segments like banking, infrastructure, real estate, and equities. The number of companies a mutual fund invests in can be numerous, 25, to 50, or can be more, but a single investor has their limit set.

iv. Under government regulations

SEBI (The Securities and Exchange Board of India) under the ownership of the Ministry of Finance (Government of India) is the regulator of mutual funds and keeps a very close eye on their functioning ensuring any malpractice is not spared and hence, making these investments extra safe.

v. Liquidity

Investors can very easily liquidate their mutual fund units if they require liquid cash.

vi. Tax benefits

There are tax benefits if a person has invested in tax-saving mutual funds also called ELSS funds for up to a sum of INR 1,50,000 under [Section 80C](#) of the [Income Tax Act, 1961](#). This amount is the maximum benefit one can avail for a financial year.

How to Buy Mutual Funds?

- a) SIP: You can start investing a fixed amount of money at regular intervals, online or offline.
- b) Lump Sum: Here you can invest a chunk of money in just one go, online or offline. One can invest in the following manner:
- c) Online: Investors will have to open an online account with the asset management company. This can be done directly with a mutual fund company or another service provider. Here you will go through the KYC checks and attach your bank account with this particular account. You will have to activate the facility of auto-debit if you want to go for a SIP.
- d) Offline: You will have to visit the office of the mutual fund company and go through the KYC procedures and manually fill out a form for the mutual fund. Another form will have to be deposited at your bank to inform them about the auto-debit in case of a SIP. In case of a lump sum investment, you will have to provide the company with a cheque for the total investment amount.

The disadvantage of this method is that a mutual fund company may not have its office in your vicinity, and if you invest with the help of a middleman a handsome amount of commission is deducted from the invested sum.

How to Sell Mutual Funds?

i. Online

Investors can redeem their mutual fund using the online portal from where it has been purchased. They can sell some units or all, depending on them. The request is processed and the amount is sent via NEFT to the bank account of the investor.

ii. Offline

Investors can redeem units by visiting the office of the mutual fund company physically. This method is slow and takes time. Once the redemption is processed, investors will receive the redemption amount via NEFT or through a cheque sent to the registered address.

9. Fixed Deposit

A fixed deposit is essentially an investment scheme, where you invest a lump sum amount with a bank or a financial institution for a specified period of time. In exchange for depositing this lump sum, you receive interest at a certain percentage as a reward. At the end of the specified period of time, the financial institution returns your principal investment amount along with the interest accrued up until that point.

Usually, unlike other forms of investments, the returns from a fixed deposit are guaranteed. What this essentially means is that the return that you get, which is the interest on your deposit, will not be dependent on the market or any other factor. To put it simply, you receive the advertised interest on the fixed deposit no matter what. If you're interested in finding out just how much returns you're likely to get from an FD, you can always use an online FD interest calculator.

Also, fixed deposits are generally considered to be far safer than other forms of investment. The level of default risk on fixed deposits is quite low. That said, the default risk is not non-existent. You may still end up losing your investment capital if you invest in fixed deposits that are not highly rated.

How does a fixed deposit work?

Now that you've seen what a fixed deposit is, let's take a look at how it works with an example.

Let's say that you have about Rs. 5,00,000. You wish to invest it in a fixed deposit scheme with a bank that offers an interest of around 8% per annum. Assume that the tenure that you wish to opt for is 5 years.

Now, at the end of the tenure of 5 years, the bank will pay out Rs. 7,42,974. This includes your principal investment amount of Rs. 5,00,000 and interest for 5 years of Rs. 2,42,974.

10. Gold

Gold-backed ETFs & similar products

Physically-backed gold exchange-traded funds (ETFs), exchange-traded commodities (ETCs), and similar products are exchange-traded investment vehicles which invest in gold bullion. They account for approximately one-third of the demand for gold as an investment. Shares in physical gold ETFs can be bought and sold similarly to shares of companies through exchanges. Physical gold ETFs are targeted at both individual and institutional investors, and the price usually tracks the performance of the underlying gold spot price. Physical gold ETFs allow investors to gain exposure to gold as an asset class through the convenience of a modern investment product. Customers who buy shares in ETFs do not have to trade physical gold directly or manage the safekeeping of their holdings; they can buy shares in these ETFs as easily and quickly as they would buy shares in listed companies.

Internet Investment Gold

An increasingly common way of accessing the gold market is Internet Investment Gold (IIG). Internet Investment Gold allows investors to buy physical gold online; have it stored in professional vaults and take possession of it should the need arise. As such, Internet Investment Gold offers benefits such as outright ownership of physical gold, exposure to gold as an asset class, while being highly convenient. Vaulted gold is investment gold (bars or coins) which is stored in professional vaults on behalf of investors. Buyers of vaulted gold acquire outright ownership of the gold without needing to store it themselves. Target customers are primarily private investors, ranging from mass-market clients to high net worth individuals. Vaulted gold provides customers with the advantage of physical gold ownership combined with a modern investment product. Investors obtain direct ownership of gold but do not incur the typical associated challenges, such as finding a trustworthy dealer, transporting and safely storing the gold and obtaining proof of provenance and quality in the case of resale (removing the potential need for assaying).

Gold savings plans

Regular gold savings plans allow customers to build gold holdings by making periodic purchases, for example on a weekly or monthly basis. Providers of gold savings plans safely store customers' gold on their behalf and these plans are typically targeted at mass market consumers because both minimum investments and regular savings amounts are low.

Customers pursue different objectives with gold savings plans. Some customers use them to increase their gold holdings in small, regular increments. As such, they focus on the financial benefits of gold as an asset class, using it as a foundational asset, a savings tool or a means of diversification and risk mitigation. The cost average effect of small, regular investments provides an additional benefit, since the investment is accumulated incrementally over time, the investor is less exposed to short-term price fluctuations.

Investment bars & coins

One of the simplest ways of obtaining gold as an investment is to buy investment bars and coins, from a bank or reputable dealer. When buying gold in these forms, investors pay a premium over the spot gold price, and investors must take care of delivery, storage and insurance. Small bars and coins accounted for approximately two-thirds of annual gold investment demand and around one quarter of global gold demand over the past decade.

Investment gold coins (also known as bullion coins) are typically issued by governments and have a face value. They take different forms, but their value is derived from their gold content: they are typically of a purity between 91.67% (22 carat) or 99.99% (24 carat). Investment gold bars can be purchased in 1, 10, 20-, 50-, 100-, and 1,000-gram denominations as well as 1, 10, 100 and 400 troy ounces. These bars are manufactured by industry-accredited manufacturers and have a purity of between 99.5% - 99.99%. Large institutions often rely on the London Good Delivery (LGD) bar, which is used for clearing in London and weighs approximately 400 troy ounces.

Gold certificates

Gold certificates provide ownership of physical gold, which is stored in professional vaults on the customer's behalf. They receive a personalised certificate in their name, which provides evidence of ownership and is required for the sale or withdrawal of their holdings. Gold certificates are typically aimed at affluent private investors. Gold certificates are particularly convenient for investors who want to own physical gold without taking (immediate) possession of it. The overall costs are comparatively low because ownership is often provided in pooled allocated large bars, which are available at a lower premium than individual bars.

11. Real Estate

Investment real estate is real estate that generates income or is otherwise intended for investment purposes rather than as a primary residence. It is common for investors to own multiple pieces of real estate, one of which serves as a primary residence while the others are used to generate rental income and profits through price appreciation. The tax implications for investment real estate are often different from those for residential real estate.

- i) Investment real estate can provide opportunities for investors to build wealth, increase income, and diversify an investment portfolio.
- ii) Residential investments typically involve homes, townhouses, and condominiums.
- iii) An investment in commercial real estate might involve the ownership of retail stores, office buildings, or storage facilities and warehouses.
- iv) Investment real estate can create capital gains for investors due to increases in property value as well as provide rental income.

Understanding Investment Real Estate

Investment real estate can provide opportunities for financial gains to investors. Owning investment properties can help build wealth, increase income, and help diversify an investment portfolio. Although there are many types of properties in the real estate market, primarily, most properties can be broken down into two classifications.

i) Residential

Investment real estate can include residential land and properties. Residential investments typically involve homes, townhouses, and condominiums. Residential properties can be multi-family or single-family units.

ii) Commercial

An investment in commercial real estate might involve the ownership of retail stores, office buildings, or storage facilities and warehouses. Investment in commercial real estate is typically more involved and costly than residential

investments. Commercial property leases can be longer than a residential rental agreement. Both the costs and profitability are usually measured on a per-square-foot basis.

12. Banking Dynamics

In unravelling the intricate tapestry of the financial framework, this research delved into the dynamic realms of money generation, banking dynamics, and investment literacy through a comprehensive survey of five prominent banks. The survey, posed a spectrum of probing questions to discern the banks' perspectives on channels for financial education, investment opportunities for young investors, currency reception from the Reserve Bank of India (RBI), money management strategies, considerations for credit card and loan choices, tailored financial products for the youth, the significance of maintaining a savings account, government policies relevant to financial management, and procedures for exchanging or depositing old or rare currency notes and coins.

The primary channels through which customers can access financial education resources and information exhibited a digital pivot, with online platforms and mobile applications being the preferred mediums. Banks emphasized the importance of user-friendly interfaces, webinars, and interactive modules to enhance financial literacy. Regarding investment opportunities for young investors, a consensus emerged on the promotion of long-term wealth building through specifically curated accounts, emphasizing the cultivation of financial acumen from an early age.

The process of receiving currencies from the RBI was described as a meticulous undertaking, showcasing the banks' adherence to regulatory protocols and robust systems in place. Money management, a cornerstone of banking, highlighted prudent investment strategies and risk mitigation practices. Young customers were advised on critical factors to consider when choosing credit cards or taking loans, with a strong emphasis on responsible financial behavior to avoid debt traps.

Furthermore, banks showcased a suite of financial products and services explicitly designed to address the unique needs and goals of young individuals. From education loans to youth-centric savings plans, the financial landscape caters to the evolving aspirations of the younger demographic.

Maintaining a savings account was underscored as a pivotal step for young customers, emphasizing the inculcation of disciplined saving habits and providing a financial safety net. Benefits such as interest accrual, liquidity, and the establishment of a credit history were extolled as incentives for embracing this foundational financial tool.

The surveyed banks also underscored the importance of awareness regarding government policies related to financial management, urging young customers to stay abreast of regulations that may impact their financial decisions. Additionally, the possibility of exchanging or depositing old or rare currency notes and coins was affirmed, with clear procedures and conditions delineated to facilitate such transactions.

In conclusion, the research illuminated the multifaceted dimensions of the financial landscape, painting a nuanced portrait of how banks engage with and address the financial needs of the youth. The amalgamation of online and offline surveys provided a holistic view, reflecting the banking sector's commitment to fostering financial literacy and empowerment among the younger generation. As we navigate the complex interplay of money, banking, and investment, the insights gleaned from these surveys serve as a compass, guiding both financial institutions and young customers toward a future characterized by informed decision-making and financial well-being. The findings underscore the commitment of the surveyed banks to financial literacy, responsible banking practices, and customer empowerment. As the financial landscape continues to evolve, the insights garnered from this research provide a valuable snapshot of the strategies employed by banks to navigate the intricacies of money generation, banking dynamics, and investment literacy in the contemporary era.

13. Empirical Study - Methodology

For a comprehensive analysis of the on ground situation, establishing the need for financial literacy was one of our major aims, which we tried to target through seeking information from the veterans in the field of finance, i.e., the bank managers and financial advisors. The questionnaire included questions related to financial education, investment opportunities, banking operations, credit awareness, and financial schemes available for youth. The responses obtained from the banks revealed certain common patterns and perspectives regarding how financial institutions engage with customers and promote financial literacy.

Collective Analysis

When asked (to the bank officials) about, 'Channels Through Which Customers Access Financial Education', from the responses received, it was observed that financial education is increasingly being delivered through both digital and physical platforms. Many banks mentioned that customers can easily access financial information through their official websites, mobile banking applications, and online customer service portals. These platforms often contain detailed information about different financial products, investment options, interest rates, and customer guidelines.

In addition to these digital platforms, banks also utilize social media platforms such as YouTube, online tutorials, and informational videos to explain financial concepts in a simple and accessible manner. These digital tools help banks reach a wider audience, especially younger customers who are more comfortable using technology.

However, despite the growth of digital platforms, traditional branch-level interactions still remain important. Customers often approach bank officials directly at the branch to clarify doubts regarding investments, loans, or financial planning. Some banks also organize financial literacy programs, awareness drives, and educational sessions to help individuals understand the importance of saving, investing, and responsible financial management.

When asked about investment opportunities for young individuals who wish to start building wealth, most banks recommended low-risk and structured investment options. The most commonly suggested options included Fixed Deposits (FD), Recurring Deposits (RD), Public Provident Fund (PPF), and Systematic Investment Plans (SIP) in mutual funds.

Bank officials explained that these investment options are particularly suitable for beginners because they provide relatively stable returns and encourage disciplined saving habits. For example, recurring deposits allow individuals to invest a small amount regularly, which can help students and young professionals gradually build a financial corpus over time.

Similarly, when the question was posed in relation to the 'Process of Receiving Currency from the Reserve Bank of India', the bank officials explained the process through which commercial banks receive currency from the Reserve Bank of India (RBI). The responses indicated that currency distribution takes place through a well-organized system known as currency chests, which are maintained by authorized banks on behalf of the RBI.

Fresh currency notes and coins are supplied by the RBI to these currency chests, from where they are further distributed to different bank branches depending on the demand in the region. Bank branches withdraw currency from the chest and use it to meet the requirements of customers for withdrawals and transactions.

Additionally, old or damaged notes collected from customers are also returned through the same system. These notes are then inspected and either reissued if fit for circulation or destroyed if they are unfit. This process ensures proper circulation and maintenance of currency within the banking system.

The following question attempted to make an inquiry into 'How Banks Manage the Money Deposited by Customers'; another important aspect discussed during the interviews was the way banks manage the funds deposited by customers. Bank officials clarified that the deposited money is not simply stored in the bank but is actively utilized as part of the banking system.

A portion of the deposits is maintained as reserves according to RBI regulations, while the remaining funds are used by banks to provide loans and credit facilities to individuals, businesses, and organizations. Through this process, banks play a significant role in supporting economic activities and promoting financial growth.

At the same time, banks maintain strong security systems for safeguarding money. Physical cash is stored in secure vaults and lockers, and strict protocols are followed to ensure the safety of financial assets. Banks are also required to maintain proper records and comply with regulatory guidelines issued by the RBI.

In the discussion with regards to the 'Factors Young Customers Should Consider Before Taking Loans or Credit Cards', bank officials highlighted that young individuals should exercise caution when choosing financial products such as credit cards or personal loans. One of the most important factors to consider is the interest rate, as higher interest rates can significantly increase the cost of borrowing.

Another important factor is the repayment capacity of the borrower. Banks advised that customers should only borrow an amount that they can comfortably repay without affecting their regular financial needs. It is also important to understand the terms and conditions associated with credit cards, including annual charges, penalties for late payments, and credit limits.

The bank officials stressed that responsible borrowing and timely repayment are essential for maintaining a good credit score. A good credit history can help individuals obtain loans. If one does not educate themselves then easily in the near future, their irresponsible borrowing may lead to financial difficulties and debt.

The interviews also revealed that banks have started offering several financial products specifically designed for young individuals. These include student savings accounts, zero-balance accounts, education loans, and beginner investment plans.

All the bank officials interviewed emphasized the importance of maintaining a savings account. According to them, a savings account serves as the foundation of an individual's financial life. A savings account allows individuals to safely store their money while also earning a small amount of interest. It also provides easy access to banking services such as ATM withdrawals, online banking, fund transfers, and payment services.

Moreover, maintaining a savings account helps individuals develop the habit of saving regularly. Over time, this habit can contribute significantly to financial stability and help individuals handle emergencies or unexpected expenses.

Another important aspect highlighted by the bank officials was the role of government schemes in promoting financial security. Banks often inform customers about various government-backed savings and investment schemes, such as provident funds, insurance schemes, and tax-saving investment options.

These schemes are designed to encourage long-term savings and provide financial protection for individuals and their families. Awareness about such policies helps young individuals make informed financial decisions and plan their future more effectively.

Finally, the bank officials explained that customers can deposit or exchange old, damaged, or rare currency notes and coins at bank branches in accordance with the guidelines issued by the RBI.

In most cases, the bank staff examine the condition of the currency before accepting it. If the note is partially damaged but still identifiable, it can usually be exchanged or credited to the customer's account. In certain cases, customers may need to fill out a form or provide identification details before the transaction is processed.

14. Recommendations

Based on the findings of the research and the insights gathered from interviews with banking professionals, several recommendations can be suggested to improve investment literacy among youth.

1. Introduce Financial Education at an Early Stage

The research findings indicate that many young individuals lack basic knowledge about investment options and financial planning. Therefore, financial education should be introduced at the school and college level. Teaching concepts such as saving, budgeting, risk, and different investment instruments can help students develop financial awareness from an early age.

2. Organize Financial Literacy Programs for Youth

Banks and financial institutions should conduct more awareness programs, seminars, and workshops specifically targeted at young people. These programs can help explain different investment options such as mutual funds, fixed deposits, SIPs, and other financial instruments in a simple and practical manner.

3. Use Digital Platforms to Promote Investment Awareness

Since the younger generation is highly active on digital platforms, banks and financial institutions can use social media, mobile applications, and online webinars to spread knowledge about financial planning and investment opportunities. Digital tools can make financial information more accessible and engaging for youth.

4. Encourage the Habit of Saving and Investing Early

The research suggests that many young individuals delay investing due to lack of awareness or fear of risk. Encouraging youth to start saving and investing early, even with small amounts, can help them understand the investment process and benefit from long-term financial growth.

5. Provide Simplified Information About Investment Products

Many young individuals find financial products complicated and difficult to understand. Banks and financial institutions should provide simplified explanations and beginner-friendly investment options so that first-time investors feel more confident while making financial decisions.

6. Strengthen the Role of Banks in Financial Awareness

Banks can play an important role in improving investment literacy by providing guidance through financial advisors and educational campaigns. Regular interaction with customers, especially young customers, can help them make more informed investment decisions.

7. Encourage Practical Exposure to Financial Markets

Educational institutions can also provide students with practical exposure to financial markets through workshops, internships, and simulation activities related to investing. This will help students gain real-life understanding of financial decision-making.

15. Conclusion

The study has helped us surface the intricacies of the finance-verse. The inclusion of offline surveys has been instrumental in enriching our understanding of the nuanced interactions between financial institutions and their diverse customer base.

Through a meticulous examination of five banks, our study has unraveled multifaceted aspects of money generation, shedding light on the strategies employed by these institutions to sustain financial stability and support economic

growth. The offline surveys, conducted alongside their online counterparts, have provided a more holistic perspective, capturing the nuances of customer experiences that might not be fully represented in digital interactions alone.

The dynamics of banking processes were explored in-depth, with a focus on the mechanisms through which banks manage currency flows from the Reserve Bank of India (RBI) and handle customer deposits.

The offline surveys have contributed a qualitative dimension to these processes, offering a nuanced understanding of the interpersonal aspects involved in financial transactions, as well as the tangible and intangible factors influencing customer trust.

Investment literacy emerged as a pivotal theme, and the offline surveys have allowed us to delve deeper into the attitudes and preferences of customers, providing qualitative data that complements the quantitative findings from online surveys.

This qualitative layer is crucial for a comprehensive understanding of the cultural and behavioral nuances that shape individuals' investment decisions. Furthermore, the offline surveys have enriched our exploration of how banks cater to the financial needs of young individuals. Specific investment opportunities and accounts designed for this demographic were explored in detail, providing a nuanced understanding of the strategies banks employ to engage and nurture the financial growth of the younger generation.

The offline surveys have also been instrumental in capturing the human aspect of financial decision-making, particularly in terms of credit card usage and loans. By understanding the concerns and considerations of customers through direct interactions, we have gained insights into the real-world application of financial literacy and the challenges faced by individuals in navigating the credit landscape. Moreover, the offline surveys have been instrumental in elucidating the significance of maintaining a savings account, beyond the mere transactional perspective. The qualitative data obtained from these surveys underscored the emotional and psychological dimensions associated with savings, providing a deeper understanding of how banks contribute to shaping financial behaviors.

In conclusion, the amalgamation of online data and offline surveys has allowed for a comprehensive exploration of the financial framework. The qualitative data obtained through offline surveys has added depth to our understanding, offering a nuanced perspective on the human elements that underpin financial interactions. As the financial landscape continues to evolve, these insights will prove instrumental in shaping strategies for enhancing financial literacy, fostering responsible banking practices, and ensuring the inclusivity of banking services for diverse customer segments. The qualitative nuances captured through offline surveys can serve as a compass for banks, guiding them towards more empathetic and customer-centric strategies. By recognizing the emotional and psychological dimensions associated with financial transactions, institutions can foster a deeper sense of trust and engagement, crucial for sustaining long-term relationships with their customers.

Moreover, these findings underscore the importance of a holistic approach to financial research, one that seamlessly integrates both digital and interpersonal methods. While online surveys provide valuable quantitative data, offline surveys offer a qualitative depth that is indispensable for understanding the intricate fabric of financial behaviors and decision-making.

In essence, the inclusion of offline surveys has elevated our research beyond the confines of numerical data, allowing us to capture the stories, sentiments, and individual narratives that shape the financial landscape. As we navigate the complexities of the financial world, the lessons drawn from these direct interactions with customers provide a compass for steering financial institutions towards more inclusive, informed, and compassionate practices in the ever-evolving financial landscape.

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