

# Personal financial literacy among Indian postgraduate residents

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## ABSTRACT

**Background.** Postgraduate residents' ability to understand and effectively manage their finances is variable. We conducted this study to assess the awareness of personal financial literacy among Indian residents.

**Methods.** We circulated a web-based cross-sectional Google Forms multiple-choice questionnaire having questions in three categories including financial awareness, current financial status and plans among 400 Indian residents.

**Results.** A total of 215 Indian residents (53.75%) responded to the survey (men 80.9%, unmarried 74.4% and pursuing broad specialties 83.3%). The majority were unaware of stocks, special student/doctor loans, tax planning, life insurance, professional indemnity and tax/financial planning. The majority opined that personal finance and investing should be taught at medical school/residency. A financial pyramid based on the hierarchy of needs is proposed.

**Conclusion.** Lack of financial literacy and planning was seen among the majority of Indian residents. Our study highlights this gap in the medical curriculum and the need for formal structured financial education during training.

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## INTRODUCTION

Residents get well trained to take care of their patients' health; however, their ability to understand and effectively manage their own finances seems to be variable. As the financial health of residents correlates with their mental health, resilience and academic/clinical performance, many studies have addressed the issue of financial literacy (FL) among residents in North America.<sup>1,2</sup> However, this has not been investigated for Indian postgraduate residents. This prompted us to assess the awareness of personal FL among Indian residents.

## METHODS

We developed a web-based cross-sectional Google Forms questionnaire after reviewing the currently available literature

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and feedback from a pilot questionnaire on this subject. In addition to the demographic queries, questions were divided into three categories including financial awareness, current financial status and future plans (Table I). Respondents could select more than one answer, as and where needed. This multiple-choice pattern quantitative and qualitative questionnaire was circulated through social media platform WhatsApp messenger to 400 Indian residents known to the authors. The term 'resident' refers to all postgraduate trainees of medical/surgical specialties and super-specialty courses. Participants were asked to further disseminate the questionnaire to their contacts. The questionnaire was kept open for responses for about 3 weeks from 19 October to 6 November 2020. Approval from the institution ethics committee was obtained.

The study responses and data were collected and managed using the Google Forms electronic tool. The data were analysed using MS Excel 2007; the variables were expressed as numbers and percentages.

## RESULTS

A total of 215 residents (53.75% response rate) responded to the survey; the majority of responders were unmarried (74.4%), men (80.9%), pursuing basic specialties (83.3%; as against 16.7% in super-specialty courses) and had no dependants (54%). There was preponderance of men in this survey, perhaps due to a higher percentage of surgery and allied postgraduates (60%), while medicine and allied (32%) and obstetrics and gynaecology (8%) were in the minority. The distribution of age range was <25 years (8.8%), 25–30 (70.7%), 31–35 (16.7%), 36–40 (2.3%) and >40 (1.4%) years.

### Financial awareness

The majority of respondents were aware of savings in the form of investments, insurance and mutual funds; but not of stocks, special student/doctor loans and tax planning. Only 24.6% claimed that their financial awareness was inferior to their non-medical peers (Table I).

### Current financial planning

The majority of respondents did not have life insurance, professional indemnity, did not file tax returns on their own or made their monthly budgets. However, a majority (>80%) did not have student loans or mortgages or accrual of high interest on delayed payments of credit card bills. About 53.5% were not satisfied with their current financial condition (Table I).

### Future plans

The majority of respondents did not have a future financial plan in place, did not feel comfortable managing future personal finances on their own and did not plan to borrow money for owning a private hospital. However, 68.8% believed that marrying and having a doctor spouse leads to quicker financial independence and 91.2% opined that personal finance and investing should be taught at medical school/residency (Table I).

TABLE I. Summary of responses to the qualitative questionnaire on financial literacy among residents (n=215)

Question	No, n (%)	Yes, n (%)
<i>Financial awareness</i>		
Do you know the difference between saving, investments and insurance?	55 (25.6)	160 (74.4)
Are you adequately aware of compound interest?	100 (46.5)	115 (53.5)
Are you adequately aware of stocks?	134 (62.3)	81 (37.7)
Are you adequately aware of mutual funds?	60 (27.9)	155 (72.1)
Are you adequately aware of the importance of saving and investment?	48 (22.3)	167 (77.7)
Are you adequately aware of student loan?	150 (69.8)	65 (30.2)
Are you adequately aware of doctor loan?	162 (75.3)	53 (24.7)
Are you adequately aware of life insurance?	133 (61.9)	82 (38.1)
Are you adequately aware of tax planning?	124 (57.7)	91 (42.3)
<i>How will you rate your financial literacy compared to your non-medico friends?</i>		
Better	42 (19.5)	
Same as them	120 (55.8)	
Poor	53 (24.7)	
<i>Current financial planning</i>		
Do you have life insurance?	117 (54.4)	98 (45.6)
Do you have professional indemnity?	191 (88.8)	24 (11.2)
Did you ever file your tax return?	144 (67)	71 (33)
Do you make your monthly budget?	129 (60)	86 (40)
Do you have a student loan?	180 (83.7)	35 (16.3)
Do you have a mortgage?	183 (85.1)	32 (14.9)
Do you pay high interest on delayed payments of credit card bills?	187 (87)	28 (13)
<i>How satisfied are you with your current financial condition?</i>		
Satisfied	73 (34.0)	
Never thought of it	35 (16.3)	
Not satisfied	115 (53.5)	
<i>Future plans</i>		
Do you have a plan in place to borrow money for owning a private hospital in the future?	152 (70.7)	63 (29.3)
Do you believe that marrying a doctor partner brings financial independence quicker?	67 (31.2)	148 (68.8)
Are you comfortable managing personal finances on your own?	102 (47.4)	113 (52.6)
Do you have a future financial plan in place?	141 (65.6)	74 (34.4)
Do you think you will be able to sustain your and your family's lifestyle immediately after finishing training?	126 (58.6)	89 (41.4)
In your opinion, should personal finance and investing be taught at medical school/residency?	19 (8.8)	196 (91.2)
<i>How confident are you with future financial planning based on current awareness and condition?</i>		
Confident	23 (10.7)	
Never thought of it	77 (35.8)	
Not confident	115 (53.5)	

The subgroup analysis in terms of age, gender, marital status and training (pursuing broad and super-specialty) *vis-à-vis*, responses to questionnaires were similar.

## DISCUSSION

FL is the ability to understand and effectively use various financial skills, including personal financial management, budgeting and investing; for a lifetime of financial well-being. Many North American studies have shown that residents have low FL.<sup>1</sup> Moreover, costs associated with medical training have been a long-standing issue leading to high debt among these residents.<sup>1,3,4</sup> Additionally, residents are 'overworked and underpaid' with meagre salaries; are labelled as 'clinically competent but fiscally at risk' and many face financial hurdles during their resident training.<sup>5</sup> Impact of the financial health of residents has been linked to their well-being and resilience; as unstable financial status has been associated with overall stress, emotional exhaustion, emotional/physical burnout, low quality of life, poorer academic/clinical performance, moonlighting, the strain on relationships and a greater impact on future career plans, continuing medical education and undertaking major life decisions with financial implications,

such as marriage, starting a family or purchasing a home.<sup>2</sup> Despite the obvious importance of this issue, it has not been studied among Indian residents; prompting us to conduct this study.

Lack of FL was seen among the majority of Indian residents (Table I). This was seen across all specialties and super-specialties; similar to many other studies. Further scrutiny of Indian residents' responses reveals that although they were aware of investments, insurance and mutual funds as means of savings, they did not use this knowledge to save and invest. This may be due to a lack of financial acuity or necessary capital. Another interesting finding was that 75.3% of Indian residents graded their financial knowledge at par or better than their non-medical peers but ~53% confessed to being uncomfortable managing present and future personal finances themselves. Unlike many American residents,<sup>1</sup> the majority of Indian residents did not have professional indemnity, did not file tax returns on their own and did not have student loans or mortgages or accrual of high interest on delayed payments of credit card bills. However, times are changing with the advent of many private medical schools, costs of medical education are rising and an increasing trend of educational debts is seen.<sup>6</sup> One surprising

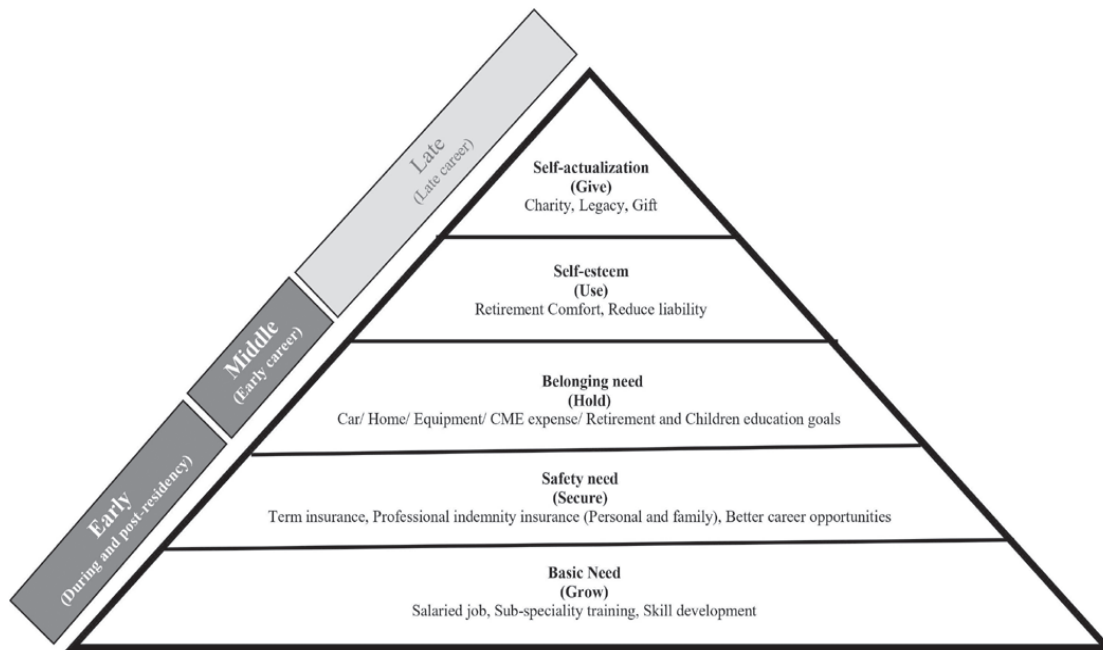


FIG 1. Financial planning pyramid for residents (original) based on Maslow's theory of 'Hierarchy of needs' (early and middle steps are directly related to residents) and financial pyramid concept of financial planning

response was that a majority (68.8%) of respondents believed that having a doctor spouse leads to quicker financial stability; this has not been reported in any other study. Most (91.2%) residents wanted to learn about finances and felt that inclusion of personal financial education during medical school/residency will be of benefit; a sentiment echoed by most North American residents.

Surprisingly, few universities have a formal structured co-curriculum to impart FL to their medical students and residents.<sup>3,7,8</sup> Adding personal financial education to the medical education as a co-curriculum can fill this major 'gap' and help in long-term financial health of financially unstable residents. 'Time is money', hence learning FL early can lead to timely saving/investing, getting maximum benefits of compound interest and may avoid extending the economic challenges facing the residents. A financial pyramid based on Maslow's 'Hierarchy of needs' shows a person's lifelong financial needs and therefore can serve as a template for development of financial curriculum for residents (Fig. 1).<sup>9</sup> Short courses added to the medical curriculum increase knowledge of FL, lead to responsible personal financial management by residents and have the potential for important long-term benefits.

Most studies on FL among residents are from North America,<sup>2</sup> to the best of our knowledge, this is the first study on FL among Indian residents and hence merits consideration as it reveals their lack of financial awareness. Limitations of our study include that the survey is largely an open qualitative one with largely attitudinal results, therefore, lacking strength in terms of quantitative/statistical analysis and having a small sample size (for being a representative survey) and non-response bias of 46.25%. Inherent limitations of the survey methodology include

unknown accurate response rate, non-response and recall bias. However, adverse effects of financial distress on the residents' life and work are well known; hence, improving FL among them can strengthen their financial health and indirectly improve the care provided to patients. Our study also highlights this gap in the medical curriculum and Indian residents' need for formal structured financial education during training.

*Conflicts of interest.* None declared

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