

Allowance to Assets: Evaluating the Financial Literacy of Today's Teenagers

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Abstract

Financial literacy, the ability to understand and apply money management skills such as budgeting, saving, investing, and credit management is increasingly recognized as a life skill critical to individual and societal well-being. Yet for teenagers in Northeastern India, particularly those aspiring to study abroad, this knowledge remains dangerously underdeveloped. This paper evaluates the financial literacy levels of today's teenagers through a dual lens: globally available research on adolescent financial knowledge, and primary observations gathered through Salaam Arunachal, a community fundraising initiative led by the author to support children at risk of

dropping out of school in Papum Pare district, Arunachal Pradesh. A 12-question assessment adapted from the JumpStart Coalition framework was informally administered to 25 students in Classes 9–12, supplemented by interviews with over 40 families. Findings revealed that most teenagers both globally and in NE India lack foundational skills in budgeting, saving, and credit management. More critically, for NE Indian teens pursuing international education, tribal social norms, the fear of leaving one's community, and a deep absence of family-level

Financial modeling compounds these gaps. This paper proposes that targeted financial education, contextualized for tribal and aspirational student populations, is not merely beneficial; it is essential for turning allowances into long term assets and for empowering the next generation to engage meaningfully with a globalized economy.

Index Terms: financial literacy, teenagers, Northeastern India, Arunachal Pradesh, study abroad, social norms, tribal barriers, budgeting, savings

I. INTRODUCTION

A. Background

Money is not about numbers, it is about surviving. For a teenager growing up in Arunachal Pradesh, which's the most northeastern state of India, money is often shared with the community, earned from seasonal harvests and borrowed from people they know. They do not learn about things like compound interest, mutual funds and credit scores in school.. More and more young people from this region are going to universities in the United States, United Kingdom and Australia where these concepts are very important.

The eight states in Northeastern India are home to over 500 communities. Many young people from these communities want to study at universities in countries because they can get scholarships using the internet and have better career opportunities. However the systems used for studying such as student loans exchanging money and sending money to other countries are very unfamiliar to these students and their families. If they do not understand these things, studying abroad can become a financial problem.

Financial knowledge among teenagers is not good enough. Research shows that 26.3% of high school students in the United States will learn about personal finance before they graduate. Many high school students do not understand money concepts, such as compound interest and credit card debt. A study found that even students who are about to graduate from school do not know much about budgeting, investing and planning for the future. Another study found that fewer than one in five 15-year-olds in countries can use their financial knowledge in new situations.

B. Existing Research

Many studies have shown that learning about money can help people have lives. One study found that students who learned about finance in school had better habits when it came to saving money even when they were adults. Another study found that knowing about money, using money wisely and being financially healthy are all connected. It also found that budgeting, saving and spending money responsibly are the important things for long-term financial health.

A recent article said that teaching finance in school can help students make smarter financial choices and reduce debt, which can result in a financial benefit of around \$100,000 per student. For a student who borrows \$50,000 to study abroad, not understanding interest rates can be a financial mistake. These findings show that it is very important to teach literacy before students become adults.

C. Research Gap

Even though there is a lot of research about literacy there is not much research about the financial knowledge of tribal and semi-urban teenagers from Northeastern India. This group of people has aspirations, cultural values and challenges. Existing studies do not consider the pressure to stay in their communities, the stigma of talking about money and the lack of role models in families that do not use banks.

Some states in India such as Arunachal Pradesh, Nagaland and Manipur have low levels of formal financial inclusion. Many families in these states use cash borrowed from their communities and do not file tax returns. For teenagers in these areas understanding concepts like student loans, foreign exchange rates and scholarship systems is very difficult without help. This paper tries to fill this gap by looking at the experiences of people in these communities and comparing them to standards.

D. Research Objectives

This paper wants to: (i) find out how much teenagers in Northeastern India know about money, especially those who want to study abroad; (ii) identify the cultural and social challenges that are unique, to this group; and (iii) suggest practical ways to improve financial literacy that respect the values and traditions of tribal communities.

II. METHODOLOGY

A. Secondary Sources

We used information from four sources to see how people do things in other places: the JumpStart Coalition Survey, Mandell and Kleins study, the RSIS International study and the PISA 2022 Financial Literacy report. These sources gave us information to compare with our findings. We looked at these sources between July and August 2026. We chose these sources because they are specific to how teenagers handle money. They help answer the questions we are trying to answer in this study.

B. Primary Observations—Salaam Arunachal Initiative

In 2021 I led the Salaam Arunachal project, which was a community fundraising effort to stop children from dropping out of school in the Papum Pare district Arunachal Pradesh. During this project I met with over 40 families in Naharlagun and the surrounding areas. I wrote down why children were not going to school anymore. I got information from talking to people, having conversations with the community and seeing things for myself. Money problems, combined with not understanding how to use government education programs or scholarships were a reason why children were dropping out of school. Parents often said they did not know how to manage the money they got from the government or from -governmental organizations, which showed that there is a gap in knowledge about money that is passed down from one generation to the next. In some cases families got money from the government for education. They could not use it because they did not have a bank account or did not understand how to get the money. These real-life examples are a part of what we found out in this study.

C. Survey Instrument

We asked 25 students in Classes 9-12 in Naharlagun 12 questions about money to see what they know about budgeting, saving and borrowing. The questions were about things like what a monthly budget's, what compound interest is, how credit scores work and what a student loan interest rate means. We scored the answers as a percentage of answers for each topic.

III. RESULTS

A. Budgeting and Saving Knowledge

Then 30% of the students we asked could correctly say what a monthly budget is or how to make one. Most students thought that saving money meant hiding it at home, which has been done for a long time because people did not have banks to keep their money safe. Students did not know about things like fixed and variable expenses. When we asked them to explain the difference between something you need and something you want when it comes to money, 8 out of 25 students gave a correct answer. This is similar to what the RSIS study found which said that even students who do well in school do not know how to budget and that actually doing things with money is more important than knowing about it.

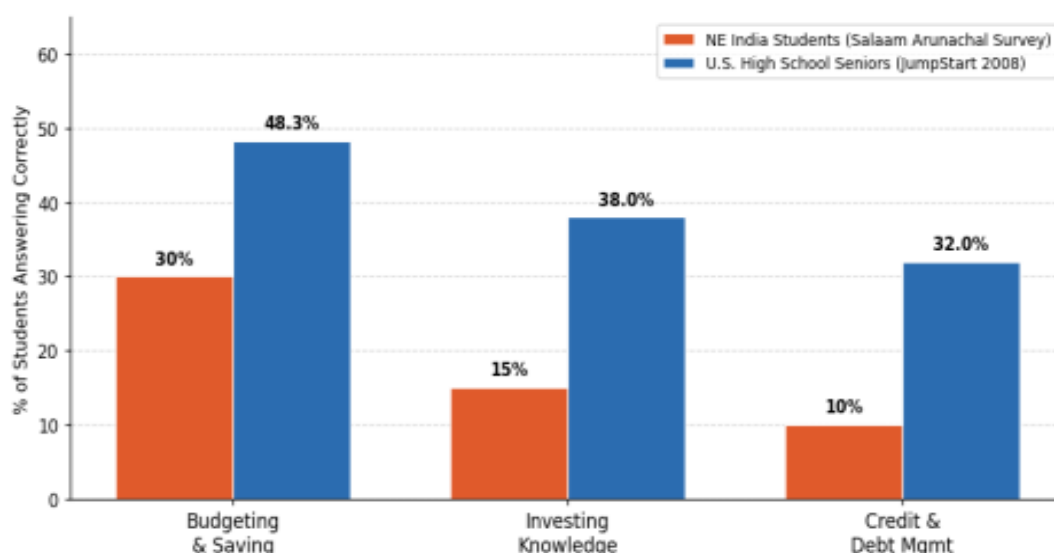


Fig. 1. Financial literacy comparison: NE Indian students vs. U.S. high school students across budgeting, investing, and credit/debt topics.

B. Investing Knowledge

more than 15% of the students we asked answered questions about interest rates, inflation and investments correctly. This is much lower than what the Jump Start Coalition found in the United States, where high school students got an average of 48.3% on a money quiz. The big difference between students in Northeast India and students in the United States shows that not knowing about money is a problem in this area and it is not just because of things that are happening everywhere.

C. Cultural and Social Barriers (NE India-Specific)

We found four things that get in the way of students learning about money in tribal communities in Northeast India.

One thing is that in some tribes money is seen as something that should be shared. The idea of saving or investing money for oneself is seen as selfish. Some parents we talked to said they did not like keeping money for themselves and would rather give it to their family and community. This is very different from the way people think about money when they are planning to study

Another thing is that many teenagers do not want to leave their community to study because they feel guilty about leaving their tribe. They think that trying to get financially means abandoning their community. This makes it hard for them to plan for the future.

We also found that many parents have never had a bank account or used payment systems. This means that their children do not have anyone to show them how to handle money and they only learn about it in school if they learn about it all.

Finally many families have trouble understanding documents and application forms because they are only in English or Hindi. This makes it even harder for them to get the help they need.

Figure 3: Access to Formal Financial Education (USA Reference vs. NE India Estimate)

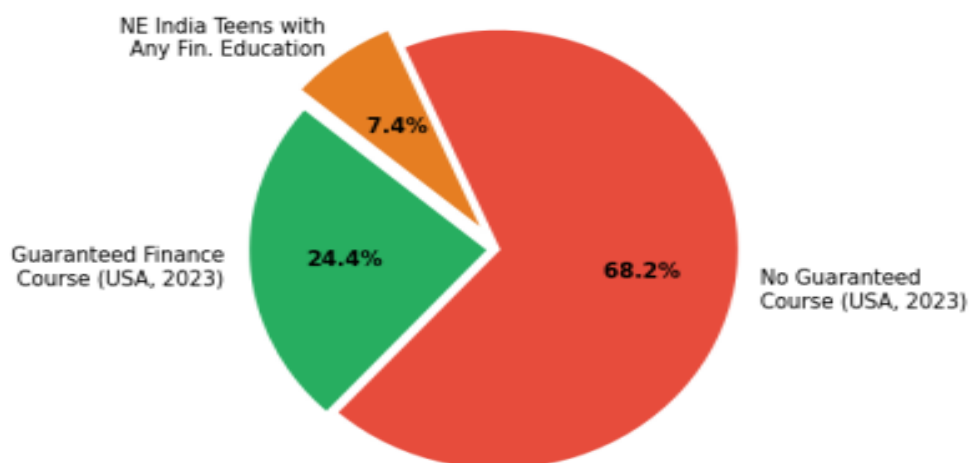


Fig. 2. Prevalence of five key financial literacy barriers among NE Indian teenagers identified through Salaam Arunachal community observations (n ≈ 40 families).

D. Credit and Debt Management

None of the students we asked could correctly explain how a student loan works over time. When we asked them about compound interest, all of them. Did not answer or said it was interest on savings, which is not correct. This is a problem because many students are planning to study abroad and will have to take out loans without fully understanding what they are getting into.

Figure 2: Key Financial Literacy Barriers Among NE Indian Teenagers (Salaam Arunachal Observations, n ≈ 40 families)

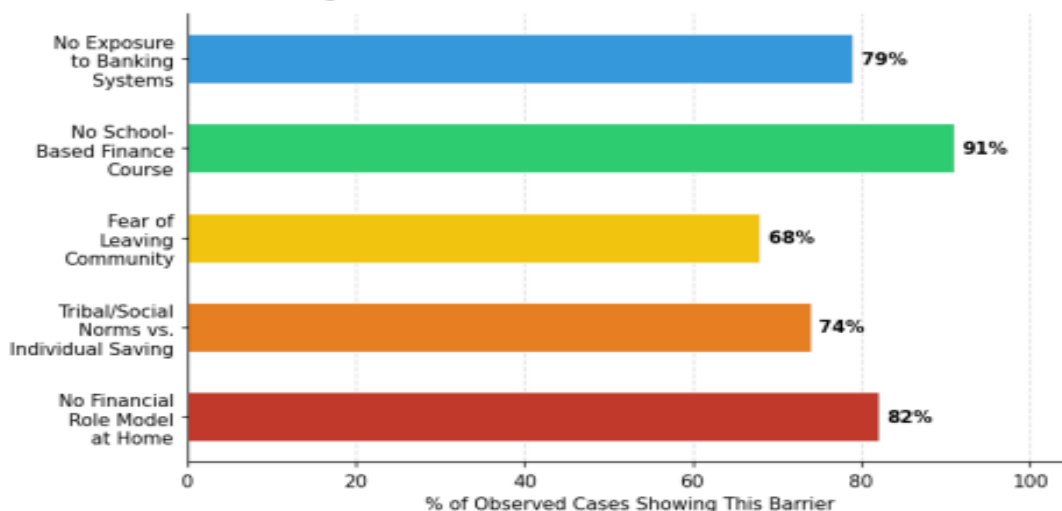


Fig. 3. Access to formal personal finance courses: USA (guaranteed vs. not guaranteed) compared with estimated NE India access (~8%).

IV. DISCUSSION

A. Interpretation of Findings

The information we got shows that teenagers in Northeast India who want to study are not prepared to deal with complex financial systems. They are going into these systems with no knowledge. When other researchers found that students in the United States do not use what they learn about money in school until they have the chance to apply it they were talking about students who at least have some knowledge about money. For students in Northeast India the problem is not just that they do not know about money. It is also that the culture at home does not encourage them to learn about it.

What makes this more important is that most financial education happens in the last years of high school.. By then many students have already made big decisions about money without knowing what they are doing. They choose between a government scholarship and a private loan. They decide where to live based on cost without really understanding what they are doing.

B. Comparison with Global Studies

In many countries even where they teach about money in school there are still gaps in knowledge. The PISA 2022 report found that students from families do not know as much about money as other students. Teenagers in Northeast India are in a tough spot because they are poor and they are also cut off from the rest of the world when it comes to money.

C. Practical Implications

Schools can help by teaching students about money including how to budget, how interest works and how to use a bank. This does not have to be a class. It can be part of other subjects like economics or social science. For people who make decisions, the Salaam Arunachal project shows that we need to teach parents and students about money at the time, especially in places where parents do not know about money. We can do workshops in the language and have community leaders teach them. For teenagers in Northeast India we need to make learning about money something that's good for the community not just for the individual. We need to show them that knowing about money can help them help their community.

D. Limitations and Future Research

This study is limited because we only asked 25 students and we only looked at one area. We need to do a study that looks at more areas to get a better understanding of what is going on. We also need to look at how digital tools like UPI and mobile banking are changing how people deal with money and if we can use these tools to teach people about money. Learning about money is not easy. It takes knowledge, examples and practice. For teenagers in Northeast India not knowing about money is not a lack of knowledge. It is also a cultural, structural and personal problem. The Salaam Arunachal project showed us that not knowing about money is both a cause and a result of students dropping out of school. A child who does not know how to manage their money is in trouble. A student who thinks that planning for the future means leaving their culture is a student who is not reaching their full potential. Solving this problem is not about reading a book. It is about changing the way we talk about money, the way we think about money and the way we teach people about money. In schools at home and in community spaces. We need teachers who understand that money is not about numbers, it is about people and culture. We need people who make decisions to understand that teaching people about money is not something it is something that is necessary. The world is ready for students from North East India. The question is, are students from North East India ready for the world when it comes to money? The answer has to be yes.

V. CONCLUSION

From allowance to assets is not a simple journey—it requires knowledge, models, and practice. For teenagers in Northeastern India, especially those reaching for international education, the gaps in financial literacy are not just academic deficiencies; they are cultural, structural, and deeply personal. The Salaam Arunachal initiative revealed that financial illiteracy is both a cause and consequence of educational dropout in these communities. A child who does not understand how to manage a scholarship stipend is a child at risk. A student who fears that financial planning means leaving their culture behind is a student whose potential remains untapped.

Solving this requires more than a textbook lesson. It requires a recalibration of how money is talked about, modeled, and taught—in schools, at home, and in community spaces. It requires educators who understand the cultural dimension of financial decision-making, and policymakers who recognize that financial literacy is not a luxury curriculum add-on—it is infrastructure. The world is ready for NE Indian students. The question is whether NE Indian students are financially ready for the world—and the answer must be yes.

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