International Journal of Education, Modern Management, Applied Science & Social Science (IJEMMASSS)
An International Quarterly bi-lingual Multidisciplinary Double Blind Open Access Peer Reviewed Refereed Journal
ISSN :2581-9925, Impact Factor (Cosmos: 7.555&I2OR: 5.105), Volume 08, No. 02(II), April- June, 2026, pp. 266-273

Financial Literacy as an HR Wellness Benefit

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Citation: Batra, V. (2026). Financial Literacy as an HR Wellness Benefit. International Journal of Education, Modern Management, Applied Science & Social Science, 08(02(II)), 266–273. https://doi.org/10.62823/IJEMMASSS/8.2(II).9189

ABSTRACT

Traditionally, the corporate wellness programs have focused on health checks and stress management; however, financial stress of employees, one of the most frequent sources of work related stress, is not addressed at all [1,2]. In this paper we will consider the literature on the issue of financial stress and performance at work, discuss it in terms of the existing academic knowledge of financial literacy as human capital investments, and apply it to the corporate sector in India, in light of a national survey, which reports the financial literacy rate among adults to be only 24 to 27 percent despite increasing costs of living, the need for investments and lack of financial counseling for young and midlevel employees [7,15,16]. Based on the Employee Financial Wellness Survey conducted by PwC and specific information from Indian workplaces about the prevalence of financial stress and inability to concentrate on work, the paper claims that financial literacy assistance can be defined as a wellness benefit, as financial stress impacts people's health similarly to the physical risk factors of conventional wellness programs [3,4,17]. The research paper ends by repositioning the concept of financial literacy in the workplace as an inexpensive and highly impactful HR activity compared to the other wellness options and provides a framework of budgeting, debt, investments, and taxation that could be used by Indian companies to minimize distraction of employees and instill loyalty in them. As this is a conceptual paper, it uses only secondary survey data and literature available in the field.

***Keywords**: Financial Literacy, Financial Wellness, Employee Benefits, Financial Stress, Indian Corporates, Human Capital, Retention, Workplace Productivity.*

Introduction

Corporate wellness programs have come a long way within the past two decades, however, the primary emphasis has remained quite the same throughout: health screening, exercise facility discounts, nutritional consultations and more recently stress management tools and mind-body exercises [1]. What this traditional notion of wellness programs has failed to account for, however, is financial stress, which is becoming ever more evident as research proves that financial concerns represent one of the most widespread stressors people bring to their job [2,3]. According to the PwC's survey on Financial Well-being of Workers in 2026, 59 percent of workers feel stressed about their financial situation, with money worries negatively impacting productivity, engagement and overall stability in the labor market, whereas previous surveys indicated that stressed workers were five times more likely to report financial problems distracting from work, resulting in loss of seven hours of productivity each week due to financial worries [2,4]. It should be observed that such financial pressure is not restricted to poor or low-paid workers; the researchers of PwC have found in their studies that mid-career workers and managers experience similar financial pressure due to debt repayment, childcare and elder care expenses, and the ever-increasing cost of living, which exceeds income increments in some industries [4].

The current paper proposes that financial literacy, which, according to the literature is an investment in human capital improving economic decision-making skills, needs to be regarded as an essential component of corporate wellness, not an add-on [5,6]. This situation is especially critical in the case of India, as national data indicates adult financial literacy rates at around a quarter of the population, which is far lower compared to international standards, while younger and middle level employees find themselves confronted with unprecedentedly complex financial situations, ranging from mutual funds to credit cards and equity investments in an already increasingly costly city life, combined with insufficient financial education provided by families or educational institutions [7,15,16]. Unlike physical risks, which depend heavily on the specific individual's health condition, age, and lifestyle, financial risks affect virtually all employees, hence the potential relevance of the issue in terms of corporate wellness strategy [1,2]. This research paper provides an overview of the link between financial stress and workplace productivity, analyzes the theoretical base of financial literacy from the perspective of human capital, looks at the current state of affairs in terms of financial literacy in India, and puts forward a systematic approach for incorporating financial literacy in India's HR processes.

The Business Case: Financial Stress as a Workplace Performance Issue

Financial stress affects the performance at work through a significant body of evidence that is available from various independent polls. PwC conducts a yearly poll called the Employee Financial Wellness Survey, which has shown that 60% of respondents feel stressed because of their financial situation, that over half of the people who feel such stress report being affected mentally and sleeping because of it, and that only 50% of financially stressed individuals feel motivated by their work in comparison to 68% of people who do not have financial issues [3,4]. It is possible to quantify the impact on productivity: independently conducted analysis shows that financial stress costs the employee seven productive hours per week on average due to distraction from money issues, amounting to a loss of 183 billion US dollars in annual productivity for US workers alone, with 76% of financially stressed individuals saying that their stress directly influences their work performance [8,9].

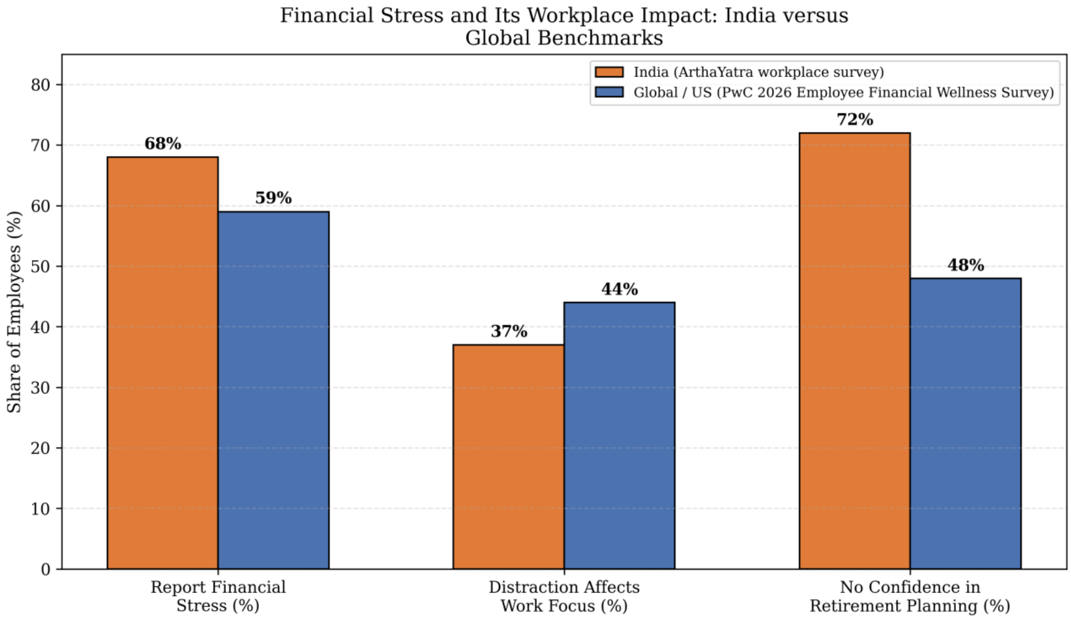

Figure 1: Financial stress and its workplace impact: India versus global benchmarks [2,4,17].

Source: Author's own compilation, based on PwC (2026) [2]; Enrich (n.d.) [4]; Devmurari (2025) [16]

Figure 1 compares the results from Indian workplaces against these benchmarks. In a survey conducted by the Indian financial technology company ArthaYatra, it was revealed that 68 percent of people working in Indian workplaces suffered from financial stress, 37 percent were distracted while working because of this reason, and a surprisingly large 72 percent of workers had no idea of how to plan for their own retirement, a difference significantly larger than the 48 percent gap in terms of retirement confidence observed in the same sample of US workers in PwC's research study [2]. This juxtaposition implies that whereas financial stress might be universal to all workplaces, the specific gap between the financial planning and retirement confidence might be even greater in the case of India, possibly due to the relative youth of the Indian formal financial system and poor financial literacy rates explained in the next section [7,17].

Financial Literacy as Human Capital: The Academic Foundation

The intellectual justification for making financial literacy an urgent policy issue and organizational goal lies, at least in part, in the body of work done by Annamaria Lusardi and Olivia Mitchell during the last twenty years. In particular, the seminal review by these two authors posits the explicit view that financial knowledge represents an investment into human capital, akin to education or vocational training, where individuals gain a positive return on their time invested in learning more about finance by improving their economic decisions in borrowing, savings, and investment over the course of their lifetime [5,6]. The findings of their extensive survey research, which employed a brief, but scientifically sound set of financial literacy questions that has been adopted internationally, show that although being financially illiterate is not unique to a specific group, such a problem is most pronounced in young people, the less educated, and, in virtually all of the examined countries, in women compared to men – groups which largely correspond to the employee demographics targeted by HR departments in India [6].

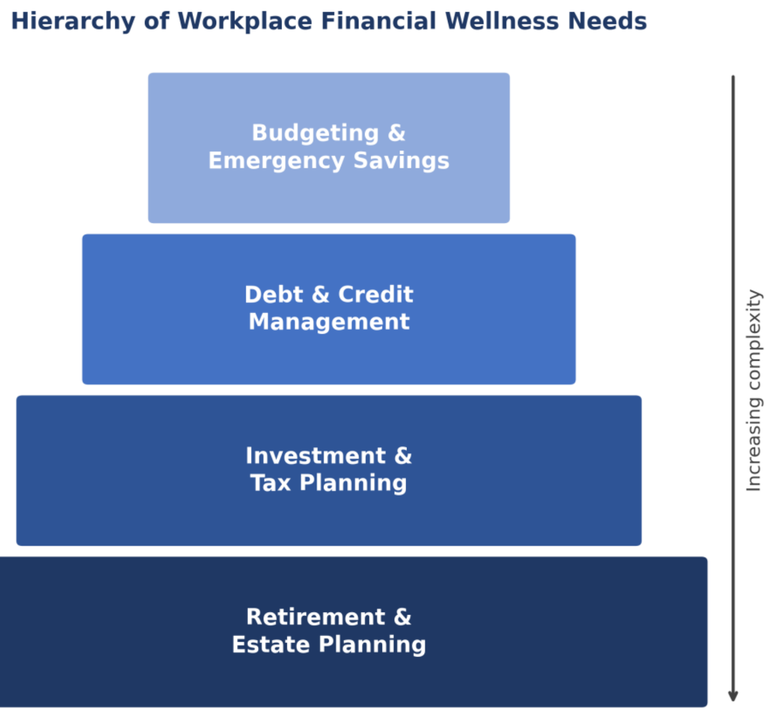

Figure 2: A hierarchy of financial wellness needs for workplace financial literacy programmes.

Source: Author's own conceptualization, adapted from Lusardi & Mitchell (2014, 2023) [5,6].

In Figure 2, the practical components of financial literacy are arranged hierarchically in a way that reflects the process implied by Lusardi and Mitchell's work, namely that basics like budgeting and emergency savings need to be understood first before moving on to debt and credit management, and then further up the ladder to investment and tax-planning literacy, with the most advanced form of financial literacy, retirement and estate planning, placed at the very top of the hierarchy [5,6]. This is important to understand when designing a programme for two reasons: firstly, Lusardi and Mitchell's research reveals that unlike many types of workplace education, the knowledge gained from financial literacy programmes will be immediately acted upon, thus creating a situation where the effect of the programme may manifest itself behaviourally within a single financial year [6].

The Indian Context: Low Baseline Literacy, Rising Financial Complexity

The Indian National Survey System itself is enough to substantiate that India's base level of financial literacy falls short of international standards. The Financial Literacy and Inclusion Survey by the National Centre for Financial Education which was carried out both in 2013-14 and 2019 in addition to the independent S&P Global FinLit Survey puts Indian adult financial literacy levels at around 24 to 27 percent whereas that of the US, UK and Norway stands at 57, 67 and 71 percent respectively [7,15,16]. Figure 3 illustrates India in the international context.

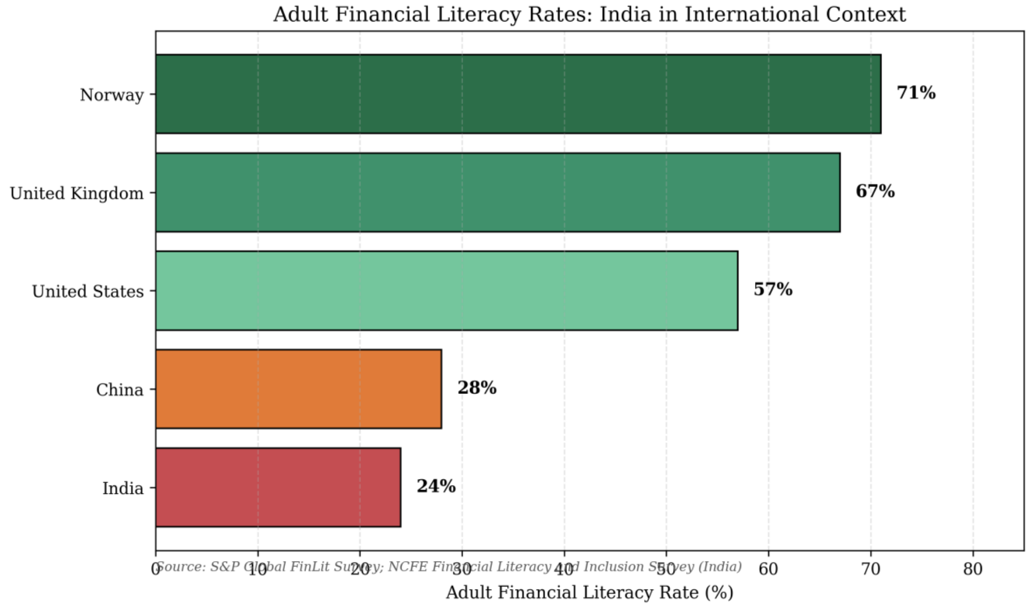

Figure 3: Adult financial literacy rates: India in international context [7,15].

Source: Author's own compilation, based on National Centre for Financial Education (2019) [7]; Dash & Ranjan (n.d.) [15].

This difference in financial literacy at the national level is not evenly spread throughout the country. Studies that have been conducted using NCFE and India Debt and Investment Survey database have found out that financial literacy increases exponentially with formal education and just 8 percent of illiterate people are moderately literate against 44 percent graduates, which means that even though corporate employees from urban areas are in a relatively more favorable position compared to the average Indian citizen, financial literacy cannot be presumed just because of their education and white-collar jobs [15]. On the other hand, the exact same literate urban workforce operates within an economic environment of great intricacy compared to what prevailed in their fathers' days; mutual funds plans, stock market apps, Buy Now-Pay Later credit systems, insurance and loan facilities are now aggressively marketed directly to young salary earners, sometimes with little or no external input at all; and, according to the literature, this combination is especially likely to result in bad financial choices and the stress which results, and especially those same young and middle-ranking workers that the Indian corporate world seeks to retain [7,15]. It is not surprising then, that in its Future of Pay in India 2025 survey, ADP noted that 46 percent of Indian businesses had already seen the expansion of their financial wellbeing programs as a core priority for their workforces [9].

The make-up of the Indian household's assets provides an additional, unique-to-India facet to this challenge. Studies that use Reserve Bank of India Household Finance Committee data have shown that Indian households still disproportionately hold their assets in physical form (real estate and gold) rather than through financial instruments, a trend that is a reflection of loss aversion and ambiguity aversion behavior in a context of low financial literacy, even though financial inclusion initiatives in India have led to rapid growth in the availability of financial products, such as bank accounts and mobile payments [7]. The mismatch between increased financial access and persistent low financial literacy is important to note from an employer's point of view since it implies that merely providing more financial products, insurance products, investment schemes linked with the employer, salary advances, without accompanying financial education is not going to solve the gap mentioned in this paper by itself and could increase the burden on the employee in some cases due to lack of financial literacy [7,16].

Reframing Financial Education as a Retention Strategy

The evidence presented in this article indicates that the focus on financial literacy in the workplace should be reoriented from a discretionary employee courtesy to an investment in productivity and retention. Research on the topic of workplace financial literacy in India has shown that those organizations which had implemented financial wellness programs have experienced substantially higher retention levels than those without financial wellness programs, thus corroborating the global finding that financially distressed employees were nearly twice as likely to be on the lookout for another job as their financially healthy counterparts [4,13]. A similar study on the effectiveness of financial wellness programs in the Indian IT sector has shown that there is a clear link between structured financial wellness programs and increased productivity, thereby corroborating the global PwC findings about the impact of financial distress on workplace productivity in the Indian industry-specific setting [13,14].

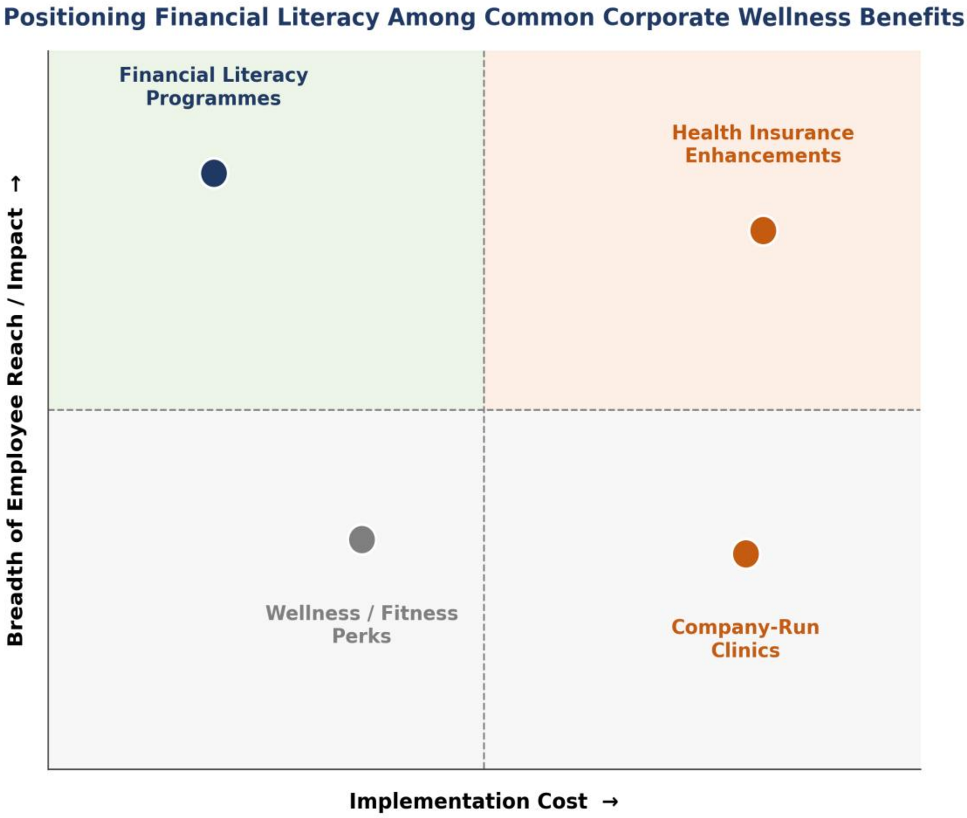

Figure 4: Positioning financial literacy among common corporate wellness benefits: an illustrative cost-impact comparison.

Source: Author's own compilation, based on Wellable (n.d.) [1]; PwC (2026) [2]; WebMD Health Services (n.d.) [8].

Figure 4 shows the place of financial literacy programs within the larger picture of expenditures made by firms towards promoting employee wellbeing. Financial literacy programming, which is usually done through workshops, e-learning modules or working with fintech companies, has low cost of implementation relative to more capital intensive benefits such as company-run clinics or improvements to the health insurance benefits provided and addresses a source of stress that, unlike the others, affects the entire employee base irrespective of their ages, jobs or levels in the organizational hierarchy [1,2,8]. Financial wellness programs in India have increasingly adopted this model of delivery through partnerships between fintech companies and HR departments of firms that allow for salary advance, budgeting and financial counseling through the firm itself, reducing costs and overcoming the cultural barrier of treating financial matters as a private issue in Indian workplaces [10,11,12].

- **A Practical Structure for Indian HR Functions**

Based on the hierarchy shown in Figure 2 and considering the models of delivery which have been evolving in the Indian market, this study suggests that the HR processes in India build financial literacy in the workplace on four basic pillars, as described in Table 1.

Pillar	Illustrative Content	Suggested Delivery Mode
Budgeting & Emergency Savings	50-30-20 budgeting frameworks, building a 3-6 month emergency fund	Onboarding-stage workshops; digital self-assessment tools [5,6]
Debt & Credit Management	Credit score literacy, managing credit cards and personal loans responsibly	One-on-one coaching sessions; salary-advance partnerships in place of high-cost informal borrowing [10,11]
Investment Literacy	SIPs, mutual funds, equity basics, employer-linked retirement schemes (EPF/NPS)	Mid-career workshops; fintech-partnered investment literacy platforms [7,12]
Tax Planning	Old vs. new tax regime choices, Section 80C and related planning	Annual tax-season clinics; CA-led Q&A sessions timed to filing deadlines [9]

Source: Author's own compilation, based on Lusardi & Mitchell (2014, 2023) [5,6]; National Centre for Financial Education (2019) [7]; HR Dive (2026) [9]; Fibe (2025) [10]; Finfinity (2026) [11]; Business Today (2026) [12].

Designed in such a manner, a financial literacy programme may fit seamlessly into the existing wellness schedule of the organization without having to budget for a completely new programme and with pillars catering to early careers dealt with during onboarding and other pillars catered to later when the employee is at a mid-career level. [1,9].

- **Measuring Impact: What HR Functions Should Track**

Due to the invisibility of the productivity cost of financial stress until its measurement, the HR function rolling out financial literacy programmes should consider monitoring a handful of indicators, rather than basing the success of their initiative on attendance rate only. Self-reports of pre-and post-programme financial stress and confidence levels collected using short anonymous polls similar to what PwC conducts in its research provide the HR staff with a possibility to create a benchmark and track changes over the period of one financial year instead of waiting for multi-year retention figures only [2,4]. Utilisation statistics of any fintech/ salary advance company used by the HR function in combination with employee feedback can show the extent to which employees are swapping informal borrowing with more affordable services offered by the employer, a substitution effect for which some Indian financial wellness companies have explicitly designed their products [10,11]. Finally, linking participation in financial wellness programmes with HR metrics such as retention and engagement already being gathered for other purposes can help the organisations to compile an internal evidence base of Indian-specific data that is needed so badly according to the following section [13,14].

Limitations of a Conceptual Approach

As a conceptual paper, this review brings together existing data from surveys, academia, and the industry regarding practice in this area rather than relying on new, original data collection which might measure the effects on retention or productivity of certain Indian workplace financial literacy programmes [13,14]. The bulk of the rigorous academic literature that deals with economic returns of financial literacy, including the pioneering work of Lusardi and Mitchell, was carried out mainly through surveys in the United States and internationally. Although Indian NCFE and industry survey data support the same overall trend of low literacy rates and high financial stress, studies that look at the causal effect of employer-sponsored financial literacy programs on Indian worker retention and productivity are relatively scarce [6,13]. Empirical studies which compare retention and engagement between Indian workers who have or have not benefited from financial wellness programs would considerably reinforce the argument made in this paper.

Conclusion

The information that was found in this research suggests a very obvious and practical conclusion regarding HR professionals in India - financial concerns meet all the requirements used by conventional workplace wellness programmes in order to justify their necessity, they are widespread, have measurable effects on lower employee productivity and disengagement, are amenable to intervention and, at the same time, are not paid enough attention compared to physical well-being and stress reduction in general [2,3,4]. The combination of the low initial level of financial literacy in India and the increasing complexity of financial matters that young and middle level employees have to deal with without much of help make this problem even more important in the context of Indian business environment [7,15,16]. Seen as an investment into employee retention, the programming of workplace financial literacy, including budgeting, debt management, investment literacy, tax planning and other aspects, that could be delivered relatively cheaply in comparison to other wellness services, becomes one of the most actionable instruments for reducing distractions and lowering financial concerns of employees.

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