

# Review on the Role of Financial Literacy in Accounting System

Ashish Chauhan<sup>1</sup>, Shaikh Arfad<sup>2</sup>, Sayyad Zaid<sup>3</sup>  
Asst. Professor<sup>1</sup> and FYBMS<sup>2,3</sup>

Uttar Bhartiya Sangh's Mahendra Pratap Sharda Prasad Singh College of Commerce & Science, Mumbai, Maharashtra

**Abstract:** *Despite the need of financial literacy for audit committees to effectively perform their duties, there is a lack of extensive research and a clear definition of what exactly constitutes financial literacy for both audit committees and business students. Coates et al. conducted a study at the University of Chicago using a tool developed by Schipper and Weil. The study focused on examining the financial literacy of both firm board members and MBA students. Based on their research, both groups lack the required level of financial literacy. To advance this research, the same instrument is employed to evaluate the financial literacy of undergraduate accounting and finance students at a private university in the Midwest. Given the absence of a universally accepted definition of financial literacy in the accounting profession, it is advisable to exercise caution when interpreting this data.*

**Keywords:** Financial literacy, corporate governance, financial expert, audit committee, and literacy testing