



A STUDY ON FINANCIAL LITERACY AMONG WOMEN IN INDIA

DR. AASHKA THAKKAR, KHALSA BALVINDERSINGH H., KELA VISHAL

Academic Head, Faculty of Management Studies

Masters in Business Administration (MBA)-Finance Final Year

PARUL UNIVERSITY OF ENGINEERING & TECHNOLOGY
Vadodara, Gujarat

ABSTRACT

As it is seen that with improving of lifestyle, it has become important for a person being financially literate. Financial literacy is important because it helps one to gain knowledge and skill to manage money effectively. Further addition to financial literacy's importance, it provides the depth knowledge of financial education and various strategies that are responsible for financial growth and success. In case of Women it was seen that women are three times likely as men to say they can't afford to save for retirement and have significantly lower rates of financial literacy. Financial literacy can help women to have better management of the finances & to make better decision making. The study reveals that only 14-15% women manage their finances and make the financial decisions independently, while most of them take decisions by being dependent on their husbands. And if we see the case of single women, their financial decisions are taken by their father or some elder in the family.

KEYWORDS

Financial Literacy, Financial Attitude, Financial Institutions, Knowledge, Financial Products & Services, Women Empowerment.

INTRODUCTION

Financial Literacy is the perfect mixture of the set of skills and knowledge that allows any individual to make effective as well as the efficient decisions with all their financial resources. By understanding the basic concepts of the financial directs people to locate the benefits in the financial system. The Organization for Economic Co-operation & Development (OECD) stated an inter-government project in 2003 with the aim of providing the ways to improve financial education & literacy standards through the development of common financial literacy. In March 2008, OECD launched the International Gateway for Financial Education, which aims to serve a clearing house for financial education programs, information & research.

One can understand the financial literacy by understanding the four components of financial literacy better, which are discussed below in brief,

1. Budgeting:

Budgeting is the skill which is essential at every stage of life of a person to learn. It helps in acquiring the financial knowledge for planning & investing money appropriately. Budgeting helps in planning expenses for short, medium as well as in long term. The thumb rule of budgeting can be said is that income must to be greater than expenses. To maintaining the difference between them is what helps in putting aside as savings.

2. Debt:

Debt is nothing but the borrowing from others. For example, if an individual borrows money from bank or any financial institution or uses a credit card or takes any kind of loan for short/long term. All these become part of the debt. Manier times it was seen that, not everyone are able to buy house, or able to pay the fees in cash, because of which the scenarios are created for borrowing or taking loan to only way out of it. But one should always try max to avoid bad debt as much as possible. This is the basics for the debt management.

3. Saving:

Saving ensures the financial stability & an un-predicted future. One can build wealth in long term by doing the proper financial planning.

We can also that saving is nothing but also an emergency fund. An emergency fund acts like a relaxation in time unexpected life events. These funds are to be considered as at least six months worth one's income.

4. Investing:

Investing is nothing but to put money in bank, property, business, etc in hope of making profit through it. Investing is termed about generating and growing wealth to enjoy a secure and happy life. One can reach their financial goals at same time by allocating their funds towards their retirement saving.

Some of the widely used investment options are equities, debt instruments, mutual funds, real estate & gold.

RELATION BETWEEN WOMEN & FINANIAL LITERACY

It has been seen that women are likely three times to men to say they can't afford to save for retirement. Also have lower rates of financial literacy compared to men. Women are the majority of caregivers and are three times than men to quit their jobs for the care of family.

Facts ...

- Women who reach age 65 are expected to live more than two years longer than men who reach 65 age.
- In a 2022 study, women correctly answered 45% of financial-related questions, while men were able to answer 55% correctly.

Why do women need financial literacy?

The reasons why women are needed to be financially literate compare to men.....

1. It prepares them for emergencies, such as sudden ups & downs in family, or divorce, or sudden death of earning person in the family.
2. Children are tend to be more influenced by their mothers than their fathers. By being financially literate it sets a good example for children as well, also prepare the good backup for their next generation.
3. It was seen that in most of the households, women are responsible for dealing with day-to-day expenses. Thus, it is helpful for them to know how best to use money.
4. Retirement planning for women is much essential as it plays as a backup plan for their old age. It was seen 70% women are required assisted care in those years, which turns into rise in healthcare cost. Planning for old age empowers them to manage their life during unexpected or unseen circumstances.

Barriers to financial literacy among women in India**1. Education**

One of the biggest problem of our India is low literacy rate. In 2015, the world literacy was 86.3%, among which 82.7% were literate women. While we compare Indian scenario it was 72% literate persons, of which 65.46% women & 82.14 % were literate men. Due to the lack of education women are poor which binds them not being to analyze the financial information accurately which causes them poor financial planning which directly/indirectly affects their savings & investment. Problem in understanding the basic concepts of financial literacy like computing compound interest, analysis of inflation, risk & return trade off & portfolio diversification, etc.

2. Social & Cultural

Since earlier times, the world has been a male dominant world, where men runs the society and women always follows them. Specially, on the earning basis has been the biggest source of power to the men. If we see today's scenario, we are in the era where women are with men but still the women who are working outside were not accepted socially, they are treated as irresponsible regarding their in-laws, husband or their children. Because of all these social or cultural pressure make women weak, in spite of having knowledge and talent they were not able to prove which ultimately creates problem in their empowerment as well as economically.

3. What if factor

The biggest challenge for women in current scenario is “What if Factor”. There is a fear among women was seen that if they ask financial matters relating questions, they will be treated as uneducated and uninform. Moreover, they were not consulting any of the financial advisor who can help them in making financial plan in fear that they may charge more or may misuse them or cheat them. This all create hurdles for them in gaining the knowledge about the basic money management.

4. Physical Barriers

Sometimes poor infrastructural facilities create a difficulties to women. Due lack of proper transport facilities and less reliance on public transport services women were not able attend the courses specially focused on financial education or not able to attend awareness programs. Less availability of financial institutions and financial educations center is also one of the physical barriers for women.

Literature Review

1) **“Assessing The Financial Literacy Level Among Women in India: An Empirical Study” conducted by Bernadette D’ Silva, Stephen D’ Silva and Roshni Subodhkumar Bhuptani (2012).** The study was conducted to explore the level of financial literacy among females in city of Mumbai. The research also aimed at assessing the knowledge of females towards investment in various financial instruments. Thus, a structured questionnaire was circulated among women in Mumbai to assess the financial literacy level of females. Results of the analysis revealed that most of the females in India do possess certain kind of financial security, but they are still financially illiterate. It was found that women in urban areas do have financial freedom to take decisions not only with respect to their personal investments but also for the family as a whole.

2) **“Study on the Influence of Financial Literacy, Saving Behaviour, and Financial Management on Retirement Confidence among Women Working in the Malaysian Public” conducted by SectorMohamad Fazli Sabri & Teo Tze Juen (May, 2014).** This study aims to examine the influence of financial literacy, saving behaviour, and financial management on retirement confidence among women working in the Malaysian public sector. The findings reveal that retirement confidence is positively correlated with financial literacy, saving behaviour, and financial management. This study concludes that financial literacy, saving behaviour, financial management, and financial status are significant predictors of retirement confidence among working women, with financial 26 management as the major factor contributing towards retirement confidence.

3) **“Financial Literacy Among Women in India” by Dr. Garima Baluja.** This study aims deals with the onset of several financial and economic reforms, the scope of entire market which is getting wider. Several new financial products are being introduced in the market that is generating the need for individuals to plan and invest their finances tactfully. The government is taking initiatives for making the people more financially literate, yet there persists a lot of gap in the financial literacy level of men and women. Hence, more women specific financial literacy programs should be introduced and new universities should be established to make the women more literate.

4) **“Study on Determinants of Financial Empowerment among women in Saudi Arabia” conducted by Murad Ali, Imran Ali, Saeed Badghish & Yasir A. Soomro (October 2021).** The study proposes a conceptual model that examines the role of financial literacy and financial socialization, in the development of financial selfefficacy, financial coping behaviors, and financial empowerment among Saudi women using social cognitive theory (SCT). The study found a significantly positive association between financial literacy, financial coping behavior, and financial wellbeing. Financial socialization is also significantly related to financial selfefficacy and financial empowerment. We also found the positive role of financial self-efficacy and financial coping behaviors in the development of financial empowerment.

5) **“Improving Financial Literacy among Women: The Role of Universities”, by Monika Dwivedi, Prof. (Dr.) Harsh Purohit & Divya Mehta.** The aim of this research paper is to analyze the NCFE report on financial literacy and financial inclusion in India on the basis of occupation, geographical area and gender mix. The report is analyzed while 27 considering these parameters and it shows that urban population is more financially literate than rural population, similarly men are more financially literate than women.

6) **“In our best interest: Women, Financial Literacy & Credit Card Behavior” by Gary R. Mottola (2013).** Under this study, it was revealed that women were more likely to engage in costly credit card behaviors--like incurring late and over-the-limit fees-- than men. After controlling for a number of demographic variables, including financial literacy and a selfassessment of mathematical ability, the gender-based differences in credit card behavior were eliminated. These findings suggest that credit card management differences between the sexes could be reduced if parity existed between men and women on important variables that women tend to trail men on, such as income and financial literacy.

7) **“A Study On Financial Literacy Among Indian Women RESEARCH PAPER” by Harry.** The central theme of this study elaborates on the financial literacy of the women in the financial sector of Udaipur. The main purpose of the paper is to enhance better and impactful understanding of the subject so as the economy as a whole can attain the benefits in the growth prospects.

8) **“Evaluation of Financial Literacy among Rural Women in India: With Special Reference Himachal Pradesh” conducted by Dr. Sunita Kumari & Dr. Jyoti Sondhi.** This study is based on the analysis of financial literacy of the women in rural areas of Himachal Pradesh. This present study is based on primary data and 100 women are taken as the sample of the study and all the relevant dimensions are being evaluated. Statistical analysis is done by SPSS and presented in the graphical and tabular form.

9) **“Financial Literacy of Women Entrepreneurs: A study on some Select Women Entrepreneurs of Disbrugarh District” by Pankaj Sahu & Esha Chetri.** This study leads to financial wellbeing and welfare of individuals. Earlier literatures have revealed that women are more financially illiterate than men. Entrepreneurship will definitely lead to women empowerment but to make it effective one should be financially literate enough so that they can use their financial resources effectively. Therefore it is important to study the financial literacy level of the women entrepreneur and their investment behaviors. Thus, this paper attempts to study financial literacy level of the women entrepreneur and the impact of financial literacy on the investment behavior of women.

10) **Nayak P, Mahanta B (2015) in the research paper “Women Empowerment in Assam” mentioned that women in Assam enjoys inferior status as compared to average women in India.** They have also stated that for financial empowerment having employment opportunity is not enough rather they should have control over their financial resources. A very less percentage of women take financial decisions on their own. Thus for women empowerment, financial empowerment is also an important element.

Research Methodology

This study examines the role of financial literacy and financial socialization in developing financial self-efficacy, financial coping behavior, and financial empowerment among women. The data were collected from women using self-administered, structured survey questionnaires by the research team and through online data collection platforms from across different cities of India. Sample selection aimed to capture diverse socioeconomic backgrounds to enhance the generalizability of the findings. Many respondents were approached for data collection.

The study covers both primary and secondary data, primary data collected with the help of questionnaire, secondary data collected through websites, articles and published and unpublished journals and articles, and dissertation etc.

Data collected on the basis of survey method, questionnaire has been used as a data collection tool, respondents are selected on random basis and will circulated questionnaire to check level of financial literacy. Sample size are 100.

Data Collection Method

The data was collected through a structured questionnaire. It was aimed to record responses from working women and 101 working women responded appropriately for the study. The analysis is based on these 101 responses so collected primarily. The findings of the study are explained below under the heads of demographic profile of respondents, financial knowledge, financial behaviour and financial attitude levels of the same.

Table 1. Demographic Profile of Respondents

Demographic Factor	Classification	No. Of Respondents	Percentage
Age (in Years)	23-25	18	17.82%
	25-30	17	16.83%
	30-40	46	45.54%
	above 40	20	19.80%
	Grand Total	101	100
Work Experience	Less than 2 years	17	16.83%
	2 to 5 years	27	26.73%
	5 to 10 years	28	27.72%
	More than 10 years	29	28.71%
	Grand Total	101	100
Educational Qualification	Higher/Senior Secondary	1	0.99%
	Graduate	15	14.85%
	Post Graduate	56	55.45%
	Professional Degree	15	14.85%
	Doctorate	14	13.86%
	Grand Total	101	100
Marital Status	Married	70	69.31%
	Single/ Unmarried	31	30.69%
	Grand Total	101	100
	Less than 2.5 Lakhs p.a.	20	19.80%

Annual Income	2.5 to 5 Lakhs p.a.	43	42.57%
	5 to 10 Lakhs p.a.	19	18.81%
	More than 10 Lakhs p.a.	19	18.81%
	Grand Total	101	100

Table 1 shows the demographic and socio-economic status of the respondents. It is clearly evident from the table that maximum women belong to the age group of 30-40 years. About 17% of women have been working for a period of less than 2 years, while 28% possess an experience of above 10 years in work life. 99% of the respondents are graduates, which mean that we have dealt with an educated lot for the data collection. Around 70% of women are married and majority of the respondents fall in the category of an annual income of Rs. 2.5 to 5 Lakhs p.a.

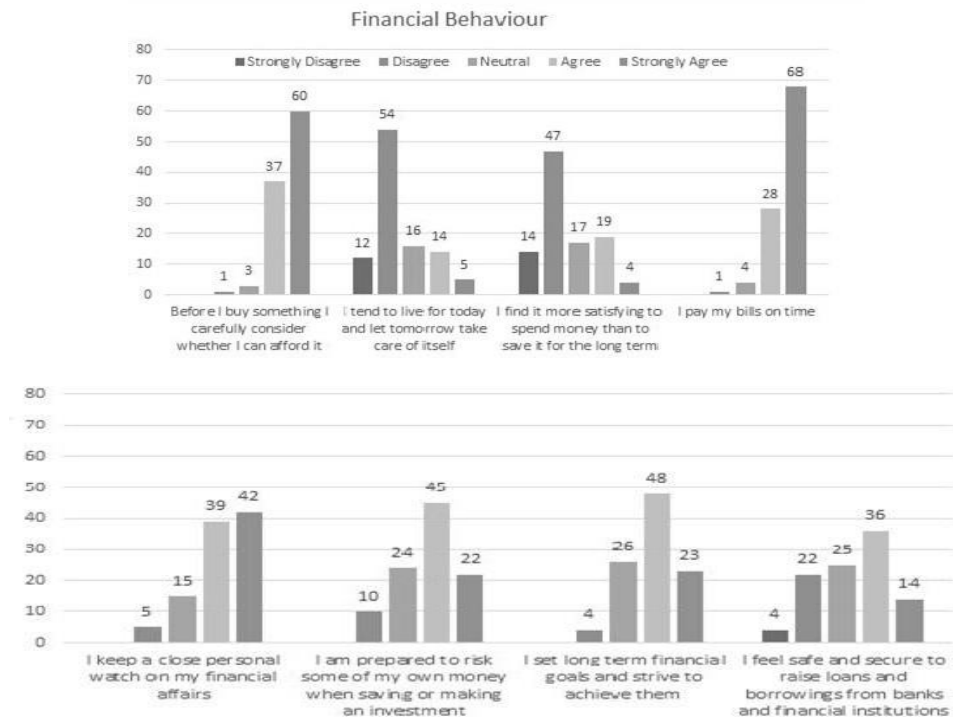
Table 2. Preferred Instrument of Investment

Dimension	Highly preferable	Preferable	Neutral	Not Preferable	Not at all preferable	Total	Rank
Fixed Deposit	17 (37.8%)	12 (26.7%)	10 (22.2%)	2 (4.4%)	4 (8.9%)	171	II
Gold and Precious Metals	9 (20.0%)	26 (57.8%)	7 (15.6%)	0 (0%)	3 (6.7%)	173	I
Life Insurance	5 (11.1%)	16 (35.6%)	17 (37.8%)	5 (11.1%)	2 (4.4%)	152	V
Post Office Savings Scheme	11 (24.4%)	19 (42.2%)	11 (24.4%)	4 (8.9%)	0 (0%)	172	III
Real Estate	6 (13.3%)	17 (37.8%)	18 (40.4%)	2 (4.4%)	2 (4.4%)	158	IV
Mutual fund	12 (26.7%)	12 (26.7%)	6 (13.3%)	11 (24.4%)	4 (8.9%)	152	V
Total						978	

From the above table observed that majority of the working women preferred to invest on gold and precious metals because they believe that it is a good investment since the value of gold appreciating every day as well as it is easy to liquidate as and when they needed. Last rank scored by mutual fund since people are unaware of mutual fund benefits, since they think it has market risk and they had fear to invest.

Financial Behaviour of Respondents

Financial Behaviour means how an individual behave while dealing with personal finance decisions. When the working women were asked about their role in financial decision making in their families, about 50% said that the decision is made jointly by husband and wife together. Only about 14% women said that they take high end financial decisions independently on their own. Figure 4 shows the financial behaviour of working women regarding various issues like affordability, saving funds, timely payment of bills, future financial planning, risk and return, future financial goals and security and loans and borrowing. It is clearly evident that 60 out of 101 women agreed to consider affordability while making a purchase decision. Though majority of respondents believed in saving for future and do not prefer spending all they have, but approximately 20% women found it more satisfying to spend than to save for long term. More than 95% agreed to timely payment of bills, and about 80% were sure of keeping an eye over their financial matters. 70% of respondents showed readiness to risk their own money while making investments and said that they set long term financial goals and work towards its achievement. But when they were asked about the insecurity while raising loans and borrowing funds from institutions, there was a mixed response as about 25% said that they felt unsafe to do so while 24.75% were unaffected by the issue and were neutral about it.



Findings

- On the basis of above analysis of the data collected by primary study, the following findings could be drawn out:
- All the respondents possess atleast a graduation degree.
- Most of the women said that preparing budgeting is a part of their monthly schedule and they plan their expenses for household budgets.
- More than 90% of the respondents were aware about the difference between savings and investments.
- Most of the working women were comfortable with simple interest calculations, but when it comes to calculating compound interest, the percentage fall in comparison to simple interest.
- About 30% of respondents are not well versed with the concept and functioning of inflation and its effect on their purchasing power.
- Though these women are earning ample amounts of money, but the study reveals that only 14- 15% women manage their financial decisions independently, while most of them take decisions jointly with their husbands. And in case of single women, the financial decisions are mostly taken by the father or some elder person in the family.
- Most of the women prefer to save for future and thus believe in financial planning.

Gap Analysis

Gap analysis is a technique to find out the difference between actual mean and expected mean.

The following table shows the financial literacy gap among the respondents:

Table 3: Gap Analysis of Financial Literacy of Respondents

S. No	Dimension	Expected Mean Score	Experience Mean Score	Standard Deviation	Literacy Gap
1	Knowledge about Inflation	5	4.60	1.016	0.40
2	Knowledge about interests of various type of accounts	5	4.82	0.695	0.18
3	Knowledge about what is liquidity	5	4.43	1.330	0.57
4	Familiarity with recession	5	4.70	0.907	0.30
5	Knowledge about mutual funds	5	4.70	0.907	0.30
6	Awareness about DeMat Account	5	3.99	1.583	1.01
7	Knowledge about Bullion Trading	5	2.86	1.695	2.14
8	Understanding of Portfolio Management	5	3.53	1.755	1.47
9	Awareness about Real Estate	5	4.60	1.054	0.40
10	Knows about Voluntary Retirement Schemes	5	4.27	1.342	0.73
11	Knowledge about Pension Fund	5	4.58	1.101	0.42
12	Familiarity with Health Insurance	5	4.86	0.645	0.14
13	Understanding of Life Insurance	5	4.88	0.550	0.12
14	Knowledge about Shares	5	4.33	1.328	0.67
15	Understanding of Post Office Schemes	5	4.25	1.403	0.75

Gap Analysis works on the assumption that respondents are aware of the concepts, and the expected mean in the assumed case comes out to be 5. But the reality is different from the expectation and thus we calculate the actual mean. This difference between the expected mean and actual mean is the literacy gap. A literacy gap less than 0.75 is considered as negligible as it does not require serious attention. A difference between 0.75 and 1.5 is alarming as there is a room for improvement in those areas. And the variables with a literacy gap greater than 1.5 are considered as highly alarming areas for improvement. We have considered 15 variables, out of which maximum has a literacy gap of less than 0.75 which means that most of the respondents are aware about these variables and they do not require severe attention. Knowledge about bullion trading, understanding of portfolio management and knowledge about DeMat Account has a literacy gap of 2.14, 1.47 and 1.01 respectively and thereby these areas need improvement. Awareness has to be created about these variables lying in the alarming category of literacy gap.

Need of the Study

Few studies have been conducted in India that focused on difference in the level of financial literacy of men and women. However, still there persists a huge gap in the literature as far as the factors influencing such differences and measures for improving them are concerned. In other words, studies have largely found a significant difference in financial literacy level of men and women, however what factors influence such differences have not been extensively explored. Moreover, the interventions by government and measures for boosting up the financial literacy level also need to be analyzed. Hence the need arises to explore the issue of financial literacy among women in India in more intensive manner. The present study is an attempt in this direction.

Objective of the Study

Following objectives give the impetus to conduct the present study:

- To study the factors influencing the financial literacy among women in India.
- To study the financial literacy interventions by government in India.
- To explore the measures for enhancing the financial literacy among women in India.

Conclusion

- Financial literacy is one such issue which has gained great importance in the past few years. Not only men, but women also need to be able to understand financial matters and make informed choices for their sound financial health and future security.
- Financial literacy among women is very low. It enables people to understand what is needed to achieve a lifestyle that is financially balanced, sustainable, ethical and responsible.
- In our country, where poverty and unemployment are the major problems, it is very crucial to financially literate the women to fuel the engine of growth by providing opportunities to women to contribute to economic growth. While women in developed countries proved to be better financial planners relatively, it is the women of emerging economies who have to become literate when it comes to money management issues.

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