



A Study on Working Indian Women's Financial Literacy

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Abstract:-

The financial literacy of working women in India is investigated in this study. The study investigates the level of financial literacy among Indian women in areas like investments, savings, and insurance. 500 working women from various age groups and income levels participated in an online survey that was sent as part of the study's quantitative research approach, which collects data.

The study's findings show that working women in India have a low level of financial literacy, with only a tiny percentage having sufficient awareness of money-related topics. The study also shows that several variables, including age, income, education, and work experience, have an impact on women's financial literacy.

Keywords: Financial Literacy; Financial Knowledge; Financial Behavior; Financial Attitude

INTRODUCTION

Women's empowerment is one of the largest issues facing our country, and it can only be accomplished when the women of this nation are educated, financially literate, and independent. The ability to make wise financial decisions is referred to as financial literacy. A financially literate person is capable of making intelligent decisions and managing their money effectively (Noctor et al., 1992). Although it is very heartening to observe that women are now equal to men in all areas of endeavour, they are still reliant on male family members when it comes to making financial decisions.

Financial literacy is a critical component of financial well-being, and individuals need to possess adequate knowledge about financial matters to make informed decisions regarding their finances. In India, working women constitute a significant portion of the workforce and contribute significantly to the country's economic growth. However, studies have shown that women's financial literacy in

India is limited, and this may impact their financial decision-making abilities and overall financial well-being.

This study aims to examine the financial literacy of working women in India and explore the factors that influence their financial knowledge. The study will focus on areas such as investments, savings, and insurance, which are crucial for financial planning and decision-making.

The research design will be quantitative, and data will be collected through an online survey distributed to 500 working women across different age groups and income levels. The study will also examine the sources of financial advice and the level of confidence that women have in making financial decisions independently. The findings of this study are expected to provide valuable insights into the financial literacy of working women in India and the factors that impact their financial knowledge. The study's recommendations may help improve financial literacy among working women, enabling them to make informed financial decisions and improve their financial well-being.

Both concept and application are necessary for financial literacy, and it can be challenging to combine these two goals in practice. It implies that individuals should be able to implement financial planning ideas in their daily dealings in addition to having a working knowledge of them. Despite being well-educated and holding respectable jobs, Indian women still struggle with investing and financial planning. The idea of financial literacy has several components, including fundamental money management, budgeting, investing, and financial planning and saving. India ranks last among 16 countries in the Asia-Pacific region in terms of total financial literacy, according to a yearly Mastercard index created to measure financial literacy. We are seeking to determine how financially literate working women are in our study.

It is crucial to identify any potential needs and gaps connected to the particular areas of financial literacy to gauge the respondents' degree of financial knowledge and attitude as well as their financial-related behaviours. We create a questionnaire based on an OECD survey and disseminate it to women working in various fields to assess the level of financial literacy among Indian women. We gathered information about women's finances to understand how they behave and view financial choices. By evaluating the level of financial literacy among working women in Pune, the largest state in terms of area in the Republic of India, our study adds to the body of previous research. It is one of India's more economically developed and culturally advanced states, but women there have very low social status. In general, women are not allowed to engage in social or financial decisions affecting their families. Even women who work or participate in other income-generating activities lack the independence to make their own

financial decisions. We only included working women in our sample because they tend to be more educated and have more exposure, which makes them more likely to make wiser financial decisions.

Objective:

The objective of the research paper

- To examine the level of financial literacy among working women in India and identify the factors that influence their financial literacy.
- The study aims to provide insights into the financial behaviour of working women in India, the challenges they face in managing their finances, and the potential ways to enhance their financial literacy.

Importance:

- **Gender inequality:** Financial literacy is critical for financial well-being and economic empowerment. However, women in India often face gender-based discrimination, which limits their access to financial resources and opportunities. The study can help identify the gaps in financial literacy among working women and suggest ways to bridge the gender gap in financial literacy.
- **Economic development:** Women's economic participation is vital for India's economic growth. The study can provide insights into the financial behaviour of working women, their saving and investment patterns, and their role in the economy. This can help policymakers develop targeted interventions to promote financial inclusion and economic development.
- **Financial education:** Financial literacy is essential for making informed financial decisions. The study can help identify the areas where working women lack financial literacy and suggest ways to improve their financial education. This can contribute to building a financially literate society and promoting financial stability.
- **Social impact:** Financial literacy can have a positive impact on the overall well-being of individuals and families. The study can help working women make better financial decisions, manage their finances effectively, and achieve their financial goals. This can contribute to reducing financial stress and improving the quality of life for working women and their families.

LITERATURE REVIEW

In the past ten years, both established and emerging economies have realized the necessity of financial literacy. To promote financial education and counselling to both urban and rural populations across India, the Reserve Bank of India initiated an effort in 2007 to construct Financial Literacy and Counseling Centers. In a

similar vein, the United States established a council in 2008 to provide financial education and broaden access to financial services (Cole et al., 2009). Indonesia is also taking steps to improve financial services accessibility and raise financial literacy in their nation. Moon has acknowledged the importance of a systematic finance education program that begins in elementary school and continues through high school.

Financial literacy levels of college students, adults, and retirees have been studied in the past, for instance by Mandell (2008), Lusardi et al. (2010), Atkinson and Messy (2012), etc. These studies primarily used the survey approach to assess the audience's financial literacy and were primarily concerned with financial and investment management issues. Lusardi & Mitchell (2008) claimed that poor levels of financial literacy had a higher impact on women than males, and it appears that this is still the case now.

According to research, women typically encounter greater financial difficulties than males when making financial decisions, and tend to be more concerned about the future, but are less knowledgeable about how to safeguard it (Anthes & Most, 2000). In terms of their financial attitudes, women have distinct demands because they learn about investing options differently and have different views overall (Hira & Loibl, 2007).

In addition, compared to men, women find it harder to handle their finances well and become financially independent. Even if they make financial contributions to their households, women are more reliant on male family members for financial decisions. Additionally, earlier research indicates that women are less likely to seek out financial education and lack confidence when it comes to investing their money (Lusardi & Mitchell, 2008). The causes of this could include things like income inequality (Anthes & Most, 2000); less exposure to the outside world than men; greater family chores and thus less free time; etc. Unfortunately, until this age, women are not aware of their financial decision-making. In our nation, a woman becomes eligible to vote or get married at the age of 18, which is regarded as a mature age. Women's financial literacy is lower than men's, and they are less confident in their financial skills, according to Hung et al.'s (2012) study on gender disparities in financial literacy. Given the low position of women in the nation, it is widely acknowledged that providing women with financial education is now necessary to achieve gender equality. The necessity to advance financial literacy as part of their financial education plans has recently been highlighted by the OECD and its International Network on Financial Education (INFE).

Several factors determine a person's financial literacy degree, and these factors have an impact on how they handle everyday financial transactions and money concerns. Socio-demographic characteristics including education, income level, marital status, place of residence, gender, family income and behaviour, exposure

to the outside world, retirement demands, knowledge of financial tools, etc. are among these drivers. Agarwalla et al. (2012) took a lot of them into account when assessing financial literacy among Indian students, workers, and retirees. Education has a significant impact on financial literacy, as highlighted by Lusardi et al. (2012). His perspective is consistent with Hubbard et al. (1994), who found that those with less education don't save as much as those with higher education. It is more likely that educated investors make more careful investment decisions and generate larger returns than those with less education. Greater financial and investment product literacy may enable the well-educated and higher-income group to have superior returns (Lusardi et al., 2012). Additionally, Calvet et al. (2007) noted that portfolio returns varied across various educational categories based on Swedish data.

Furthermore, according to authors like Kimball and Shumway (2006), Christelis et al. (2007), and Van Rooij et al. (2011), a person's ability to participate in the stock market is influenced by their level of financial sophistication. Additionally, the residence is crucial in evaluating one's level of financial literacy because it affects both spending and the need for savings significantly.

An individual must self-indemnify against the income swings, which are currently quite unpredictable. Additionally, if a woman is married, she is more likely to depend on her spouse for assistance with household finances, hence it is thought that her marital status affects how financially independent she is. The prior literature offers a great deal of room for additional research in this area, particularly for a growing economy like India where we are working hard to become a financially literate nation. To support the expansion of the economy, it is crucial to pay attention to women's financial literacy.

Tilak, P., Murgai, A., & Harchekar, J. S. (2022). Women's Financial Literacy said that The RBI, the Indian government, and other financial organizations are supporting the citizens of the nation in developing their financial knowledge, skills, and mindset through a variety of projects. Women should be required by all institutions to participate in monthly or quarterly workshops where they can learn more about financial services and products and receive education to enhance their talents and abilities in handling funds. After all, in terms of attitudes toward money and many other areas, the advancement of women would indicate the advancement of the entire nation.

METHODOLOGY

Women's low status has contributed to their financial weakness and dependence on males, making them dependent on men financially. They also receive inadequate education and are subject to harsh and discriminatory divorce and inheritance rules. These regulations make it harder for women to establish their security following separation since they hinder them from accumulating their financial holdings. Financial literacy is now essential in a time when the majority of the states in the nation are taking education seriously. We were motivated to

conduct this survey in the state of Pune for these reasons. We created a questionnaire that covered a range of financial literacy topics and distributed it to roughly 700 working women in the state. Only 500 out of the 700 working women in the state who received the questionnaire, which included a variety of financial literacy topics, replied. In addition to the fundamental inquiries, our questionnaire asks women about their socio-demographic characteristics, such as their level of education, age, income, marital status, place of residence, etc.

The features of our study's sample are shown in the following table:

Table 1: Sample Characteristics of the Respondents

Respondent Category	Working Women
Age	Between 25-35 years
Education Level	Higher Secondary to Doctorate
Working Experience	2 to 10 years
Marital Status	Singles about 55%
Type of Family	About two-thirds of towns and cities
Monthly Income	42 % falls under the category of 15001-2000

Table 1 demonstrates that, in contrast to the nation as a whole, the respondents to our survey are mostly educated, women. About 80% of the respondents are graduates or postgraduates, making up the majority of the sample. Nearly two-thirds of the respondents are of urban origin; hence the sample predominantly represents metropolitan women. Additionally, it can be seen that the majority of respondents from our sample are between the ages of 25 and 35 and are single. Additionally, because all of the respondents are women with work histories ranging from two to ten years, it is impossible to regard them as respondents at the start of their careers.

Utilizing a questionnaire method, we evaluated women's financial literacy using three criteria: financial knowledge, financial behaviour, and financial attitude. The OECD questionnaire was used to assess the financial literacy of working women, but certain changes were made to it before distribution to women. Our questionnaire consists of 16 questions in all, the majority of which have subparts for evaluating financial behaviour, knowledge, and attitude. 700 women from the Pune and Pimpri Chinchwad areas who work in various fields were given the questionnaire. The women who were selected to make up our sample work as teachers, professors, business employees, chartered accountants, government

personnel, and a small number of independent contractors. The poll was carried out over about six months. Because respondents are typically from the educated group, questionnaires are typically sent electronically via mail. Hard copies were supplied to some respondents, who only returned them after a few reminders.

The discussion on the three parameters of financial literacy i.e., financial knowledge, financial behaviour and financial attitude and the findings of the survey on these parameters are presented graphically in the next section.

Financial Literacy:-

Financial literacy suggests that thanks to their thorough understanding of common financial issues, women are capable of selecting various financial options logically. Eight questions are used to gauge the working women's level of financial literacy. These questions test their understanding of simple and compound interest, the fundamentals of saving and investing, the effects of inflation on prices, the risk-return connection, etc. We anticipated that the women would have moderate to high financial knowledge given their status as educated people and the fact that the questionnaire contained straightforward questions without the need for complex calculations. The respondents' behaviours are mapped on a scale based on how desirable they are.

Score	Financial Knowledge
0-4	Low
5-7	Moderate/Average
8-10	High

Figure 1 displays the respondents' performance on various financial knowledge aspects and implies that they may not have appropriate financial knowledge or may not be aware of the fundamentals of money management in their daily lives. Sadly, 25% of the female participants could not even complete simple mathematical exercises (see Figure 1). Additionally, just 17% of women correctly understand how inflation affects the rate of return, indicating that their grasp of the ideas relating to inflation and return is limited. Even on the other financial knowledge questions, the young women did not perform well. For instance, only 58% of the women polled grasped the idea of compound interest, which is crucial for investing purposes. Concerning this, women tend to lack a basic comprehension of money management.

The further education of women appears to be an important component in explaining working women's financial literacy. According to Figure 2, the more educated women appear to be more financially savvy. The respondents, or roughly 64% of women who began working after higher secondary school,

performed poorly on tests of financial literacy. In contrast, the findings indicate that women with advanced degrees, such as doctorates and postgraduate degrees, scored highly or moderately on tests of financial awareness. Additionally, roughly 24% of women with technical or vocational education show strong financial literacy. Surprisingly, the findings indicate that just 35% of women with graduate degrees are financially literate. Particularly among women with low levels of education, there is a serious lack of financial literacy.

Financial Behavior:-

The poll makes an effort to understand how women manage their finances in terms of their financial behaviour. To grasp the crucial aspects of how women behave when handling money in their daily lives, respondents were asked a total of eight questions. The OECD survey's questions were among those covered in these dimensions. For instance, determining whether products are affordable, how people behave when it comes to paying their bills on time, how they plan and manage their household budgets, how actively they save money, and whether they need to borrow money. Respondents who receive a score of at least six are considered to have favourable attitudes regarding money and finances. Correct answers receive a score of one.

In your opinion why financial literacy is important, particularly for women?

	Frequency	Per cent	Valid Percent	Cumulative Percent
Valid For meeting the two ends (Income and expenditure) of the family	227	45.4	45.4	45.4
For Increasing the saving of the family	206	41.2	41.2	86.6
For the growth and development of the family	67	13.4	13.4	100.0
Total	500	100.0	100.0	

Interpretation:-

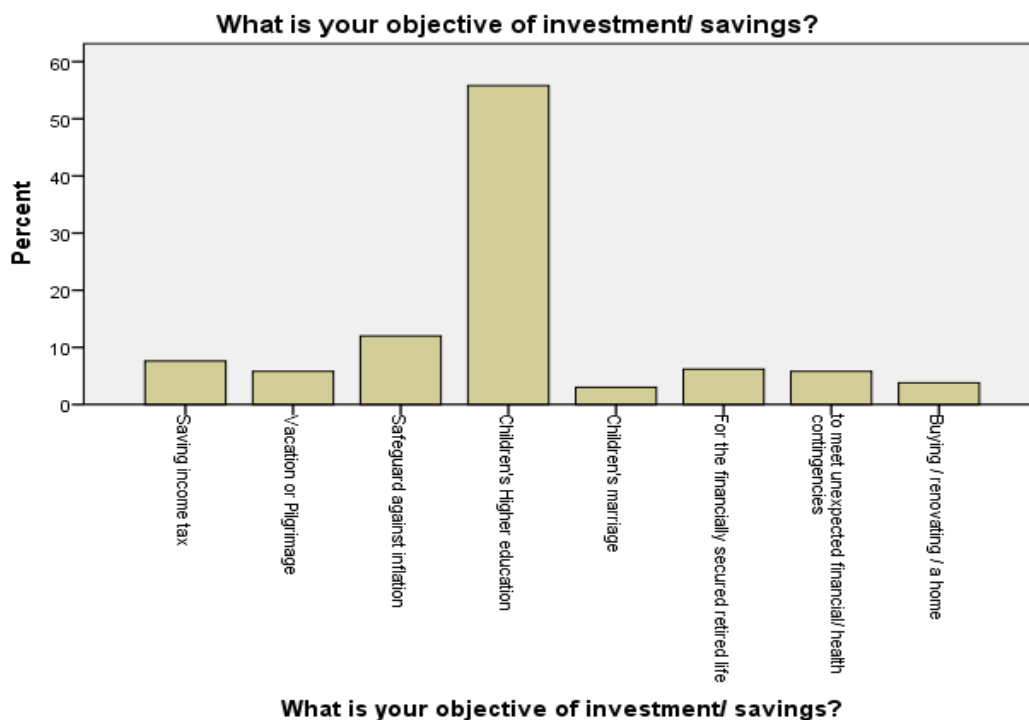
87 % of women feel that Financial Literacy is important for women - For meeting the two ends (Income and expenditure) of the family For Increasing the saving of the family

Who takes investment decisions in your family

	Frequency	Per cent	Valid Percent	Cumulative Percent
Family Head	68	13.6	13.6	13.6
Husband	244	48.8	48.8	62.4
Valid Jointly with your husband	86	17.2	17.2	79.6
Anyone who earns	102	20.4	20.4	100.0
Total	500	100.0	100.0	

Interpretation:-

68 % of women said that investment decisions are taken by the head of the family or male members.



Interpretation:-

Most of the respondents' objectives of saving or investing are their child's education.

CONCLUSION

- Although we anticipated that most of the working, educated women in our sample would be financially literate, only a few of them scored highly on this scale. When compared to women from cities and towns, respondents from rural areas have less financial literacy. Due to their increased exposure to the outside world, highly educated and urban women tend to have better financial expertise. The findings demonstrate that many women behave wisely and responsibly when it comes to money and financial affairs, exhibiting caution, self-control, and awareness while managing home resources.
- Overall, the data demonstrate that women still have a low level of general knowledge of financial planning tools, approaches, and processes in the twenty-first century. It can be ascribed to factors like women's lack of financial literacy, their ignorance of financial products, etc. Another reason they might not participate in investment decisions is that they depend on other family members, particularly the men, for financial problems. The results' positive side is how women approach and behave about financial concerns.
- If we want to perform well on the financial literacy survey, we must improve the outcomes for women's financial literacy. With the appropriate efforts and actions taken by the government or even the private sector, such as holding financial literacy workshops, etc., the financial literacy of women can be improved. These programs should not only target rural residents; they should also target metropolitan women since our findings indicate that their level of financial literacy is equally insufficient.
- These financial literacy programs must be created especially for women, taking into account their educational and financial demands. These seminars may concentrate on topics including managing spending and saving, insurance and retirement planning, managing credit and debt, managing investments, managing risk, understanding the financial market, and making sound financial decisions.

- Additionally, holding seminars or offering financial education is simply the first stage in spreading financial knowledge; audience members must use this information in their investment choices and to build wealth. The organization of such programs for working women does not need much labour; employers might take the lead in this area by hosting workshops or seminars in the office itself after or before working hours.
- Employers can help their staff members by showing them how to register a Demat account, choose initial safe investing options, etc. The government might support such initiatives or offer rewards to businesses that support the development of financial literacy in the nation, which will improve the economy.
- Finally, because the findings are based on respondents' self-reported behaviour and attitude, our results may be influenced by respondents' biases when filling out the questionnaire. Future studies may take into account a variety of additional variables, such as the family's educational level, the quality of the education received, and a woman's degree of confidence, that may have an impact on the financial literacy of women. The degree of financial literacy among women in each nation has to be investigated. If the same poll is carried out in metropolitan areas, the results can be different since residents there are more careful when making future investments and budgeting their finances. This study is a step in the right way that will encourage more research in this field.

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