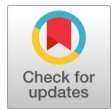


An Analysis of Financial Literacy among Working Indian Women

Kumari Priya, Panna Lal



Abstract: *This study examines the financial literacy of working women in India. The survey examines Indian women's knowledge of investing, savings, and insurance, among other financial topics. A survey was distributed online to 500 working women of different ages and income levels as part of the study's quantitative research approach to gather data. The study's conclusions demonstrate that working women in India possess little to no financial literacy, with a tiny proportion having sufficient knowledge of financial matters. The study also reflects the influence of several factors on women's financial literacy, including age, income, education, and work experience.*

Keywords: *Financial Behavior, Financial Attitude, Financial Literacy, and Financial Knowledge.*

I. INTRODUCTION

One of the most critical concerns facing our country is women's empowerment, which can only be achieved when women in this country are autonomous, financially savvy, and educated. Financial literacy is the capacity to make prudent financial decisions (Beattie, V. (2019) [1]). A person with sound financial literacy can make informed choices and manage their finances effectively (Noctor et al., 1992). Women still rely on male family members to make financial decisions, despite the encouraging trend that women are now on par with men in all spheres of endeavour. Economic well-being is contingent upon an individual's possession of sufficient financial literacy, as it enables them to make well-informed financial decisions. Working women make up a sizable share of the workforce in India and have a significant impact on the economic expansion of the nation (Bhushan, P., & Medury, Y. (2019) [2]). However, research indicates that women in India often possess inadequate financial literacy, which could potentially impact their ability to make informed financial decisions and their overall financial well-being. The purpose of this study is to investigate the financial literacy of working women in India and the variables that influence their financial awareness.

The course will focus on topics such as insurance, savings, and investments, as they are essential for effective financial planning and informed decision-making. The study will employ a quantitative research approach, with data gathered via an online survey disseminated to 500 working women from various age and income brackets. The survey will also examine where women seek financial guidance and their level of confidence in their ability to make financial decisions independently. It is anticipated that the study's conclusions will shed important light on the financial literacy of Indian working women and the variables influencing their understanding of money. The study's suggestions may contribute to increasing the financial literacy of working women, empowering them to make informed financial decisions and enhance their overall financial well-being.

Financial literacy requires both conceptual understanding and application, and combining these two objectives in real life can be challenging. It suggests that, in addition to having a working grasp of financial planning concepts, people should be able to use them in their day-to-day interactions. Even with their high levels of education and respected careers, Indian women still face difficulties when it comes to investing and financial planning (Chakraborty (2017) [3]). Financial planning and saving, investing, budgeting, and basic money management are some of the elements that make up the concept of financial literacy (Madhogaria, G., & Singh, A. K. (2018) [8]). According to a yearly Mastercard ranking designed to measure financial literacy, India ranks last out of 16 countries in the Asia-Pacific region. In this study, we aim to assess the level of financial literacy among working women (Maheswaran, S., & Kumar, S. (2020) [4]). To assess the respondents' level of financial knowledge and attitude as well as their financial-related behaviours, it is critical to identify any potential needs and gaps related to the specific domains of financial literacy. To determine the degree of financial literacy among Indian women, we developed a questionnaire based on an OECD survey and distributed it to women employed in various sectors. To learn more about women's financial attitudes and behaviours, we collected data on their financial situation. Our study contributes to the corpus of prior research by assessing the degree of financial literacy among working women in Pune, the largest state in terms of territory in the Republic of India (Singhal, A., & Mehta, S. (2020) [5]).

Despite being one of the more culturally and economically developed states in India, women's position remains relatively poor there. Women are generally not permitted to make social or financial decisions that have an impact on their family.

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The independence to manage their finances is lacking in even working or otherwise income-generating women. Because working women are more likely to be well-educated and well-connected, and hence make better financial decisions, we limited the number of working women in our sample (Mian, M. A., & Narain, R. (2019) [6]).

II. OBJECTIVES

- To assess the financial literacy of Indian working women and determine the variables affecting their financial literacy.
- The study intends to shed light on the financial practices of Indian working women, the difficulties they encounter in handling their money, and possible strategies for improving their financial literacy.

A. Importance

- Gender inequality: Economic empowerment and financial well-being depend on having solid financial literacy. However, gender-based discrimination is a common occurrence for women in India, which restricts their access to opportunities and financial resources. The study can be used to pinpoint gaps in the financial literacy of working women, as well as offer solutions for closing the gender gap in this area.
- Economic development: India's economy cannot expand without the participation of women in the workforce. (Sharma, R., & Vohra, N. (2019) [9]). This can help decision-makers create focused initiatives that support financial inclusion and economic growth.
- Financial education: To make wise financial decisions, one must be financially literate. The study can be used to identify areas where working women lack financial literacy and provide recommendations for enhancing their knowledge. This has the potential to foster economic stability and the development of a financially informed community (Sharma, S., & Prasad, S. (2018) [7]).
- Social impact: The general well-being of people and families can be enhanced by financial literacy. The study can help working women achieve their financial objectives, manage their finances more effectively, and make more informed financial decisions. This has the potential to alleviate financial strain and enhance the standard of living for employed women and their families.

III. LITERATURE REVIEW

Over the past decade, financial literacy has become increasingly important in both developed and developing nations. The Reserve Bank of India launched an initiative in 2007 to establish Financial Literacy and Counselling Centres, providing financial education and counselling to both urban and rural communities across India. In a similar spirit, a council was founded in the US in 2008 to expand access to financial services and offer financial education (Cole et al., 2009). Additionally, Indonesia is making efforts to increase financial literacy and improve accessibility to financial services within the country. Moon has agreed that a structured programme of financial education should start in elementary school and run through high school.

Previous research has examined the financial literacy levels of adults, seniors, and college students. Examples of these studies include work by Mandell (2008), Lusardi et al. (2010), Atkinson and Messy (2012), and others. These studies primarily focused on financial and investment management issues, employing a survey approach to gauge the audience's level of financial literacy. According to Lusardi and Mitchell (2008), women are more affected by low financial literacy than men, and this remains the case today. Studies show that women are more likely than men to experience financial issues while making financial decisions. They also tend to be more concerned about the future, but lack the understanding of how to protect it (Anthes & Most, 2000). Women have different expectations regarding their financial attitudes because they are taught differently about investment possibilities and generally hold different opinions (Hira & Loibl, 2007). Furthermore, women struggle more than men to manage their money well and achieve financial independence. Women are more dependent on male family members for financial decisions, despite their financial contributions to their households. Furthermore, past studies show that women lack confidence in their ability to invest their money and are less likely to seek out financial education (Lusardi & Mitchell, 2008). Possible causes of this could include disparities in wealth (Anthes & Most, 2000), women being less exposed to the outside world than men, and women having more family responsibilities, resulting in less free time. Regrettably, women often remain unaware of their financial decision-making capabilities until this age. In our country, eighteen is considered a mature age at which a woman can get married or vote. Hung et al. (2012) found that gender inequalities exist in financial literacy, with women having poorer financial literacy and less confidence in their financial abilities than men. It is generally accepted that giving women financial education is now essential to achieving gender equality, given the poor status of women in the country. The International Network on Financial Education (INFE) and the Organisation for Economic Cooperation and Development (OECD) have recently emphasised the need for financial literacy to be advanced as part of financial education strategies. Several characteristics determine a person's level of financial literacy, and these factors influence how they manage regular financial transactions and address money-related issues. These determinants include sociodemographic traits such as education, salary bracket, marital status, residential location, gender, family income and dynamics, exposure to the outside world, retirement obligations, and familiarity with financial instruments, among others. Many of these were considered by Agarwalla et al. (2012) when evaluating the financial literacy of Indian employees, retirees, and students. Financial literacy is significantly impacted by education, as Lusardi et al. (2012) have shown. His viewpoint aligns with that of Hubbard et al. (1994), who found that individuals with higher levels of education tend to save more money than those with lower levels of education.



Educated investors are more likely to create greater returns and make more cautious investing decisions than less educated ones. According to Lusardi et al. (2012), individuals from higher-income and better-educated groups may be able to achieve greater returns by increasing their financial and investment product literacy. Furthermore, based on Swedish data, Calvet et al. (2007) observed that portfolio returns differed across different educational categories.

Furthermore, a person's degree of financial understanding affects their ability to participate in the stock market (Kimball and Shumway, 2006; Christelis et al., 2007; Van Rooij et al., 2011). Furthermore, because housing has a considerable impact on both spending and the need for savings, it is essential in assessing an individual's level of financial literacy.

A person needs to protect themselves against the erratic fluctuations in income, which happen frequently these days. It is also believed that a woman's marital status influences her level of financial independence, as a married woman is more likely to rely on her spouse for financial assistance with household expenses. There is considerable potential for further research in this field, as indicated by the existing literature, especially in a developing country like India, where significant efforts are being made to promote financial literacy. It is crucial to prioritise women's financial literacy to foster economic growth.

Tilak, P., Harchekar, J. S., and Murgai, A. (2022). According to Women's Financial Literacy, through various initiatives, the RBI, the Indian government, and other financial organisations help the country's people improve their financial literacy and thinking. All institutions should mandate that women attend monthly or quarterly workshops where they can acquire education to enhance their financial skills and abilities, as well as learn more about financial services and products. After all, the advancement of women would signal the advancement of the entire country in terms of views towards money and many other areas.

IV. METHODOLOGY

Because of their low status, women are more financially vulnerable and reliant on men than men are on them. In addition, they face discriminatory divorce and inheritance laws and receive subpar education. Because they prevent women from building up their financial holdings, these regulations make it more difficult for them to establish their security after separation. Nowadays, as most states in the country take education seriously, financial literacy is crucial. These are the grounds behind our decision to carry out this survey in the state of Pune. We developed a study that addressed several key themes in financial literacy and administered it to approximately 700 working women in the state. Out of the 700 working women in the state who were sent the questionnaire, which included a range of financial literacy subjects, only 500 responded. Our questionnaire asks women about their socio-demographic details, including place of residence, age, income, marital status, and level of education, in addition to the fundamental questions. The following table displays the characteristics of the study's sample:

Table 1: Representative Respondent Characteristics

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

Table 1 shows that, in contrast to the country as a whole, women who have completed their education make up the majority of survey respondents. The bulk of the sample, or about 80% of the responders, are graduates or postgraduates. The sample primarily consists of women from metropolitan areas, as nearly two-thirds of the respondents are from urban areas. It is also evident that the bulk of respondents from our sample are unmarried and between the ages of 25 and 35. Furthermore, it is challenging to consider the respondents as women who are just starting in their careers, as their work histories range from two to ten years.

We assessed women's financial literacy using three criteria—financial knowledge, financial activity, and financial attitude—by employing a questionnaire-based approach. The OECD questionnaire was modified before being administered to women to evaluate their financial literacy. The total number of questions in our questionnaire is 16, with most of the questions including subparts for assessing financial behaviour, knowledge, and attitude. The questionnaire was distributed to 700 working women from Pimpri Chinchwad and Pune who work in various fields. The women chosen to comprise our sample hold positions as government employees, company employees, professors, instructors, chartered accountants, and a few independent contractors. The survey was conducted over approximately six months. Questionnaires are usually distributed electronically, as most responses come from the educated population. Some respondents were sent hard copies, which they eventually returned after being reminded several times. The following section presents a graphical representation of the survey results, accompanied by a description of the three financial literacy parameters: financial knowledge, financial behaviour, and financial attitude.

V. FINANCIAL LITERACY

According to financial literacy, women are more likely to make reasonable decisions about their finances because they have a deeper awareness of typical financial difficulties. The financial literacy of working women is assessed using a set of eight questions. These quiz questions evaluate their knowledge of basic and compound interest, the principles of investing and saving, how inflation affects prices, the relationship between risk and return, and other related concepts. Given that the women were well-educated and the questionnaire consisted of simple questions without complicated mathematics, we expected the women to have a moderate to high level of financial awareness. The behaviours of the respondents are plotted on a scale according to their desirability.

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



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The respondents' performance on several financial knowledge tests is shown in Figure 1, which suggests that they may not possess the necessary financial knowledge or may be unaware of the principles of managing their money in everyday situations. Regrettably, Figure 1 shows that 25% of the female participants were unable to complete even basic math assignments. Furthermore, only 17% of women accurately recognise how inflation influences the rate of return, demonstrating a poor understanding of the concepts around inflation and return. The young ladies did not do well even on the other financial knowledge questions. For example, only 58% of the women surveyed understood compound interest, a concept essential to understanding when investing. In this regard, women often lack a comprehensive understanding of money management concepts. Working women's financial literacy appears to be primarily explained by their continued education. Figure 2 suggests that women with higher levels of education also seem to be more financially astute. On tests of financial literacy, the respondents—roughly 64% of women who started working after upper secondary school—performed poorly. On assessments of financial awareness, however, women with advanced degrees—such as doctorates and postgraduate degrees—scored strongly or moderately,

according to the research. Furthermore, significant financial literacy is demonstrated by about 24% of women with technical or vocational education. Remarkably, the results show that only 35% of women with doctoral degrees are knowledgeable about managing their finances. There is a significant lack of financial literacy, particularly among women with lower educational backgrounds.

VI. FINANCIAL CONDUCT

The survey aims to assess the financial management practices of women, examining how they handle their finances. Eight questions in total were posed to respondents to get a comprehensive understanding of the key elements of how women act with money in their everyday lives. Among the topics covered in these dimensions were the questions from the OECD survey. For example, figuring out how much a product costs, how people pay their bills on time, how they organise and oversee household budgets, how actively they save money, and whether they have to take out loans. Individuals who obtain a minimum score of six are deemed to possess positive attitudes towards money and finances. One point is awarded for accurate responses.

Why, in Your Opinion, Is Financial Literacy Crucial, Especially for Women?

		Frequency	Per cent	Valid Percent	CumulativePercent
	For meeting the two ends (Income and expenditure) of the family	227	45.4	45.4	45.4
Valid	For increasing the savings 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	

A. Interpretation:

87% of women believe that women should be financially literate. To satisfy the family's two needs (income and expenses), and to increase the family's savings.

In Your Family, Who Makes Investment Decisions?

		Frequency	Per cent	Valid Percent	CumulativePercent
	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	

B. Interpretation

68% of women stated that male family members or the head of the household make investing decisions.

VII. CONCLUSION

- Only a small percentage of the working, educated women in our sample scored highly on the financial literacy measure, despite our expectation that the majority of them would. The financial literacy of respondents from rural areas is lower than that of women from cities and towns. Women who are highly educated and live in cities typically possess greater financial knowledge due to their increased exposure to the outside world. The results show that many women manage household resources with prudence, self-control, and awareness, acting sensibly and responsibly in their financial matters.
- In general, the findings show that, even in the twenty-first century, women still possess a low degree of basic understanding regarding financial planning tools,

techniques, and processes. This can be attributed to factors such as women's limited understanding of financial products and their lack of financial literacy. They may also not participate in investment decisions, as they often rely on other family members, particularly men, for financial guidance. One good aspect of the data is the way that women approach and respond to financial difficulties.

- Why Women's financial literacy results need to be improved if we hope to do well on the financial literacy survey. Women's financial literacy can be enhanced through the implementation of targeted initiatives and actions from the public or private sectors, such as hosting workshops on financial literacy, among other measures.



Not only should these programmes focus on rural inhabitants, but also on metropolitan women, as our research suggests that their financial literacy is similarly lacking.

- Women's educational and financial needs must be taken into consideration while designing these financial literacy programmes. Managing credit and debt, insurance and retirement planning, investments, risk management, understanding the financial market, and making informed financial decisions are some of the subjects that these seminars may focus on.

- Moreover, providing seminars or financial education is only the beginning of the process of disseminating financial knowledge; audience members must use this knowledge in their investing decisions to accumulate wealth. It doesn't take a lot of labour to organise these programmes for working women; employers may take the initiative and offer seminars or workshops in the office itself, either before or after business hours.

- Employers can assist their employees by providing them with guidance on Demat account registration, initial safe investing options, etc. The government may encourage these kinds of programmes or provide incentives to companies that help the country's financial literacy grow, which will boost the economy.

- Lastly, since the results rely on the self-reported behaviour and attitude of the respondents, our findings could be impacted by the respondents' biases when completing the questionnaire. Future research may consider a range of other factors that could influence women's financial literacy, including the educational attainment of the family, the calibre of education received, and the confidence level of the individual. It is necessary to look into the level of financial literacy among women in each country. The results of the same survey may vary if it is conducted in a metropolitan location because people there tend to be more frugal with their money and less careful when making future investments. This report is a positive first step towards promoting additional research in this area.

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