

A Study on level of Financial Literacy among Indian Women

Blessy Roy¹ Dr. Ruchi Jain²

^{1.} Research Scholar, The IIS University, Jaipur

^{2.} Sr. Assistant Professor, Dept. of Financial Studies, The IIS University, Jaipur

Abstract: The central theme of this study elaborates on the financial literacy of the women in the financial sector of Jaipur. 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. Apart from that, to know the financial literacy level of women, we constructed a questionnaire and circulated among the working women in the city of Jaipur so as to assort relevant and appropriate data. On the basis of the reactions, we found out that the financial literacy level of women is based on their financial knowledge, attitude and behavior. The outcomes show that the general alertness in relation to the techniques and planning tools related to the finance among women are in the current scenario is still not satisfactory. The study has also addressed various aspects that are crucial and significant that is also related to the financial concept, financial products, and services etc. In addition, the paper has grasped the knowledge that is required to be attained by the women in order to make suitable planning for long period of time.

Keywords: Financial literacy, Financial Sector, Financial Product.

Date of Submission: 03-05-2018

Date of acceptance: 18-05-2018

I Overview

With the changing scenario the significance of literacy in the financial sector has attained a good and successful position in the entire world. In addition to bring a strong economy with proper and keen focus on the development of the suitable strategy on national level so as to enable the economy of Indian market to stand at a magnificent position. The changing scenario in the work patterns has provided greater significance to the subject of financial literacy and education. As such in the most important assets in this regard is the involvement of women. This can be a very important aspect that can contribute to a great extent in making optimum use of the resources and the tools so as to reach to the best potential in financial terms.

II Concept Of Financial Literacy

The notion of the financial literacy is very wide and includes the following parameters such as knowledge, behaviour and attitude in relation to the financial terms. The basic meaning of the financial literacy is linked with the capacity of the knowledge and understanding of financial products and also the risk and the returns associated with it therein. According to OECD defines "Financial Literacy as a combination of financial awareness, knowledge, skills, attitude and behaviour necessary to make sound financial decisions and ultimately achieve individual financial wellbeing. People achieve financial literacy through a process of financial education".

III Research Objective

- To examine the level of working women in Jaipur in basic banking knowledge & fundamentals of financial concept.
- To analyze the awareness of women in financial products and services.
- To study the need of women in making a wise judgment in relation to their saving and Investment activities.
- To study the acquaintance of capital markets and government schemes with various budgeting habits.

IV Scope of the Research

The research work provides a deep and impactful understanding of the subject related to the financial learning among women of Jaipur. Thus the study provides a broad scope in relation to the subject covering all essential elements such as financial knowledge, financial behavior and financial attitude of women.

V Methodology Of The Study

Sampling Unit- Working Women of Jaipur City

Sampling Size – Since the scope of the study depends on some limitation like Budget, Time, and Information. Around 150 respondents have been measured to make the study effective.

VI Review Of Literature

India has emerged as one of the least financially literate among 28 countries. Indians were ranked low for several reasons, including the lack of household budgets, money management discussions with family, financial education or an understanding of money management basics.

Indian families discuss money matters including budgeting, saving and responsible spending habits with their children just 10 days per year. 43% women and 20% men said they did not understand personal money management well enough to discuss the subject with their children.

Financial literacy means possessing the ability to understand how money is earned, saved and invested. It entails having eased while dealing with numbers. A financially literate person knows the importance of diversifying risk, compound interest, and inflation.

A lack of understanding of these makes one financially illiterate. A financially literate person becomes easily vulnerable to frauds and scams.

Even on gender counts, Indians surpass the global averages. 80% of Indian women were financially illiterate as compared to only 65% women worldwide. Similarly, 73% of Indian men were financially illiterate compared to only 70% worldwide.

The following problems can be attributed to financial illiteracy:

Falling prey to Ponzi schemes:

These are collective investment schemes which promise to give sky-high returns in a short span of time. It pays returns to existing investors out of money collected from new investors instead of paying out of profits. The Saradha Chit Fund Scam, Sahara Scam, etc. are classic examples. In India, these schemes have managed to collect more than Rs. 66,895K of investments by duping millions of investors. Financial illiteracy and greed make individuals put whole life savings in these schemes.

Choosing wrong products:

Due to financial illiteracy, individuals ignore the risk-return-liquidity aspect while investing. Most of the times they succumb to coercion from friends or family or to fulfill immediate tax-saving needs. As a result, they digress from personal financial planning goals. Ultimately, the money gets blocked in unproductive investments.

Lack of clarity between Saving, Investment & Insurance:

Financially illiterate people can't differentiate between saving, investment & insurance. They get fooled by the marketing gimmicks of agents. They buy insurance with an investment and fail in both aspects. Neither they get reasonable ROI nor do they get sufficient risk cover.

Low participation in structured financial products like Mutual Funds:

India has one of the highest Gross Domestic Savings rates at 28% of GDP but one of the lowest mutual fund (MF) penetration levels at only 6% of GDP. Mutual funds give investors manifold advantages. Financial illiteracy prevents people from getting into mutual funds. Hence, they are unable to get returns corresponding to their risk profile.

VII Analysis And Findings

During the research work following set of questions was asked from the working women belonging to the Jaipur city. These questions were asked from around 150 respondents out of which 100 replied accurately and accordingly only responses of 100 respondents were taken for analysis and interpretation.

Name:

Age

Under 18 years

18 - 25 years

Above 25 years

Income Level

Below 5 Lakh

5 - 10 Lakh

10 Lakh & Above

Are you

Self-employed

Salaried

How following factors affect financial literacy among working women (where 1 represents highly important, 2 represents important, 3 relates to neutral, 4 implies not important while 5 represents highly not important).

	1	2	3	4	5
Basic Banking Knowledge	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Mortgage decisions	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Saving & Investments	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Financial Awareness	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Budgeting habits	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

VIII Analysis

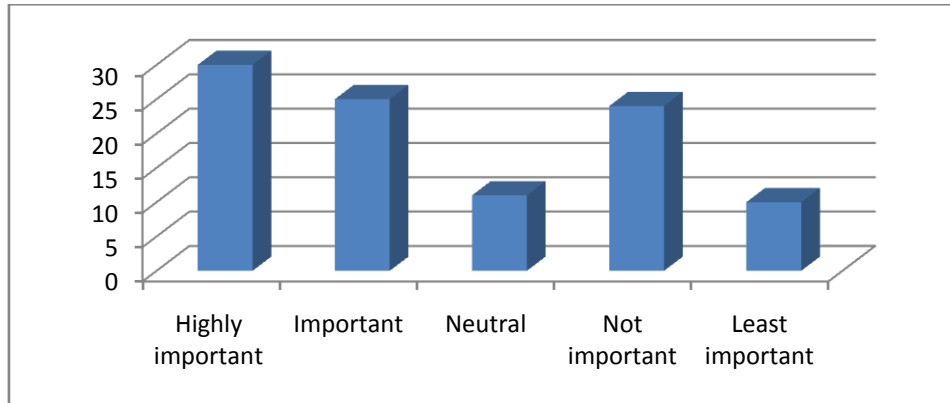
Summarization of data collected through the survey

Under 18 years	18 - 25 years	More than 25 years	Total
10	36	54	100

Factors	1	2	3	4	5	Total	Median
Basic Banking Knowledge	30	25	11	24	10	100	24
Mortgage decisions	8	12	58	16	6	100	12
Saving & Investment	53	24	6	9	8	100	9
Financial Awareness	47	13	12	15	13	100	13
Budgeting habits	72	16	8	4	0	100	8

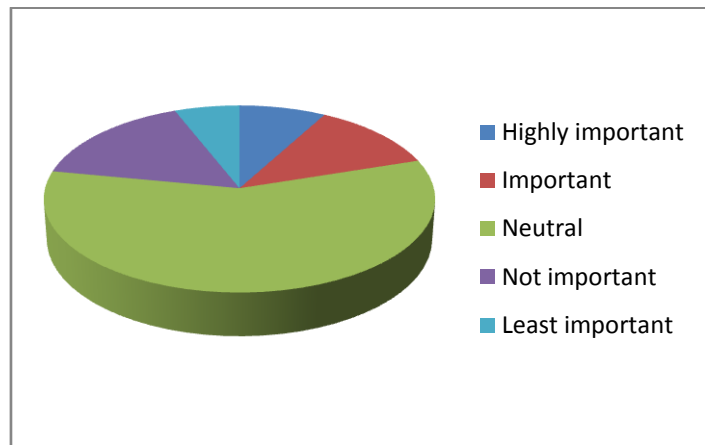
Basic Banking Knowledge affecting Financial Literacy among Working Women

Highly important	30
Important	25
Neutral	11
Not important	24
Highly not important	10



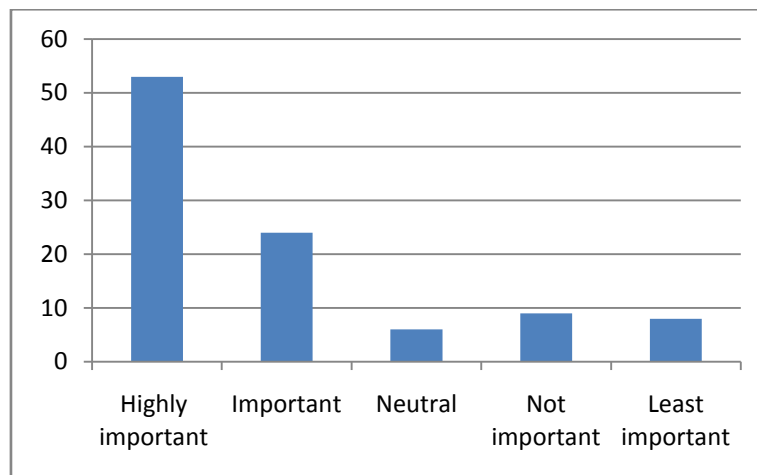
Mortgage decisions affecting Financial Literacy among Working Women

Highly important	8
Important	12
Neutral	58
Not important	16
Least important	6



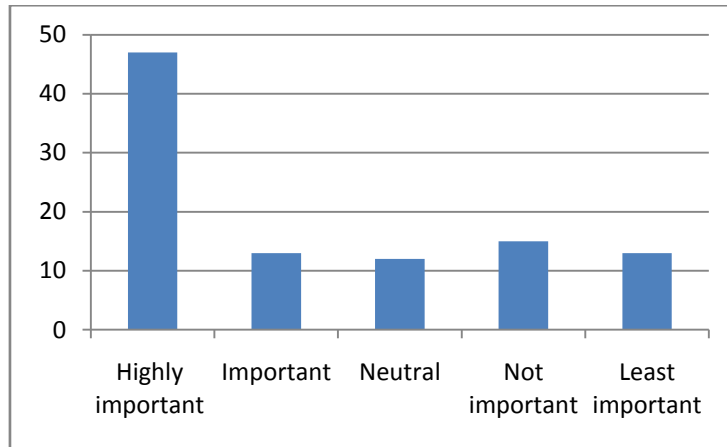
Saving & Investment Decision affecting Financial Literacy among Working Women

Highly important	53
Important	24
Neutral	6
Not important	9
Least important	8



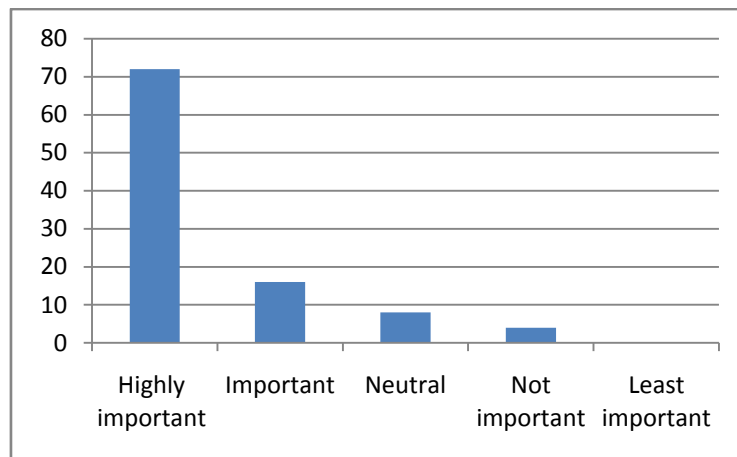
Financial Awareness affecting Financial Literacy among Working Women

Highly important	47
Important	13
Neutral	12
Not important	15
Least important	13



Budgeting habits affecting Financial Literacy among Working Women

Highly important	72
Important	16
Neutral	8
Not important	4
Least important	0



IX Conclusion

Financial knowledge can be expressed as the utilisation of the skills as well as knowledge of the individual in order to manage the resources of the economic terms so that they can yield the benefit for long prospects. Besides it includes knowledge and understanding on the aspects of the risk and return related to the financial products to all the parties' associated with the economic products.

Results from the analysis have revealed that the working women of Jaipur including those living in urban areas are not aware of different financial concept and many of them do not consider it important. The major reason behind this is that females are highly ignorant about the recent financial innovations in the market. Moreover it has also been found that, females are highly risk averse and do not want to risk their hard earned money in those financial instruments that can give rich capital gains on their investment. The study also indicates that women also lack the knowledge of basic banking knowledge like cash payments or transferring the funds to another account. They are also provided with debit and credit cards, but hardly do they make any use of it. It has been found that females do not use the services of financial consultants in managing their saving. This indicates that women in Jaipur in spite of having better financial services, they do not use it optimally so as to save their time and money.

The increasing liberalization in social status of women has definitely shown positive change in condition of women in India. Education has empowered women in a very significant manner. Though most of females do not take major financial decisions in their household, but working females especially in metro cities serve as an outstanding example for the working women residing in other parts of the country. The urban sector women has comparatively better and greater financial freedom while taking decisions in relation to the personal as well as for the family as whole.

India is giving lot of emphasis on the basic education to a girl child; this has really improved the standard of living of women in India. But still, majority of females are highly negligent towards investment in other financial instruments. Thus, it is essentially required that the companies should bring out various awareness programs so that it can escalate capital formation in the country. They should be educated with regards to usage of innovative financial services that are availed exclusively for them. This will not only benefit the females as a whole but will increase domestic savings and investment in the country that will lead to global growth of the economy and expansion of the country.

References

- [1]. Akshita Arora (2016). Assessment of Financial Literacy among working Indian Women, <https://www.researchgate.net/publication/298790053>, Article March 2016.
- [2]. Bernadette D'Silva, Stephen D'Silva, and Roshni Subodhkumar Bhuptani (2012). Assessing The Financial Literacy Level Among Women in India: An Empirical Study Journal of Entrepreneurship and Management Volume 1 Issue 1 February 2012
- [3]. International Journal of Advance Research In Science And Engineering, May 2015 ISSN-2319-8354(E)
- [4]. Mandeep Kaur, Tina Vohra, Aditi Arora (2015) Financial Literacy among University Students: A Study of Guru Nanak Dev University, Amritsar, Punjab Asia-Pacific Journal of Management Research and Innovation 11(2) 143-152 © 2015
- [5]. Priyanka Agarwal, Dr. (Mohd) Shamim Ansari, Dr. Suman Yadav, Radhika Kureel (2015) Study On Financial Literacy Among Working Women In Educational Sector Of Jhansi District: With Special Reference To Investment Avenue.

Blessy Roy. "Financial Literacy Among Working Women Of Jaipur." *IOSR Journal of Business and Management (IOSR-JBM)* 20.5 (2018): 19-24.