

FINANCIAL LITERACY AMONG WORKING WOMEN IN THE CITY OF JAIPUR

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ABSTRACT

Financial literacy is something that has been gaining high attention in all nations across the world. The lower literacy levels of women has always been an issue in a country like India, and financial literacy, in particular, is no exception to it. Though with the increasing involvement of women on the working front, no doubt there is an improvement in the situation, but even today they face many challenges and hindrances for being financially literate. In this paper, an attempt has been made to assess the financial literacy levels among the working women in the city of Jaipur. In order to complete the assessment, the data has been collected through a survey. On the basis of the responses collected, we have assessed the financial literacy levels of working women based on their financial knowledge, attitude and behaviour. The data is analysed with the help of frequency and percentage analysis and gap analysis.

Keywords: *Financial Literacy, Working Women, Financial Attitude, Financial Behaviour.*

Introduction

As the global financial markets are flooding with numerous new and advanced financial products and services, financial literacy is becoming even more vital for all. Financial literacy may be understood as the capability of an individual to understand the financial terms and concepts, be aware about financial products and services and apply that knowledge for their financial well being. A financial literate individual has the potential to develop a relationship between his financial requirements and the best financial product suitable for him accordingly.

Ours has been a male dominating country since beginning. Earning and making financial decisions are considered to be the duties and tasks of males here. But with the passage of time, we have witnessed that women also stood up for themselves and came forward to share the responsibilities in the so called "male responsibilities" and prove their potential. Women can actually be independent when she is financially self sufficient. This financial self dependency is the biggest challenge in our nation as even today more than half of the women and girls in the country are deprived of their basic right to study. In a country where female literacy is low than the average standards, what could one expect for female financial literacy. Women empowerment, in true means, can be achieved only when the women will become independent and financial literate.

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 well being." Financial literacy is complicated as it not only involves awareness and knowledge

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about the financial products but also capability to make informed decisions for one's own financial health. To assess and evaluate the financial literacy of working women, we have prepared a structured questionnaire which evaluated the demographic information of the respondents and their financial knowledge, behaviour and attitude levels. The questionnaire has been designed on the lines of the OECD survey and it was given to women working in various fields in the city of Jaipur.

Review of Literature

Lusardi and Mitchell (2008) said in their study that it is the women who are more on the suffering side due to the lack of financial literacy. His and other researchers' study advocated that since women are more subject to financial instability and dependence in their lives, hence they must be more focused on attaining financial literacy. **Census 2011** report says that Rajasthan has the lowest female literacy rate, i.e. 52.66%, as compared to other states in India. It can be easily assumed that if the normal literacy rate is at such low, how miserable could be the status of female financial literacy levels. **Arora Bhaskar and et al. (2018)** emphasized on the fact that financial literacy can make a way for women's independence and build confidence in them to make a stand for themselves. They advocated that women not only need to be introduced to financial terms and concepts but they should also be made capable of making investments to earn money and safeguard their future. **Sebastian T. And Raju Middi A. (2016)** stated in their research study that most of the professional women have financial knowledge but they still remain incompetent when it comes to money management and financial planning or decision making. They also reported that most of the women investors have medium risk appetite and thus they prefer SIP, though they are not fully aware about the same. **Agarwal Priyanka and et al. (2015)** concluded in their study that people love to earn money but are unaware about investing the same for future security and wealth creation. They also said that women should become more aware about financial matters and should participate actively in the financial decision making in their families. Devi **Anjali (2016)** conducted a study on financial literacy of women in the district of Assam in India and she found that though the financial literacy levels of women seems to be upgrading to a satisfactory level but there still exists a difference in the performances of women of different regions, income level, educational levels. Etc. For example, the financial literacy levels of working women and those from urban areas were better than those of non working and rural women. Thus, there is a need to implement such programmes that could focus on the overall development of women. **Singh Chetna and Kumar Raj (2017)**, with the help of their study emphasized that there is an urgent requirement to educate women about various investment avenues and develop in them a habit of active financial planning and money management. They also drew attention to the finding that women do not actively keep a check on their financial portfolio due to lack of awareness and are mostly dependant on their male family members or friends for seeking assistance.

Objectives of the Study

- To study the demographic profile of the respondents.
- To evaluate the financial literacy levels of working women in the city of Jaipur.
- To draw inferences based on financial knowledge, financial behaviour and financial attitude of working women.

Methodology

- The study is based on primary and secondary data related to the topic of study.
- A questionnaire is designed to collect the primary data, which consists of demographic questions and those related to the core area of financial literacy.
- The responses so collected will be analysed and interpreted with the help of frequency analysis and charts and figures will also be provided for making it clearer. Gap analysis has also been used as a technique for drawing inferences.
- 150 questionnaires were distributed but only 101 could be received filled and thus considered for the study.

Data Analysis and Interpretation

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 from the Pink City Jaipur. 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.

• **Demographic Profile of Respondents**

Table 1: Demographic Profile

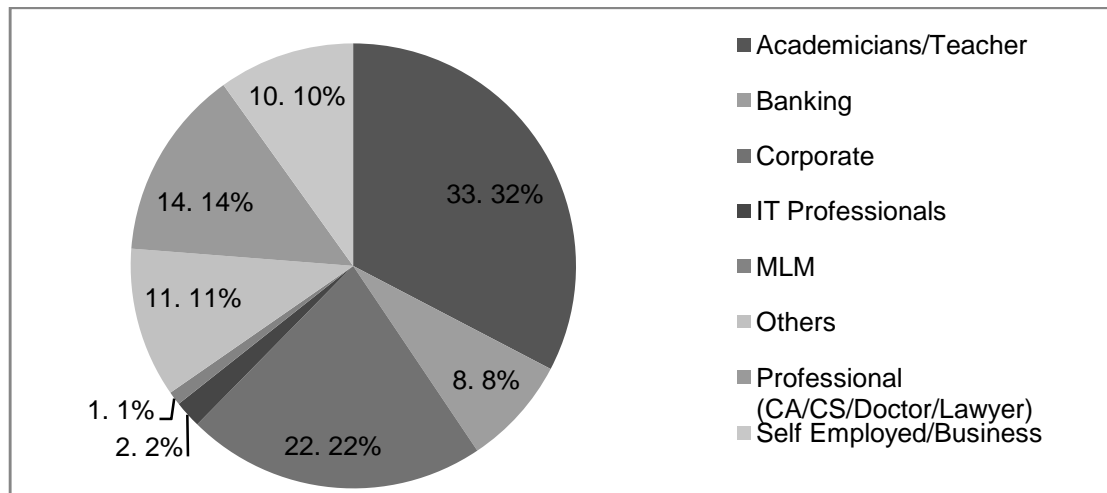
Demographic Factor	Classification	No. Of Respondents	Percentage
Age (in Years)	23-25	18	17.82%
	25-30	17	16.83%
	30-40	46	45.54%
	above 40	20	19.80%
	Grand Total	101	100
Work Experience	Less than 2 years	17	16.83%
	2 to 5 years	27	26.73%
	5 to 10 years	28	27.72%
	More than 10 years	29	28.71%
	Grand Total	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
Annual Income	Less than 2.5 Lakhs p.a.	20	19.80%
	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

Source: Primary Data

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.

The respondents are working in various spheres of life, a glance of which can be seen in the figure 1.

Figure 1: Work Field of Respondents

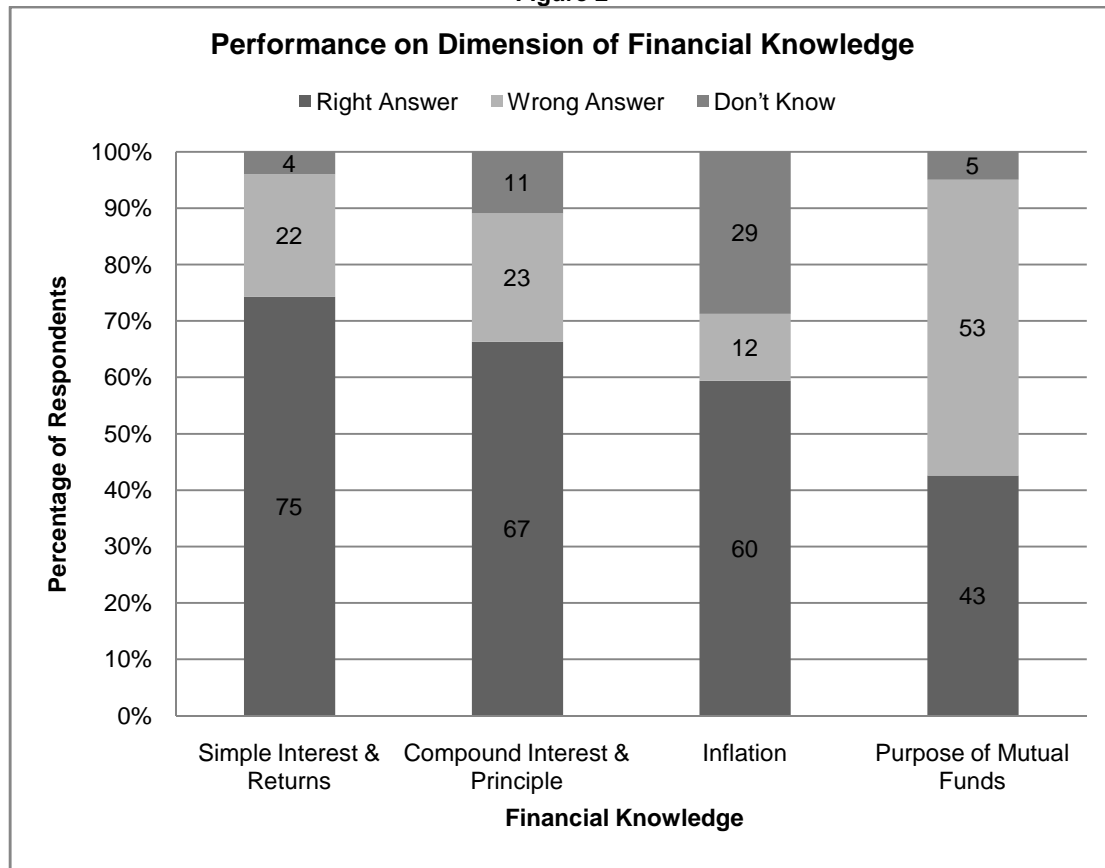


- **Financial Knowledge of Respondents**

Measuring financial knowledge implies that how much respondents know about the financial concepts and utilise it for making informed choices for investment purpose. When the working women were asked whether they make a budget for their household expenses, about 74% replied in a yes while about 18% said that they do not maintain a budget for their monthly expenditures and spend as and when the need arises. Also when they were asked about the difference between savings and investment, more than 90% of women affirmed that they are aware of the difference between the two.

We tried to measure the financial knowledge of working women by asking them to answer questions related to concepts of simple and compound interest, inflation and the ultimate purpose of investing in mutual funds. As the figure given below shows, 75% women are well aware about simple interest calculation, but when it comes to compound interest, which is actually important while making investment decisions, there is a fall in number of respondents giving right answer. About 30% of working women are unaware about the concept of inflation and its effect on their purchasing power. When asked about the main purpose of investing in mutual funds, only 43% women answered correctly by saying that its main purpose is to diversify the risk, while 53% gave other wrong answers, and didn't marked any of the given answers.

Figure 2

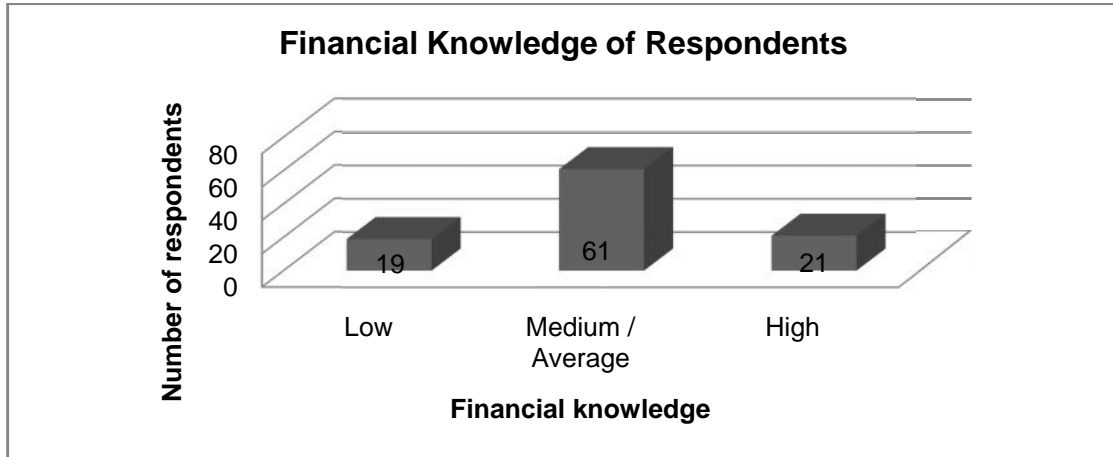


Each correct answer was given a score of 2 and the segregation of different financial knowledge scores is shown in Table 2

Table 2

Score	Financial Knowledge	No of Respondents	Percentage
0-3	Low	19	18.81%
4-6	Medium / Average	61	60.40%
7-8	High	21	20.79%

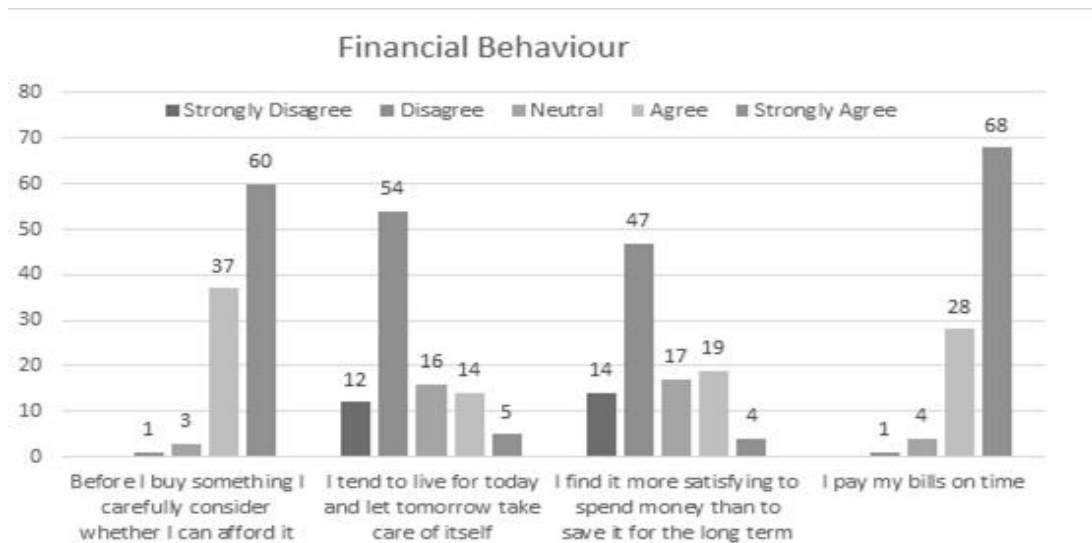
Figure 3

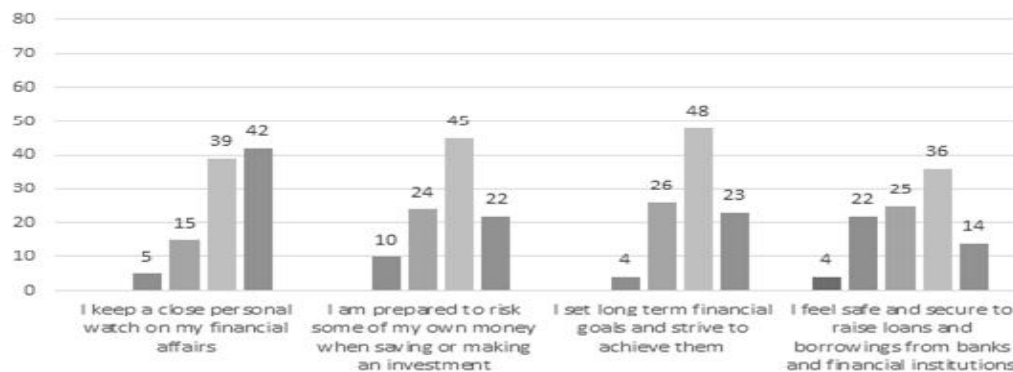


• **Financial Behaviour of Respondents**

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.

Figure 4





Gap Analysis

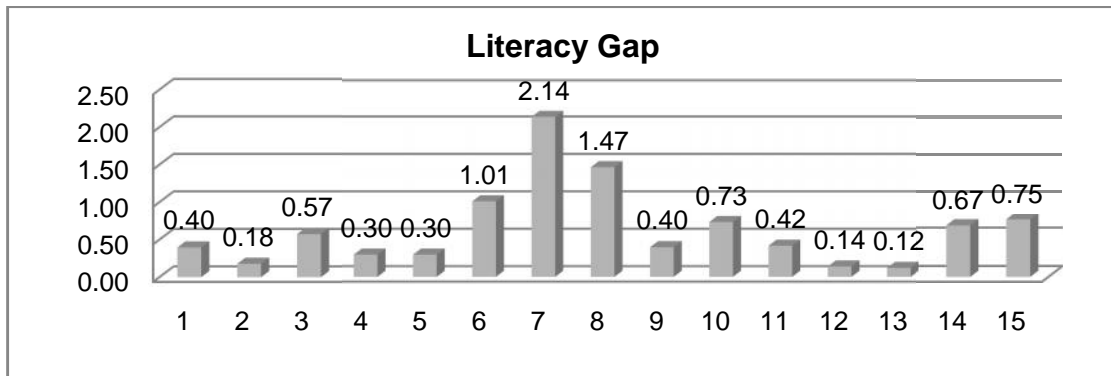
Gap analysis is a technique to find out the difference between actual mean and expected mean. The following table shows the financial literacy gap among the respondents:

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 does 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.

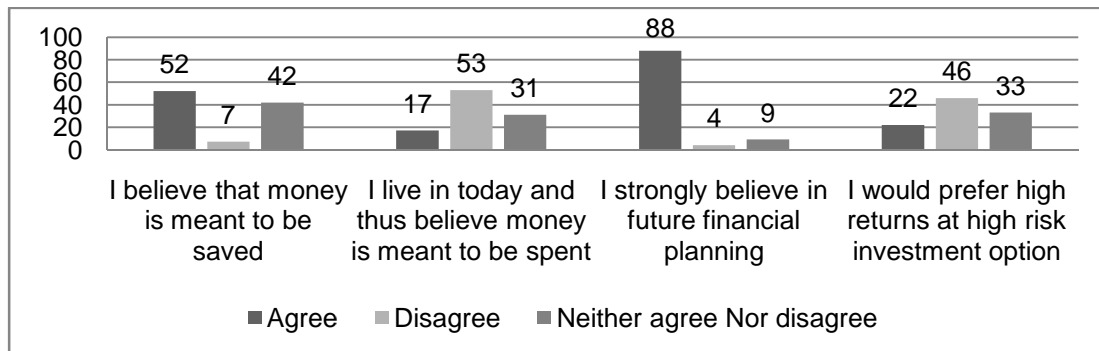
Figure 5



• **Financial Attitude of Respondents**

Financial attitude of the respondents was measured with the help of four statements about future financial planning. The performance of working women on these dimensions is depicted in figure 6. The results show that more than half of the respondents agree to save money for future purposes and not spend to live in the moment. Though there are about 30-40% women who did not have any opinion about the same. About 80% of the working women respondents strongly believe in planning for future. Although when asked about preferring to investment in highly risky investment avenues in order to earn smart returns, 45.54% preferred not to risk their money.

Figure 6



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.

- The risk appetite of maximum respondents is moderate, as they are ready to risk a certain portion of their money for returns, but only a few would block their money in high risk-high return yielding investments.
- The gap analysis suggests that most of the women are well versed with various financial terms and products, but they are not very familiar with the concept of Bullion trading, Demat Account and Portfolio Management.

Limitations

- The sample size collected for the study is very small and thus it may not be considered appropriate to be applied to the whole working women population.
- Most of the working women, who were approached for the survey, were educated and employed in white collar jobs, that too in urban locations. Inferences based on their opinions cannot be implied on rural and less educated or uneducated women.
- The study was limited to the city of Jaipur, they may differ if some other city of the state is considered.

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. With the various initiatives and programmes being executed by the Government and other financial bodies, more and more people are becoming aware of the financial management practices. The study also reveals that women are becoming aware about financial terms and products, but their involvement in financial decision making is still limited. Factors like traditional belief of men handling the financial issues and lack of confidence in themselves is keeping them refrained from coming forward and take the decisions independently. This has to be encouraged to make women more strong and self-dependent.

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