

## **Assessment of Financial Literacy among Working Women: A conceptual Framework**

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### **Abstract**

*The paper investigates the influence of financial literacy among working women in India. The study focuses on women's financial decision-making and their degree of understanding of financial topics such as investing, saving, and financial planning.*

*The study's conclusions indicate that India's working women have little financial knowledge. The study also offers several recommendations that will help employees, other organizations, and policy makers create plans aimed at raising female employees' financial literacy levels and offering direction for better meeting their future financial requirements and planning.*

*The assessment of financial literacy of women is important step towards promoting greater financial inclusion and gender equality. By addressing the unique challenges faced by women, we can work towards creating a more equitable and just society for all.*

*Keywords: - Financial literacy, Financial knowledge, Financial Inclusion and Financial attitude*

### **Introduction**

**E**mpowerment means makes one's self reliant and self manage. Women empowerment is the biggest issue in facing today and it can only be achieved when women are independent to take their rational as well as financial decision. "The ability to make financial decision is known as financial literacy."

This study aims to examine the financial literacy of working women in India and explore the factors that influence their financial knowledge.

Financial literacy is important to gain knowledge to use the financial resources in an optimum manner so that the future must be secure and safe.

Despite of the fact that money should be spent wisely it is also important that women should take their independent decision regarding financial matter. Women should be given authority to make decision as men, but many Indian women encounter a lot of psychological, economic, cultural barrier that make it challenging for them to develop financial literacy.

One of the most crucial elements in achieving development is education of women because that is

the only factor which would be helpful in raising the children's and family behavior and the society which ultimately helpful in achieving the growth of the Nation and economy. Many institutions and NGO'S are creating many awareness programme and campaigning for the women empowerment. They believe that women should be educating about their rights, duties and as well as their capabilities that would be beneficial for the upcoming generation.

Given that they are primarily responsible for raising children and the ones who decide on important daily decisions regarding the distribution of household resources; women play a critical role in passing on financial skills and habits to their offspring. They must have financial security not for themselves but for the future generation also. Women face more financial risk that has to be managed. Women should possess ability to acquire knowledge about financial parameters of decision making and they should be actively participated in economic and financial activity within the house and beyond the house.

Women face many gender-based disparities in their economic prospects, such as limited access to resources, lower pay, and prejudiced practices [12]. For this reason, this study is essential. In order to

transmit knowledge and comprehension of complex financial concepts and practices, such as cashflows, saving, investing, and debt management, it is crucial to support financial literacy among women [13]. The implementation of holistic financial planning may result in the setting of responsible financial objectives, the creation of careful budgets, and the creation of plans to reach those objectives [17]. Financial capacity [20,21], financial inclusion [18,19], and financial education [18,19] could all help accomplish these aims. Furthermore, promoting continued multidisciplinary study on women's retirement plans would help to improve educational activities by incorporating technology and implementing strong financial literacy campaigns.

### 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).

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.

There are many determinants of financial literacy level which influences how an individual deals with the routine money matters and financial transactions. These determinants include socio-demographic factors like education, income level, marital status, domicile, gender, family income and behavior, exposure to outside world, retirement needs, awareness about financial instruments etc. Many of them are considered by Agarwalla et al., (2012) in their survey for assessing financial literacy among students, employees and retired people in India. It is accentuated by Lusardi et al., (2012) that education has a major impact on financial literacy and his view is in line with Hubbard et al., (1994) that less-educated fail to save as much as highly educated people. It is more likely that educated investors choose their investment alternatives more cautiously and earns higher returns than the less-educated. The ability of well-educated and higher income group to enjoy better returns may result from greater literacy about finances and investment products (Lusardi et al., 2012). Also, Calvet et al., (2007) stated from Swedish data that portfolio returns differed across different education groups. In terms of enhancing financial inclusion and empowerment among women, studies indicate that it is crucial to implement focused interventions and educational initiatives. Sarah [32,33] underscored the significance of initiatives promoting financial inclusion to enhance women's economic empowerment and address the disparity in financial literacy between genders. In fact, new prospects for financial inclusion are provided by the development of digital financial services, but women's digital financial literacy is still a problem (Opoku Asuming et al., 2019).

**Objective:-**

The objective of research paper:-

- To examine the level of financial literacy among Indian working women.
- To analyze the factor that affect financial decision of an individual
- To provide an in-depth analysis of financial behavior of working women in India

- To explore challenges faced by Indian working women and provide their solution with best possible outcome.
- To provide better financial ways to enhance their financial literacy.

**Research Methodology:-**

The research paper is based on descriptive study. An in depth study of literacy has been done to find out various research related to financial literacy in India. The data was collected from authentic secondary sources such as global reports, NCF reports articles, Journals, websites and research papers.

**Why Financial Literacy is Important?**

- Financial literacy is important to make the women more responsible
- It is important to provide financial safety and security.
- It is also important to make rational financial decision while deciding about money related matter
- It is imperative that women should be given the same authority to make decision as equal to men
- It is critically important for financial well being and economic empowerment

**Factors affecting Indian women Financial literacy:-**

The degree of financial literacy among Indian Women is influenced by various factors.

- **Lack of independence:-**Despite the entire situation that women are considered equal to men, still women doesn't have full freedom to take any financial decision. Women have to be dependent on men for taking any decision which demoralize them to become financial literate. The various reports say that women do not have the same level of financial independence as men are the foundation of the problem. Women frequently spend very little money on their needs and wants and give up their financial independence in order to maintain harmony in their homes.

- **Different cultural values and expectations:-**This is the factor which influences the growth of women empowerment on terms of financial literacy. In various cultures, women are not permitted to take financial decision even not able to manage any sort of finance in their families. They are just given freedom to manage their household chores of their families and children. Men are traditionally expected to manage finance, which become a big hurdle to women in learning about personal finance.
- **Lack of awareness:-** Insufficient awareness , lack of knowledge are the hindrance stone for the growth and development of women in India. They are just bound to limited education and financial knowledge which create more critical situation for them to be financial literate.
- **Lack of primary education:-** Indian women’s literacy rates are much lower than those of men. Many communities do not encourage or support women to pursue higher education. Lack of basic knowledge and lack of computer proficiency are another factors for the low level of financial literacy among women.
- **Inadequate Financial Resources:** - In India, a large number of women are unemployed. Since they are unable to work, they must rely on their father or spouse for financial support. Many women in India are unemployed, due to which they are not able to work and that’s the reason they rely on their father or husband for financial support.

**Challenges faced by women:-**

Many women are put off from beginning their financial paths by a lack of resources, awareness, and financial literacy. Active management of finances is also discouraged by a lack of confidence.

Lack of resources affect the growth of women in terms of financial services. Resources’ are limited

Lack of confidence are the another challenge faced by Indian women in terms of financial literacy. Women are not confident enough to take financial decision; they have to be dependent on males for taking their self made decision.

**Suggestion:-**

- This can be accomplished through enabling women to take charge of their finances and by increasing awareness of the value of financial literacy for women.
- Take an active role in learning new things and developing your financial confidence.
- Women should be incorporate in family financial decisions.
- Various institutions should start v campaigning and awareness programme related to financial inclusion to educate women and increase the knowledge .
- Income generating skills should be developed among women by training and skill method or through family support.
- Developing supportive legal and regulatory frameworks in the financial sector.
- Financial support services should be affordable
- Empowerment program should be developed

**Conclusion:-**

Based on the results, the study came to the conclusion that female entrepreneurs' subpar company success is a result of their lack of financial literacy. This suggests that the likelihood of being financially literate is higher to have greater success as female business owners than those with little financial expertise. In keeping with the previous finding, it was suggested that female business owners should make an effort to refresh their understanding of money matters such as women's ignorance of financial products and their lack of financial literacy, etc. They may also not take part in investment decisions since they rely on other family members—especially the men—for help with money matters. One good aspect of the data is the way that women approach and respond to financial difficulties. Overall, the statistics show that, even in the twenty-first century, women still possess a poor degree of general awareness of the instruments, methodologies, and procedures used in financial planning. Factors can be attributed to it. With women's educational and financial needs in mind, these financial literacy programs need to be specifically designed for them. These seminars could focus on managing credit and debt, insurance and retirement planning, managing

investments and risk, comprehending the financial market, and making wise financial decisions, among other things.

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