International Research Journal on Advanced Engineering and Management
https://goldncloudpublications.com
https://doi.org/10.47392/IRJAEM.2024.0020
e ISSN: 2584-2854
Volume: 02
Issue: 03 March 2024
Page No: 131-137

Improving women's financial literacy as a means of social inclusion

Dr. Asiya Jabeen[1]
[1]*Assistant Prof in Commerce, Indira Priyadarshini Government Degree College for Women (Autonomous), Nampally, Hyderabad, India.*
Email id: *asiyacom.ipgdc@gmail.com*[1]

Abstract

This article explains how much financial education has helped women become self-sufficient in handling family finances without consulting a male family member. In this research, we examine how well-informed urban, semi-urban, and college-educated women are about the many investing opportunities available to them. Given that the gender ratio in the United States is 933 women for every 1000 men and the female literacy rate is 60.6% compared to the male literacy rate of 81.3%, it is critical to educate women about money management in order to improve the economy. The ability to understand and manage one's finances is a crucial tool for surviving economic and emotional hardships, as it can shed light on the wide range of opportunities available for generating sustainable income. Women who are financially literate are in a position to make decisions based on a broad understanding of personal finance and a variety of practical considerations. Those that are financially educated are able to make sound decisions about their money, whether it be saving, investing, borrowing, or something else. Given the myriad ways in which financial literacy influences Behaviour, the process of financial education, the attainment of financial literacy, and monetary well-being (Lusardi and Mitchell, 2014), it is clear that improving financial literacy is crucial.

Keywords: *Financial literacy, inclusion, women, financial decision.*

1. Introduction

Nowadays, people are more responsible than ever before for managing their own personal finances. Retirement and welfare programmes are feeling the strain as people live longer. In many countries, workers are increasingly expected to take responsibility for their own retirement savings and investing, as the traditional "defined benefit" pension plans offered by employers give way to "private defined contribution" plans. The shift in the job market has also had an effect on people's daily lives. The gap in pay between individuals with a four-year degree or above and those with a high school diploma or less is widening as a result of the growing value placed on specialised knowledge and training. Furthermore, technological developments and the introduction of new, more complex financial products are driving rapid change in the financial markets. Payday loans, pawn shops, and rent-to-own stores are just a few examples of the alternative financial services that have gained popularity as traditional lending options have been more widely used. Parallel to the shifts in the economy, individuals are taking on greater responsibility for their own financial well-being by learning to save, invest, and spend wisely over the course of their lifetimes. Changes have occurred not only on the asset side of family balance sheets, but also on the liability side. Many Americans, say Lusardi, Mitchell and Oggero (2018), are nearing or have already reached retirement with significantly more debt than previous generations [1]. Compared to the past, today's individuals make many more long-term financial decisions due to factors including increased longevity and the availability of novel financial products. When taken along with the generally low levels of financial literacy around the world and especially among vulnerable demographic groups, these tendencies suggest that

International Research Journal on Advanced Engineering and Management
https://goldncloudpublications.com
https://doi.org/10.47392/IRJAEM.2024.0020
e ISSN: 2584-2854
Volume: 02
Issue: 03 March 2024
Page No: 131-137

policymakers should prioritise enhancing financial education. Priyanka Agarwal (2015) found that a dynamic financial system is necessary for inclusive growth in India, and that this could only be achieved if people were more financially literate. An effective policy for financial education must be formulated and implemented without delay. According to research conducted by Anjali Devi (2016), women are not as effective as men when it comes to making financial decisions, and the difference can be attributed in large part to a lack of financial literacy. Men are gaining financial knowledge at a faster clip than women. Atkinson and Messy (2012) and the OECD (2013), among others, have discovered that women, compared to males, are more likely to have trouble saving money and choosing the right financial products [2,3]. Women, according to the research of Atkinson and Messy (2012), are more likely to have trouble saving money and choosing suitable financial products than men. However, there is a wide gap in financial literacy among Indian women, regardless of whether they live in the country or the city, whether they work or not, whether they are married or single.

2. Objective

The purpose of this research article is to assess financial literacy among working women and to determine the factors that influence their choice of investment.

3. Methodology

The study is fully based on secondary data. The data are collected from various research publications, Journal and Internet sources.

4. Literature Review

The ability to save regularly and anticipate financial needs is indicative of a healthy financial mindset. A person's "vested interest" in a financial subject indicates the degree to which that individual is actively engaged in the issue. According to Puneet Bhushan and Yajulu Medury's (2014) study, a positive national attitude toward financial difficulties is essential for any financial education programme to be successful. An individual's fiscal maturity is measured by their awareness of how their choices will affect their future and that of their loved ones [4]. If Zeynep Tezel is making a financial choice, it may have to do with how she handles her money, whether that be in terms of saves, investments, or general budgeting (2015). A person's financial literacy improves when they engage in financially-smart behaviours like saving regularly and budgeting wisely, and declines when they engage in financially-unsmarts behaviours like relying heavily on credit and loans. Together, Atkinson and Messy (2012). Knowledge in the realm of finance encompasses many different skills and abilities, including but not limited to the following: being familiar with and able to apply a variety of financial products, concepts, and procedures; and being able to apply said skills and abilities to the solving of financial problems. The most recent book by Zeynep Tezel is named, simply, "Zeynep Tezel (2015)." One study (Howlett, Kees, & Kemp, 2008) found that those who know more about money are better able to handle their own finances.In their study of business administration, Ramasawmy, Deerajen, and colleagues (2013) found that students at the University of Mauritius placed a premium on financial literacy. It was also found that financial literacy is independent of factors such as age, gender, language, race, and socioeconomic status. In addition, they advocated for the incorporation of financial literacy courses into curriculums to better equip students to deal with real-world financial issues. Researchers Shaari, Noor Aziah, and colleagues (2013) found that financial literacy is positively correlated with how one handles money and the year in which one studies, but negatively correlated with age and gender. It was found by Taft, MarziehKalantarie, and coworkers in 2013 that both financial literacy and financial well-being are significantly correlated with age and level of education [5]. All individuals and men have benefited from marriage's effect on financial education. Higher levels of financial literacy are related with more material prosperity and less money worries. Financial stability, in the end, lessens financial worries. According to Gupta, business owners on a smaller scale tend to be financially illiterate (2014). Weak record-keeping standards, sloppy financial management, unnecessary frugal tendencies, and an ignorance of the potential dangers posed by various financial instruments and products are all indicators of these. Many small businesses fail, they claimed, because micro-entrepreneurs were slow to embrace standard accounting and finance procedures. Workshops on financial literacy have been established by experts, and there needs to be a concerted effort to make sure they reach people from all walks of life [6-8]. There is a need for dependable development of research discoveries on the levels of financial literacy in South Africa, as stated by Fatoki (2014), who evaluated the existing literature on financial literacy in that country. Aimee D. Prawitz's (2014) study sought to answer the question of whether or not acquiring financial literacy influences the ways in which people handle and invest their money, hence increasing their wealth's long-term usefulness. The likelihood of various financial activities, such as retirement commitments and planning, investigating resource distribution techniques, obtaining or renewing life insurance policies, and obtaining or renewing bequest planning documents, was taken into account, as well as the level of apparent financial wellness, reserve fund proportions, and the occurrence of negative financial behaviours among both members and non-members of financial education programmes. There has been a dearth of research about the state of financial education in India.The influence of women's financial literacy on their investment decisions was investigated by CA Anupama and B. Joshi (2015). This research aims to evaluate the financial literacy of economically active women and the effect of such literacy on their choice of investment vehicles. The study is being conducted on 85 educated working women in the educational sector in Gautam Budh Nagarhas. The study's findings highlight the urgent need for financial literacy programmes that provide women the tools they need to make informed decisions about their money and improve their standard of living and sense of agency. Financial literacy is most frequently used in conjunction with other forms of financial literacy when discussing individual financial management. Indicators of financial literacy can be broken down into three categories: financial knowledge, financial behaviour, and financial attitude. The ability to learn about and evaluate the opportunities and dangers of the financial market so as to make educated judgments is what is meant by "financial literacy." According to the Organization for Economic Co-operation and Development (OECD), "Personal Financial Well-Being is defined as a combination of financial awareness and knowledge, as well as skills, attitude, and behaviour that are required to influence prudent financial decisions and, ultimately, to achieve individual financial well-being." Financial education is the process by which an individual acquires a solid grounding in money management. India and South Africa are two of the few developing countries that have established national financial literacy legislation through their financial sector governing agencies, although this is only because financial literacy is a relatively new concern in both countries. Previous research has shown that insufficient financial literacy has damaged financial inclusion and market growth in India; as a result, Kummar & Annes (2013) and Subha & Priya (2014) both stress the importance of financial literacy in India and government initiatives to improve it. A small sample of surveys was studied by Kummar & Annes (2013), and they found that "financial literacy levels are mostly determined by an individual's education and income level; social factors such as family size, family history, age, locality, and type of occupation also play a role."Subha and Priya (2014) have stressed the need to identify vulnerable populations and increase access to ongoing financial literacy training [9].The lack of financial literacy surveys and the inconsistency of their measurement and research procedures limit their policy and practical ramifications, as Fatoki & Oni (2014) pointed out in relation to the situation in India. A meta-analysis of pertinent research shows that South Africans suffer from a similarly low level of financial literacy. In order to inform evidence-based financial education policies and practises, they suggested conducting

International Research Journal on Advanced Engineering and Management
https://goldncloudpublications.com
https://doi.org/10.47392/IRJAEM.2024.0020
e ISSN: 2584-2854
Volume: 02
Issue: 03 March 2024
Page No: 131-137

further extensive research to eliminate measurement and methodological inconsistencies and provide a comprehensive view of financial literacy across demographic and socioeconomic characteristics of the population.

5. Drivers of Financial Literacy

Following the study of the literature, various variables or determinants have been discovered that have a substantial impact on the degree of financial literacy achieved by females. Age, education, income, and marital status are the variables to consider. The following are detailed descriptions of the factors:

Age: Numerous international research has arrived at the same conclusion: one's age is a major factor in determining their level of financial literacy. Findings suggest that a median age of 30–40 is associated with higher levels of financial literacy. Scheresberg et al. (2009), Agarwal et al. (2009), (2013). There is a positive correlation between age and the possession of financial literacy and financial well-being (Taft M K 2013).

Income: A person's level of financial literacy is correlated with his or her level of income. Earning potential and income level are positively associated to people's financial literacy, behaviour, and attitude. People with lower incomes are less financially literate than those with higher incomes, as shown by research by Bhushan P. et al. (2013) (Monticone 2010; Hastings & Mitchell) (2011).

Education: According to research, an individual's educational qualification is directly related to his or her level of financial literacy [10]. People with a higher educational level are much more likely to have poorer financial literacy than those with a lower educational level. Chen and Volpe (1998); Kim and Garman (1999); Chen and Volpe (2004). Individuals from the business/finance and economics stream, on the other hand, outperform those from other streams in terms of financial decision-making at the educational level (Ibrahim D 2009).

Marital status: One of the most influential determinants of financial literacy is marital status. It has been found that, in comparison to married people, singles have lower financial literacy and decision-making skills. The Work of Brown and Graf (2010).

Financial planning is well understood, but the value of financial literacy is still underappreciated, especially among women, according to research by Garima Baluja (2016). Several variables significantly affect Indian women's financial literacy. Women are not afforded the same degree of autonomy as men, despite the fact that many political philosophies promote gender parity. The inability to exercise personal initiative in the workplace is just one illustration. For the sake of domestic harmony, women are expected to forego their economic autonomy and spend only a small fraction of their income on personal needs. The second factor shown to impede the spread of financial education among women is cultural norms and beliefs [11]. Thirdly, there are not enough financial options designed with women in mind. Most banks do not prioritise the needs of women in the financial realm and instead provide standard services that might be used by anyone. The lack of accessibility is the fourth problem, and it is especially difficult for women in outlying areas. Fifth, people don't know about the options and regulations in the financial sector. Most women do not know what kinds of financial services are available to them or what they need because so many financial institutions do not market their offerings in traditional media like newspapers and television. Many women are discouraged from making use of such services due to the lack of financial benefit, which includes high interest rates on loans and high charges for owning and operating current accounts, which include low interest rates for deposits in savings accounts. Finally, fewer lucrative perks, a lack of essential education, and a lack of financial means all play a role. The impact of 'hopelessness, religiosity, financial happiness, retirement planning intention, and risk preference' on financial literacy in Pakistan was studied by Arshad et al. (2013). A questionnaire survey of 120 sample investors who dealt with Pakistan's National

International Research Journal on Advanced Engineering and Management
https://goldncloudpublications.com
https://doi.org/10.47392/IRJAEM.2024.0020
e ISSN: 2584-2854
Volume: 02
Issue: 03 March 2024
Page No: 131-137

Savings Center yielded data on basic financial literacy (numbers, interest calculation, inflation, time value of money, and money illusion), advanced financial literacy (stock market function, mutual fund, bond pricing, company stock, long term return, and riskiness of assets in the portfolio), demographic, and physiological factors. The level of financial literacy in India was evaluated together with the factors that affect it through a questionnaire survey of investors in three villages in the Barpeta district of Assam. According to Bhattacharjee, the survey data is an indicator of financial literacy because it measures both basic and advanced understanding of personal finances, with a focus on financial products and services and instruments (2014). Based on the data collected, it was determined that the vast majority of individuals possessed at least a fundamental comprehension of such financial concepts as savings accounts, public provident funds, and national saving certificates. Insight into capital markets, mutual funds, and other financial market tools was found to be weak. Correlation and regression analyses showed a significant relationship between financial literacy and sociodemographic factors such as level of education, income, age, kind of employment, and location of employment. Therefore, higher levels of financial literacy are connected with increased age, income, and education, but there was no discernible effect of gender. According to Murithi et al. (2012), Indian investors know the basics of personal finance but lack more sophisticated knowledge [16].

6. Discussion and Findings

Working women are more familiar with credit products than other types of risky investments, according to the review's analysis, but they have a solid foundational understanding of risk-free assets. The study's variables included investment, credit, and insurance products, as well as other financial instruments. Financial education and literacy policies in high-income and industrialised nations have long been recognised as successful. Impact assessments have shown that while financial education does improve participants' knowledge of personal finance, there is little evidence to suggest it has any effect on their actual spending habits. Since the translation of financial literacy into financial behaviour can be influenced by psychological and sociological factors, several empirical research has concluded that financial education has a positive effect on financial conduct. However, recent empirical studies have argued that financial education should be promoted in developing and low-income countries [12]. This is because financial literacy interventions have been shown to have positive outcomes in these regions if they are well-designed to target the needs of a specific segment of the population. Policymakers now have access to data on financial literacy and related interventions across a wide range of socio-demographic categories thanks to surveys examining this topic and identifying factors influencing financial literacy. Financial literacy was found to be related to age, education, income, location (rural vs. urban), race/ethnicity, and job. There is a statistically significant correlation between low financial literacy and demographic factors such as gender, age, education, income, employment status, location (particularly rurality), and lack of prior exposure to sophisticated financial markets. Therefore, strategies for educating the public about money need to identify the most efficient ways of raising financial literacy among these groups. Personal finance managers appear to benefit from contextualising financial education that is delivered with a pragmatic awareness of specific difficulties in the financial landscape and economic system in which they operate [13]. Financial literacy is being taken into account by policymakers in developing countries as they work to expand access to banking and other financial services. Therefore, studies examining the effectiveness of financial education programmes designed to broaden access to financial services have been made available for review by the general public. In the academic literature, research from India and South Africa predominates since both countries' financial sector regulators have adopted financial literacy programmes. Results from studies on the link between financial literacy and PFM behaviour have been mixed, and similar

International Research Journal on Advanced Engineering and Management
https://goldncloudpublications.com
https://doi.org/10.47392/IRJAEM.2024.0020
e ISSN: 2584-2854
Volume: 02
Issue: 03 March 2024
Page No: 131-137

results have been found for the link between financial literacy and financial inclusion [14]. The results of some recent experiments, however, suggest that supplementary financial education, in some cases in conjunction with other interventions such as monetary incentives, may be helpful. A small number of research have shown the full extent of the effect on an individual. In any case, it was reported that things were looking up.

7. Suggestions

- There have to be more workshops and conferences for women to learn about the government aid they are eligible for financially.
- To become really financially independent, women need to improve their financial literacy and take the opportunity to study and implement financial information that is readily available to them.
- The government should make an effort to teach women about investment tax laws.
- In order to be in a position to make sound financial decisions on their own behalf, women must take a more serious and honest approach to evaluating their portfolios.

Conclusions

The study's findings highlight the urgent need for financial literacy programmes, especially for women, so that they may have a deeper comprehension of investment behaviour and make more educated investment decisions. The study found that with the support of loved ones, the vast majority of women were investing a portion of their income. Despite their favourable circumstances, they lacked the self-assurance to make sound financial judgments and were only investing for the short term. Women today are most likely to invest in a fixed deposit [15]. Similarly, women investors were shown to be less likely to actively monitor their portfolios and less likely to be aware of the financial benefits provided by the government to women investors.

References

[1]. Akisimire, R., Abaho, E., & Basalirwa, E. M. (2015). Microfinance and entrepreneurial empowerment of women: The Ugandan context. International Journal of Economics, Commerce and Manangement, 3(1), 1-11.

[2]. Behrman, Jere R., Mitchell, Olivia S., Soo, Cindy K. and Bravo, D. (2011): “How Financial Literacy Affects Household Wealth Accumulation,” 2012 AER Papers and Proceedings.

[3]. Bhattacharjee, B. J., (2014): “Financial Literacy and Its’ Influencing Factors: An Empirical Study of Indian Investors,” International Journal of Research in Commerce, IT & Management [Online] Vol. 4 (01), pp. 43-46, available at http://ijrcm.org.in/ [Accessed on October 2014]

[4]. CA Anupama and Dr. Bhavesh Joshi. (2015). Financial Literacy of Women and its Effect On their Investment Choice decision. Global Journal for research analysis, vol 4, (7), 190-192.

[5]. Fatoki, O. & Oni, O. (2014): “Financial Literacy Studies in South Africa: Current Literature and Research Opportunities,” Mediterranean Journal of Social Sciences, Vol 5 (20), P. 409-414.

[6]. Nyamute, W. & Maina, M. (2011): “Effect of Financial Literacy on Personal Financial Management Practices: A Case Study of Employees of Finance and Banking Institution,” University of Nairobi Electronic Repository, [online] http://erepository.uonbi.ac.ke:8080/xmlui/handle/123456789/9897 [Accessed on February 2014]

[7]. Kebede, M., & Kuar, J. (2015). Financial literacy and management of personal finance: a review of recent literatures. Research Journal of Finance and Accounting, 6(13), 92-106.

[8]. Kumar, S. & Dr.Md, Anees. (2013): “Financial Literacy & Education: Present Scenario in India” International Journal of Engineering and Management Research, Vol. 3 (6), PP. 83-87, [online] at: www.ijemr.net [Accessed on April 2014]

International Research Journal on Advanced Engineering and Management
https://goldncloudpublications.com
https://doi.org/10.47392/IRJAEM.2024.0020
e ISSN: 2584-2854
Volume: 02
Issue: 03 March 2024
Page No: 131-137

[9]. Menaria, B., & Menaria, B. (2019). Financial literacy among the women shg members in rural Udaipur region. Business Journal, 8, 46-49.
[10]. Vimala, M. B., & Alamelu, K. (2018). Financial literacy, perceived risk attitudes and investment intentions among women. PARIPEX–Indian Journal of Research, 7(11), 55-57.
[11]. OECD (2013): “The Role of Financial Education in Financial Inclusion: OECD/INFE Evidence, Policies and Illustrative Case Studies,”
[12]. OECD. (2013). “OECD/INFE Toolkit to Measure Financial Literacy and Financial Inclusion: Guidance, Core Questionnaire and Supplementary Questions”
[13]. RAJ, A. (2020). Financial Literacy among Women in Kaushambi: An overview of Rural India. Finance India, 34(2), 731-742.
[14]. Rai, K., & Yadav, S. D. M. (2019). Determinants of financial literacy: A study among working women in Delhi. Vivekananda journal of Research, 194.
[15]. Roy, B., & Jain, R. (2019). Assessment of Financial literacy among Working Women of Udaipur City. International Journal of 360 Management Review, 7(1), 62-71.
[16]. Taft, M.K., Hosein, Z. Z., Mehrizi, S. M.T. & Roshan, A. (2013): “The Relation between Financial Literacy, Financial Wellbeing and Financial Concerns,” International Journal of Business and Management, Vol. 8 (11), [online] at www.ccsenet.org/ijbm