International Journal for Novel Research in Economics , Finance and Management
www.ijnrefm.com
Volume 2, Issue 3, July-Aug 2024, PP: 69-72

Women Empowerment through Financial Literacy: Building a Sustainable Future

Research Scholar Sukhada Koppikar
Banasthali Vidyapith
Department of Economics

PGDM in Marketing
Lecturer at Kapol Vidyanidhi
College of Hotel Management

***Abstract* – Investing in women's financial literacy is not just an ethical imperative, but a strategic investment in a more sustainable future. This paper explores the crucial link between financial literacy and women's empowerment, emphasising its impact on individual well-being, economic growth, and societal progress. Women empowerment goes beyond simply having rights on paper. It requires access to resources, decision-making power, and the ability to influence outcomes without undue social or economic pressure. It's not just about financial independence, but also about freeing women from dependence on men or family for basic needs and opportunities. This includes social, cultural, and political independence as well. The statistic of 50% economically dependent women highlights the vastness of the issue in India. It emphasises the need for widespread and targeted interventions to address this challenge. This paper examines the financial behaviour and product knowledge of working women in Maharashtra. Financial literacy consists of combining efforts of knowledge and skills with saving and investment behaviour to generate wealth. Financial products are complex and require rational planning and a deep understanding of the basic functioning of financial products. Proper planning of income is crucial for leading a debt-free and financially healthy retirement. Financial product literacy consists of knowledge of financial worth, PPF, Equity shares, Preference shares, Recurring deposits, Bonds, Mutual Funds, SIP's, Market regulator RBI and insurance coverage. Urban working women need to actively participate in financial planning and investing. This is possible if they possess the knowledge and tools of investing. The study aims to understand the present levels of financial literacy both basic and advanced possessed by urban women.**

***Keywords* – Financial literacy, Women's empowerment, Gender gap, financial education**

I. INTRODUCTION

Women are instrumental to a nation's social and economic well-being. They tirelessly contribute to their families, yet their voices and influence in crucial decisions remain limited. Despite progress, we still face a persistent gender gap in pay, literacy, and participation in investment decisions. Many women rely on family members for investment choices, leaving them vulnerable and hindering their sustainable futures.

While India's overall literacy rate has improved, financial literacy remains a critical gap. As the OECD report emphasises, financial education is essential for individual and national financial stability. It equips individuals to manage debt, plan for retirement, and navigate life's financial complexities with confidence.

Financial literacy allows individuals to navigate the complexities of managing money, saving for short and long-term goals, and distinguishing between investment options. It empowers them to maximise their income and avoid pitfalls.

The shift from traditional banking to mobile applications has transformed accessibility, although it may pose challenges for older generations. This transition highlights the growing need for financial literacy, especially as more people enter the markets at younger ages.

What is Financial Literacy?

The Organization for Economic Co-operation and Development (OECD) defines financial literacy, "as a multi-dimensional skill encompassing awareness, knowledge, skills, attitudes, and behaviours needed to make sound financial decisions for personal well-being."

This becomes particularly crucial for Indian women facing an increasing burden of socio-economic stressors. Modern women juggle multiple roles as daughters, sisters, wives, mothers, and employees. They navigate work-life balance, fulfilling constant family needs while delivering at work. Despite juggling these demands, they often develop exceptional budgeting and saving skills, honed through managing household finances and everyday expenses.

In India, a promising 81% of urban women have bank accounts, and 21% own homes either solely or jointly. In Maharashtra alone, nearly 2-2.5 million women are employed. This growing financial inclusion and ownership highlight the need for targeted financial literacy initiatives.

Why do we need Financial Literacy?

High financial literacy empowers women to engage confidently with banks and financial institutions. Banks can cater to their specific needs throughout their lives and careers.

By understanding these needs, institutions can develop relevant products and services, creating a win-win situation for both.

International Journal for Novel Research in Economics , Finance and Management
www.ijnrefm.com
Volume 2, Issue 3, July-Aug 2024, PP: 69-72

II. LITERATURE REVIEW

Global Trends Point to Gender Wealth Gap, India Lags Behind

According to the Credit Suisse Global Wealth Report (2018) reports a promising statistic - women worldwide collectively own 40% of non-financial wealth - India presents a different picture. Indian women hold a significantly lower share, ranging between 20-30%, highlighting a substantial gender wealth gap within the country. Several factors contribute to this discrepancy. Increased educational attainment, diverse career choices, and rising earning power have driven the global increase in women's wealth. However, these factors are less prevalent in India, limiting wealth accumulation for Indian women. Furthermore, studies suggest that working Indian women prioritise allocating their income towards their children's needs compared to their male counterparts. While admirable, this behaviour can adversely impact their own savings and potential for wealth creation. Another hurdle is risk aversion in investment decisions among Indian women. This, again, could be linked to lower levels of financial literacy and confidence in navigating financial markets.

D'Silva et al. (2013) investigated the financial literacy of women in Mumbai. Their study explored the connection between financial knowledge, investment choices, and financial instruments selection among this population. The research revealed a troubling reality: despite improvements in women's social status, a significant gap persists in financial inclusion and overall social standing. According to OECD standards, the study participants exhibited low levels of financial literacy.

Research Gap

Understanding the gap in financial literacy can help tailor financial education programs and resources specifically for women in different sectors. This can empower them to make informed financial decisions, leading to improved financial security and well-being.

There has been no relevant study on comparative analysis of working women in the public versus private sector.

Objectives of Research

- Investigate the potential difference in financial literacy scores of women working in the public and private sectors.
- Understand the budgeting and saving behaviour of working women.

Hypothesis: There is no significant difference in financial literacy of working women in the public sector and private sector.

Research Methodology

This study has made an attempt to analyse basic banking knowledge and financial concepts of working women in urban areas of Maharashtra in both the public and private sectors. For large population sizes, the Cochran formula is considered ideal. Therefore the study will use the (William G. Cochran, 1977) formula for calculating the appropriate sample size. He developed a formula to calculate a representative sample for proportions as

n0= z 2pq / e 2 p= 0.5 ,
hence q= 1-0.5= 0.5; e=0.05; z= 1.96
So, n0= (1.96)2 (0.5) (0.5) / (0.5)2 = 384.16 = 384

Where, n0= sample size. Z = critical value of desired confidence level. P = estimated proportion of an attribute that is present in the population.

Q = 1-p. e = desired level of precision. Here, at 95 percent confidence level, z value as per normal table is 1.96 and margin of error is 5 percent. Therefore, a sample size of 384 was considered adequate for the study.

The following data was collected by administering a self-made questionnaire to working women in the public and private sectors of urban areas. A total of 418 responses were collected from working women with 50% working in the public and 50% in private sector.

The first factor used for analysis is AGE.

Age: Different age groups encounter unique challenges and opportunities in life. A teenager's concerns about financial independence differ significantly from those of a retiree navigating long-term care options. Understanding these differing contexts helps researchers interpret responses accurately. The respondents were mainly of the age groups 18-29 and 30 to 39 which means the respondents were young working women with enough time to plan for their retirement years.

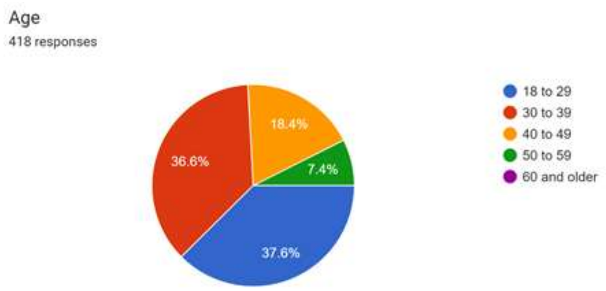

Figure 1: Age group distribution

Table 1: Percentage wise distribution of age

Ages	Frequency	Percentage
18-29	157	37.6
30-39	153	36.6
40-49	77	18.4%
50-59	31	7.4
60 & older	0	0

International Journal for Novel Research in Economics , Finance and Management
www.ijnrefm.com
Volume 2, Issue 3, July-Aug 2024, PP: 69-72

Finance-Related Work Profile: The women were questioned on whether their work profile allowed them to deal with finance and banking related work, to which 148 women answered YES and 270 answered NO.

Financial Behaviour: Understanding financial behaviour of working women is essential to know whether they are active participants in their financial decision making. Financial behaviour of working women could encourage them to develop a deeper understanding of the financial markets as well as make them financially independent. The women were questioned whether they maintained daily budgets, planned income and expenditure, made a note of upcoming bills, analysed affordability of items and planned their retirement. Demystifying the financial behaviours of working women is crucial to determining their level of engagement in managing their finances. This understanding reveals whether they actively partake in decision-making, which ultimately impacts their financial independence and future security.

To gain insights, questions explored key financial practices:

- **Budgeting:** Do they maintain daily or monthly budgets to track income and expenses?
- **Planning:** Do they plan their income and expenditure in advance, ensuring responsible allocation of resources?
- **Bill Management:** Do they anticipate upcoming bills and proactively manage them to avoid financial strain?
- **Affordability Assessment:** Do they critically analyse the affordability of purchases before making decisions?
- **Retirement Planning:** Have they begun planning for their financial future after retirement?

By analysing these behaviours, we can build a clearer picture of working women's financial engagement and identify areas for potential improvement. Understanding their current actions can inform initiatives and resources that empower them to become more active participants in shaping their financial well-being. The women were questioned on various aspects of financial behaviour and the number of women answering Yes or No was as follows:-

Table 2: Financial Behaviour responses by women

Sr. No.	Questions	YES	NO
1	Do you make day-to-day decisions about your money?	333	85
2	Do you plan to manage your income and expenses?	288	130
3	Do you note upcoming bills to ensure you don't miss them?	304	116
4	Before buying anything do you carefully analyse whether or not you can afford it?	342	77
5	Have you planned your retirement and actively saved for it?	266	152

Mean, Median & standard deviation of scores of Financial literacy in women working in public sector and private sector:

Table 3: Mean, Median and Std Deviation among private and public sectors working women

Sector	Mean	N	Std. Dev	Median
Private	18.21	209	8.359	17.00
Public	6.76	209	5.013	6.00
Total	12.49	418	8.958	10.00

Mean and Standard deviation with reference to the age group of female respondents.

Table 4: Mean and Standard deviation within age groups

Age	Mean	N	Std deviation
18-29	14.68	157	9.139
30-39	12.30	153	8.940
40-49	11.12	77	8.233
50-59	5.71	31	5.178
Total	12.49	418	8.958

Anova Results:-

Table 5: Anova results between working sectors

Score	Sum of Squares	dF	Mean Square	F	Sig.
Between groups	13699.639	1	13699.639	288.402	<.001
Within groups	19760.775	416	47.502		
Total	33460.414	417			

The results of ANOVA show there is a statistically significant difference in the financial literacy scores of women working in the public and private sector. Based on the ANOVA results, there is strong evidence to suggest that the scores of women working in the public and private sectors are statistically different. The private sector group seems to have significantly higher scores compared to the public sector group. A high F-score suggests a strong difference between the sectors.

Significance level: $p < 0.001$ - This indicates that the probability of observing such a large F-score by chance is less than 0.001. In other words, the difference between the sectors is highly unlikely to be due to random chance and is considered statistically significant.

The data suggests a statistically significant difference in the scores between women working in the public and private sectors. Hence the null hypothesis stands rejected.

III. Conclusion

- Significant difference: Private sector women have demonstrably higher financial product literacy.
- Rejected hypothesis: The initial assumption of no difference is proven wrong.
- Positive trend: Both sectors show improvement in financial behaviour, indicating growing awareness.

References

1. Annual-Report-PLFS-2017-18_31052019.pdf. (n.d.). Retrieved February 23, 2022, from https://cse.azimpremjiuniversity.edu.in/wp-content/uploads/2019/02/Annual-Report-PLFS-2017-18_31052019.pdf
2. Literacy Rate of India—Population Census 2011. (n.d.). Retrieved February 15, 2022, from https://www.census2011.co.in/literacy.php
3. William G. Cochran. (1977). Sampling Techniques (3th Edition) William G. Cochran. http://archive.org/details/Cochran1977SamplingTechniques_201703
4. Global Wealth Report 2018: Women hold 40% of global wealth. (2018, October 18). Credit Suisse. https://www.credit-suisse.com/about-us-news/en/articles/news-and-expertise/global-wealth-report-2018-women-hold-40-percent-of-global-wealth-201810.html
5. D’Silva, B., D’Silva, S., & Bhuptani, R. S. (2013). Assessing the Financial Literacy Level among Women in India: An Empirical Study. Journal of Entrepreneurship & Management, 1(1), 46–52.