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Working women and financial literacy: A study in Ghaziabad

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Abstract

Individuals are more concerned about education today, as we know, but literacy alone is insufficient. Financial literacy is extremely important because it enables people to make sound financial decisions, explore the financial world, & reduce their chances of being duped. Women, in particular, must be educated on this subject because they make the majority of household decisions. FL is a set of behaviors, skills, knowledge, and attitudes that enable people to make sound financial decisions. Women's financial health can suffer due to a lack of financial literacy. The primary goal of this paper is to investigate working women's knowledge of investment avenues, how they invest, where they invest, and for whom they invest, as well as to analyze their investment decisions regarding saving in Ghaziabad.

Subject Classification: *G0.*

Keywords: *Investment, Education, Financial literacy, Financial knowledge.*

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Introduction

Financial literacy can be defined as the skill to make valuable financial decisions. It can also be expanded to "enabling people" to make confident decisions about budgeting, spending, and saving for their future advancement.

The basic objective of this research is to verify the intensity of financial literacy among female employees. People around society are to be connected through financial activities in their personal lives.

Basic money management, financial planning and savings, investments, and budgeting are all examples of financial literacy. According to a yearly Master Card report aimed at assessing financial literacy. People in society are linked through their financial activities, but these financial activities are now dispersed and too complex and difficult for them. Individuals in society are linked through financial transactions in their personal lives, but these economic transactions are now evenly distributed, making it difficult to understand their fundamental terms. Finance refers to these people's understanding and knowledge of money. Financial literacy is a skill to manage financial resources efficiently over a life time.

There are two levels of monetary knowledge: basic financial literacy and advanced financial literacy (Lusardi, 2008). Although advanced financial literacy implies advanced economic terms use that appear to be competent about the mechanism of the share market, basic financial literacy encompasses generally basic knowledge of interest income, inflation, and percentage calculation. Literacy is an important indicator of progress. Individuals are more concerned about education these days, but literacy alone is insufficient. FL enables people to investigate the financial world for making sound investment decisions,& reduce their chances of being duped. Women, in particular is supposed to be educated regarding finances, even though they make the majority of household decisions.

Literature Review

According to Lusardi and Mitchell's (2008) exploration, women suffer the greatest as a result of a lack of personal finance. His and other researchers' research tried to argue that it's because women are more prone to economic feelings of inadequacy and over-reliance in their lives, they could perhaps emphasize financial literacy. By the Census 2011 report, Udaipur has the cheapest female literacy rate in India, at 52.66%. It is easy to conclude that if the broad sense literacy rate is so low, the situation of female financial education must be devastating.

Arora Bhaskar and co-worker (2018) underscored the significance of financial literacy in progressing women's empowerment autonomy and self-belief among them to start standing up for themselves. They seek for equal liberation.

Raju Middy A.Sebastian T. (2016) affirmed in their study about majority of working women possess money management skills still they proceed to be utterly incompetent at managing money, decision-making and financial planning. They also claimed that the majority of female investors have a average risk tolerance and therefore prefer SIP even though they're not fully aware of what is happening.

Agarwal Priyanka et. al., (2015) concluded that people appreciate making a lot of money but are unaware of how they should invest it for future security and wealth creation. Furthermore it can be stated that women be supposed to become more truly successful and actively participate in economic taking decisions in one's families.

Devi Anjali (2016) conducted a study on the personal finance of women in the district of Assam, India, and unearthed that although women's financial literacy levels appear to be working to improve to a satisfactory level, there is still a disparity in the performance this season of women from different regions, economic levels, and educational backgrounds.

Singh Chetna and Kumar Raj (2017) underscored the urgent have to educate women regarding different investment options and ingrain in them the daily ritual of active investment accounting and management of money. It's also been referred for searching that women, due to a lack of understanding, do not constantly monitor their financial portfolio and depend on cisgender relatives or acquaintances for support.

Lusardi, Annamaria. et. al., (2010) researched financial knowledge among adolescents and noticed that it is low, with just 33% of emerging adults having a fundamental understanding of borrowing costs, augmentation, and risk augmentation. Financial literacy was directly correlated with sociostatistical features and parents' economic complexity.

Objective of the study

1. To assess the financial literacy intensity of women working in Ghaziabad city.

2. To comprehend the effect of financial literacy on monthly spending and savings.
3. To study the relationship between the demographic factor example age and intensity of financial awareness among the women employed in city.

Methodological Approach

1. In the study primary & secondary data was collected & questionnaire is based on information about the study's subject matter.
2. It is an empirical study based on the survey approach. The methods of observations, discussions, questionnaires and interviews are used for gathering data.
3. All participants will be chosen randomly, and a questionnaire was given to assess their degree of financial literacy.
4. The collected reactions are analyzed using frequency analysis, and tables will be provided to make them clearer.
5. For drawing inferences gap analysis has also been used.

Hypothesis

1. A High Level of Financial Literacy
2. Most popular form of investment is a fixed deposit.
3. A definite long-term financial objective
4. A version to risk is minimal.

Conditions of reference

1. Women specialists from the Ghaziabad region.
2. Between the ages of 20 and 40 years.
3. Concentrate only on those who are accumulating in life.

Data analysis & interpretation

Table 1

Population tally of respondents

Demographic profile	Classification	No. of respondent	%
Age (years)	23-25	16	17.39%
	25-30	16	17.39%
	30-40	42	45.65%
	above 40	18	19.57%
	Total	**92**	**100%**
Work experience	> 2 years	15	16.30%
	2 - 5 years	25	27.17%
	5 - 10 years	26	28.26%
	< 10 years	26	28.26%
	Total	**92**	**100.00%**
Educational Qualification	12^{th}	1	1.09%
	graduate	14	15.22%
	postgraduate	50	54.35%
	professional degree	14	15.22%
	doctorate	13	14.13%
	Total	**92**	**100.00%**
Marital status	Married	64	69.57%
	Single	28	30.43%
	Total	92	**100.00%**
Annual income	>2.5 lacs p.a.	18	19.57%
	2.5 - 5 l cs p.a.	39	42.39%
	5 -10 lacs	17	18.48%
	< 10 lacs p.a.	17	18.48%
	Total	92	100.00%

Above Table 1, represents the socioeconomic & demographic profile of women which shows that maximum women are from the 30-40 category, approximately 16% have experienced less than 2 years & 26% have more than 10 years.98% are graduates which shows that data have been gathered from educated females approximately 70% are married females & 42% fall in income category of 2.5lacs to 5 lacs.

Table 2

Respondent's profession

Areas of Work	Numbers	%
Academicians or Teachers	30	32.6087
Banking Profession	8	8.695652
Corporate/Companies	20	21.73913
IT Professionals	2	2.173913
MLM	1	1.086957
Others	9	9.782609
Professional: Lawyer/Doctor CA/CS	13	14.13043
Business /Self Employed	9	9.782609
Total	**92**	**100**

Above Table 2, represents women working in various spheres of life.

Table 3

Measuring Financial Awareness

Score	Financial knowledge	No.	%
0-3	low	17	18%
4-6	Medium/ average	**56**	**61%**
7-8	high	19	21%
	Total	92	100

Source: Primary data

Table 4

Performance on the magnitude of financial Knowledge

Financial Familiarity	Right	Wrong	No information	Total
Simple interest and returns	68	20	4	92
Compound interest and principal	61	21	10	92
Inflation	54	11	27	92
Purpose of mutual fund	39	49	5	92

Source: Primary data

Table 5

Financial Performance

		Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
1	Before buying, I consider whether I can afford it.	55	34	0	1	1
2	I am living for today and not bothering about tomorrow	11	49	15	13	4
3	I get more pleasure in spending money rather saving for future.	12	44	16	17	3
4	I like to pay bills on time	1	4	0	25	62
5	I keep a watch on personal finances.	4	0	14	36	38
6	I am prepared for risk to my savings or investment	9	0	22	41	20
7	I fix a long-term financial goal and try hard to achieve them.	3	0	24	44	21

Source: Primary data

Financial performance means how a person behaves while dealing with financial decisions.50% of women agreed that decisions are jointly taken by both partners. Only 14 % accepted they take decisions independently.55 out of 92 women agreed they check affordability before making any purchase. The majority of women believe in saving for the future, and 67% agreed with the timely payment of bills, when asked about risk in the investment they showed responses (refer table-3, 4, 5).

Table 6

Financial Literacy & Gap Analysis:

S. No	Dimension	expected mean score	experience mean score	standard deviation	literacy gap
1	Awareness regarding price increases	5.0	4.6	1.0	0.41
2	Awareness regarding different accounts.	5.0	4.8	0.7	0.20
3	Awareness regarding the concept of liquidity.	5.0	4.4	1.3	0.60
4	Awareness about recession.	5.0	4.7	0.9	0.31
5	Awareness about Mutual funds	5.0	4.7	0.9	0.31
6	Awareness regarding De Mat Account	5.0	4.0	1.6	1.01
7	Awareness regarding Bullion Trading	5.0	2.9	1.7	2.20
8	Awareness related to Portfolio Management	5.0	3.5	1.8	1.50
9	Information related to Real Estate	5.0	4.6	1.1	0.41
10	Knowledge regarding VRS	5.0	4.3	1.3	0.74
11	Awareness regarding Pension Fund	5.0	4.6	1.1	0.43
12	Acquaintance about Health Insurance	5.0	4.9	0.6	0.15
13	Knowledge of Life Insurance	5.0	4.9	0.5	0.13
14	Information related to Shares	5.0	4.3	1.33	0.70
15	Awareness regarding Post Office Schemes	5.0	4.3	1.4	0.76

Source: Primary data

Analysis is based on mechanism with assumption that the respondents are conscious about concepts & the expected mean is calculated as 5 but in reality it is different from the anticipation so the actual mean is calculated. The difference between actual & assumed mean is known as literacy gap. Literacy gap of ≤.75 is negligible if between .75 & 1.5 is alarming ≥1.5 areas for improvement required. Here 15 variables are taken maximum have literacy gap below .75 which shows maximum respondents have basic financial awareness. Serial numbers 6, 7 & 8 are more than .75 so they need improvement which shows awareness regarding Demat, billions and portfolio is required (refer table-6).

Table 7

The financial approach of Respondents:

	agree	disagree	Neither agree nor disagree	total
I believe that money is meant for savings.	47	7	38	92
I live today so believe that money is meant to be spent	15	49	28	92
I strongly believe in financial plans for future	80	3	9	92
I would prefer high-risk high returns investment options.	20	42	30	92

Source: primary data

From table-7, The financial approach was measured through the statements about financial planning, results display more than half of women agree that they save money for the future and don't like to spend in their current living approximately.

Findings:

1. The majority of women affirmed that budgeting is component of monthly planner for household budgets.
2. Most working women have less than 2.5 lakh of annual income.
3. The majority of the women have less working experience.
4. Our survey says most working women are single.
5. The majority of women have complete access to all documents.

6. About 90% of respondents were aware of the investment and saving
7. Study revealed that approximately 14-15% of women plan their financial decisions independently.
8. Approximately 30% of women's were not aware with the concept of inflation.

Limitations:

1. The sample size cannot be an appropriate representative of the whole working women population.
2. Survey was conducted among working women who were doing white-collar jobs.
3. Limitation of area is to Ghaziabad only.

Conclusion:

In this era, FL became a matter of extreme importance, not only for males but females also need to have basic knowledge of financial matters for sound financial health & safe future. There are several resources available through which women can become financially literate yet major decisions are taken by male members of the family. Various initiatives have been taken by government & financial bodies to generate awareness regarding financial terminology & investment patterns. The study reveals that the financial capability of working women has improved, but their involvement is still limited. Results show traditional thinking regarding the management of financial matters by men, women show a positive attitude regarding financial matters, but they are not confident in solo decision-making, so they keep themselves restrained.

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