THINK INDIA (Quarterly Journal)

ISSN:0971-1260

Vol-22-Issue-4-October-December-2019

Financial Literacy And Women: A Review Of Literature

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Abstract:

Financial literacy is the knowledge acquired by an individual who then uses it to attain the best of its financial resources in hand. Therefore, attaining financial literacy is very vital as it gives a person to get the maximum output from its resources. This paper aims in understanding how the terms financial literacy and women come together to build a better economy for their country and in the process develop a sense of individualism and women empowerment. Through the Global Financial Literacy Excellence Center recent study on the gender gap, this paper attempts to learn and analyse the gender gap that has been rendered and the suggestions to avoid the gender gap in future.

KEYWORDS: Financial literacy, Women Empowerment, Gender Gap, Economy

Introduction:

Financial literacy is the education and understanding of various financial areas including topics related to managing personal finance, money and investing. This topic focuses on the ability to manage personal finance matters in an efficient manner, and it includes the knowledge of making appropriate decisions about personal finance such as investing, insurance, real estate, paying for college, budgeting, retirement and tax planning.[1] The importance of financial literacy among women is more vital because women are less financially literate as compared to men. Banking which is the most common activity for any financial activity, it has been proved by a survey by GFLEC that women are far behind men in the literacy aspect of finance all over the world. There are many reasons which comprise why everyone including women should have proper financial literacy. The financial literacy not only is helpful for the empowerment and development of an individual but also the entire nation too. According to Tim Watt in a published article in 2015, the five benefits of financial

ISSN:0971-1260

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literacy in older people in Canada include helpful in recognizing fraud, helpful in preparing for retirement, learn how to cope the sudden financial needs during emergencies, and expert people who help in giving literacy through workshops etc. Such benefits are not limited to people of Canada but to the people of the entire world, especially women who are also the bearer of the economy of their nation. Women when financially literate can bring changes that a man may not be able to achieve.

Women empowerment has become a trend in recent years but it still lacks the practicality in nature. The women who have become empowered still depends on the male gender in their family to dominate over their financial resources. Women these days are much more active in earning rather than becoming housewives and thus they should also be encouraged to use their financial resources not only to take care of the expenses but also to invest the resources for a better tomorrow all by themselves without any help from the male counterpart. The women across the globe should be motivated or taught separately either in schools, colleges or even at their workplace as to how to invest even a small part of their salary or wages for a better future. This will help them be more confident about the handling of finance. This will also promote them to invest in various other financial services like stocks, equity, mutual funds and lots more. The financial literacy thus will not only promote women empowerment but also help in the economy of the country too. The economy boasts not with what the male population earns, it also grows when its people grow.

Review of Literature:

Gary R Mottola (2013),*"In Our Best Interest: Women, Financial Literacy and Credit Card Behaviour"* Scholars Commons USF, Volume 6 Issue 2 Article 4

The study reveals that women are more likely to carry a credit card balance, pay late fees and make minimum payments on their debts. After controlling for a number of demographic variables, including financial literacy and a self-assessment of mathematical ability, the gender-based differences in credit card behaviour were eliminated. These findings suggest that credit card management differences between the sexes could be reduced if parity existed

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between men and women on important variables that women tend to trail men on, such as income and financial literacy.

Gupta, K, and Kaur, J, 2014."*A study of Financial Literacy among Micro - Entrepreneurs in District Kangra*"*IJRBM*, Vol-2, Issue-2, February 2014, PP. 63-70

The study addressed that the overall response in relation to the aspects of the financial literacy is very low that depicts a deficit in the following aspects such as unacceptable savings habits, ineffective management of cash, improper saving habits and less responsiveness about the various financial products. The author in this regard highlights that the condition of such negativity is a drawback in the growth of the overall economy in terms of attainment of the strong and successful position in the market of the competitive nature.

Aren, S., & Aydemir, S. D, 2014. *"A Literature Review On Financial Literacy"*.

The author suggested that the appropriate focus must be made by the suitable authorities in the imparting of suitable knowledge to the various parties with respect to financial literacy. This will assist in the attainment of the objectives in an effective manner. The author in this respect also recommends that suitable programs and session must be organized from time to time so as to ensure effective circulation of the information so as to ensure effective command and supervision.

Bahadur, L. R., 2015. **"Financial Literacy: The Indian Story".World Journal of Social Sciences, Vol – 5, Issue-3, September 2015, PP. 45-57.**

In accordance with the Bahadur, (2015), it has been analyzed that there are two pillars of the economy that includes financial literacy and financial inclusion. Further provided, it has been identified that the ratio of financial literacy is very low that depicts a negative stage for the overall economy. In this respect, the author suggests that financial literacy is required to be encouraged from the initial level that is from school level, state level and national level. This will assist in the effective enrichment of the knowledge with respect to the subject matter among the individuals, researchers and the other related parties (Bahadur, 2015). The author in this respect also addresses and highlights the role and significance of the financial planner that elaborates the era of the overloaded information. This will assist the individuals in providing suitable and requisite information to the varied parties so that the suitable decisions

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can be taken by the authorities in respect of the financial parameters. This will assist in the suitable growth and sustainability of the overall economy of the concerned country.

Kebede, M., and Kaur, J, 2015. ***"Financial Literacy and Management of Personal Finance: A Review of Recent Literature"***. **Research Journal of Finance and Accounting.**

The study reveals that there are several factors that significantly affect the aspects of financial literacy. As such these aspects are required to be considered in a proper manner so as to attain suitable and appropriate administration on all the facts and aspects related to the subject matter. The author further addresses that increase with age. In addition, the author elaborates that the ratio or proportion of females in terms of financial literacy is comparatively low than males. However, in this respect, the author addresses that there are various sets of the options that can assist the females in the acquiring of the financial literacy in different ways so as to enable them to have effective and strong command on the potential areas (Kebede and Kuar, 2015). In this respect, the author suggests and recommends that the focus must be made by the appropriate authorities on the introduction of the targeted programs that can enrich the knowledge of females so that to gain suitable efficiency in the work operations in various sector.

Akshita Arora (2016), *"Assessment of Financial Literacy among working Indian Women"* Business Analyst, vol. 36, issue 2 pp 219-237.

This study has prepared a questionnaire to study financial literacy among women. On the basis of responses, it was seen that the financial attitude, behaviour and skills are very less and that the married women are dependent comparatively to those who are single women.

Chetna Singh, Raj Kumar (2017), *"Financial Literacy among Women – Indian Scenario"* Universal Journal of Accounting and Finance 5(2): 46-53

This study shows the importance of financial literacy, barriers of financial literacy, the changes brought to bring improvement in the financial literacy of women in India and the suggestion to improve the financial literacy in India among women.

Naidu, G, 2017. "***Financial Literacy in India: A Review of Literature*".International Journal of Research in Business Studies and Management.**

The study reveals that in the last decade due to rapid growth in the market economy expansion of the financial market through the aspects of the liberalization, globalization and privatization have given significant importance to the financial literacy. This significance is majorly observed in every sector from banking, investment and other products. The author in this respect further elaborates that financial literacy can be defined as an amalgamation of the skills, knowledge, behaviour that are necessary and crucial for the individual person in making sound decisions' in relation to the financial aspects.

Scope of the Study:

- This research studies the comparative analysis of men and women in financial literacy.
- The study is based on secondary data.

Objectives of the Study:

- To study the comparison of the gender gap in financial literacy.
- To understand the concepts and aspects related to financial literacy with the aid and understanding of the literature-based analysis.
- To understand the various causes that bring the gap in financial literacy.
- To bring valuable suggestions to remove the gender gap in financial literacy.

Hypothesis:

- $H_{(0)}$: There is no significant difference between the gender gap and financial literacy.
- $H_{(1)}$: There is a significant difference between the gender gap and financial literacy.

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Limitations of the Study:

- The paper is based on secondary data.
- The analysis is based on the predetermined and pre studied gender gap.
- The study can provide different results in different regions based on the gender gap.

Current Position Of Women In India

The position of women in society has been continuously changing in the last decade. Even though there is a wide change in the literacy and employment of women in India but when it comes to being financially literate and aware it becomes another issue. A woman is someone who is most of the times dependent on the male member of the family. The percentage of women who are independent financially is far less than the women who are not financially dependent and the number of people who are financially independent is not always investing their finances for a better future. Especially in a developing country like India the financial literacy should be given utmost importance because it will help not only help an individual to plan, invest and live a better life but also the entire nation would be able to enjoy a better economy

The financial goods and services which are available and to have a knowledge of those products available in not what financial literacy should be, the skills and the ability to use them for a better tomorrow is the vital part. The attitude women have against the finances she earns is another aspect which will help in attaining the skills to develop better financial knowledge. The attitude will include the behaviour of the women as to how the finance is being handled by her. Most of the women who are married either uses their finance for the household expenses or their personal expenses, if a woman is taught that the money they earn could be used in such a way that their day to day expenses can be incurred but they could also use it for a better future; as future is unpredictable. During a medical emergency or any other urgent work there's a very less percentage of women who are capable to handle the emergencies financially but if they are capable of doing it on their own it could bring a huge change in the entire nation in a country like India where the female population is neglected on the basis of education, employment and a leader.

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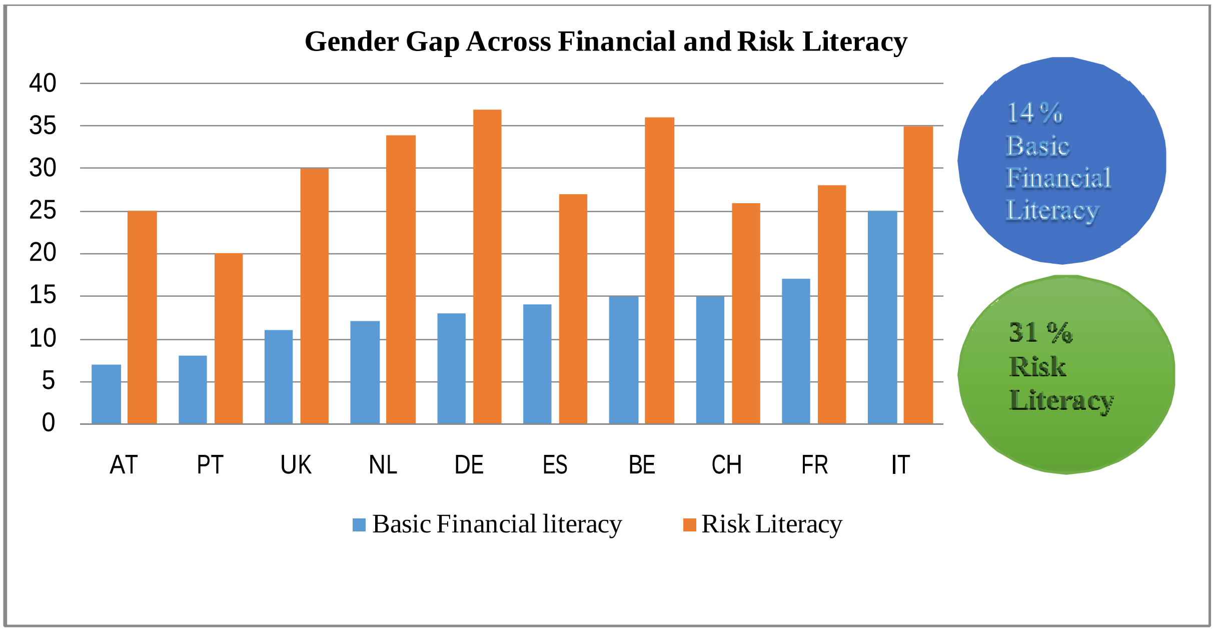
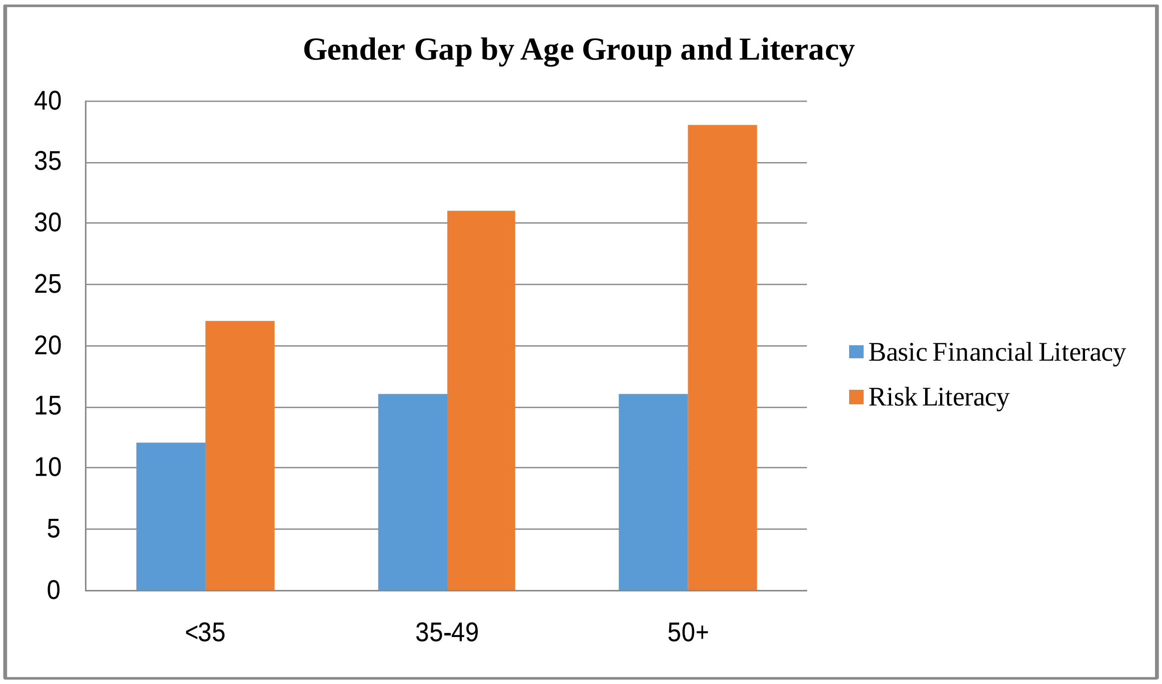


Source: Global Financial Literacy Excellence Centre, 5th Annual Meeting, October 2017



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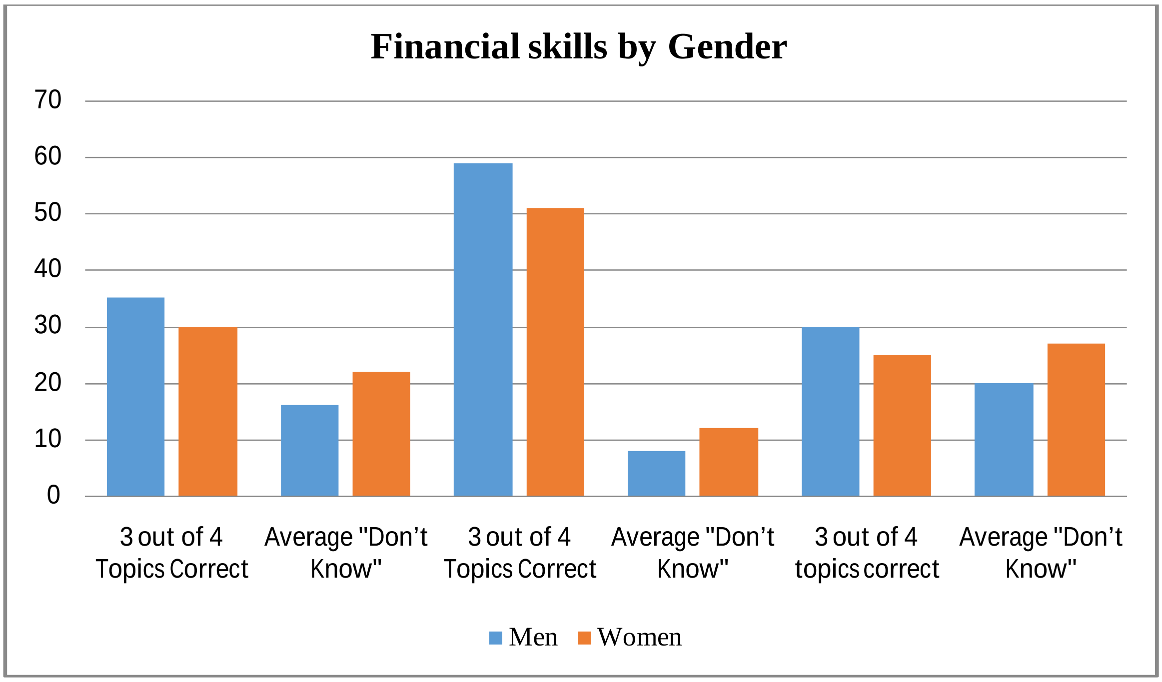

Source: Global Financial Literacy Excellence Centre, 5th Annual Meeting, October 2017

<u>Suggestion And Conclusion:</u>

Firstly, there are many initiatives organised by RBI, the government of India and other financial institutions who are helping its natives to increase their financial knowledge, skills and attitude towards handling finances.

Secondly, all the institutions should have monthly or quarterly workshops compulsory for women where they could learn more about the financial products and services along with the education of increasing their skills and capabilities of handling finance. The attitude towards finance and many more, after all the development of the women, would mean the development of the entire country.

Therefore, the knowledge towards finance, skills and attitude together is of utmost importance for every individual. It's not only the job of the individual but also the government so that every transaction must mean a better economy for the country.

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