

Financial Literacy Level among Working Women in Punjab with Special Reference to Investment Avenues Carrying Fixed Income

Vijay Laxmi

Assistant professor, S.S.D. Women's Institute of Technology, Bathinda

ARTICLE DETAILS

Article History

Published Online: 15 April 2019

Keywords

Financial Literacy level, Demographic factors, Working Women, Fixed Income Investment Avenues.

ABSTRACT

Rising educational accomplishment of women's and girls' contribute to their economic empowerment and added inclusive economic growth. But if we talk about financial education, there is a great need for women to be financially literate. Financial literacy refers to the collection of abilities that enables investors to comprehend financial information, financial products and concepts in order to make wise personal financial decisions. Numerous surveys stated lower literacy for financial products all across the world among women than men. In this paper, an attempt has been made to determine socio-economic & demographic factors influencing the present level of financial literacy for fixed income investments among working women in Punjab. Financial knowledge and use of Savings account, fixed deposits, post office schemes, national saving certificates, debentures, and government securities are the fixed income investments undertaken for study. Chi-square and multiple logistic regression tests have been applied to determine the present level of financial literacy. Results exhibit higher level of financial knowledge for fixed income investment avenues than financial literacy. Factors impacting the present level of financial literacy among working women in Punjab are level of education, monthly income and employment in the manufacturing sector.

1. Introduction

Roles and responsibilities of women has transformed in 21st century. Now days, more women are becoming independent and manage their earnings. They are maintaining a balance between workplace and household responsibilities. An employed woman is able to maintain a record of her savings, plan budgets and can avoid indebtedness. Financial education will do well for women of different ages and income. Financial literacy influences the financial decisions to be taken not only for short period but for longer period also. It focuses on gaining knowledge for better financial decisions, including how to save, spend, invest, and borrow, as well as how to build confidence and abilities for doing so.

They can prepare and balance a budget, make arrangement of funds for education or marriage of children's, buy a house and ensure a safe and secure retirement period. Moreover, Women's economic empowerment boosts productivity, increases economic diversification and income equality in addition to other positive development outcomes.

Hence, they need to have adequate financial skills not only for themselves but for future generations too. As women also live longer than men and yet have shorter working lives and lower average incomes from which to save for old-age, they need to be sufficiently financially literate to manage the greater financial risks that they face. Women have specific and additional financial literacy needs. It is the responsibility of policy makers, financial service providers and government to do collaborative endeavour to promote financial literacy.

According to the World Bank, financial literacy term is associated with financial knowledge, while financial capability

is a broader term encompassing behaviour and the interaction of knowledge, skills and attitudes.

Draft of National Strategy on Financial Education (2012), by Indian Government mentions that "The main components of financial education are understanding the key financial products one may need throughout one's life; understanding basic financial concepts; developing skills and confidence to be aware of financial risks and opportunities and to benefit from them for making sound financial choices about saving, spending, insurance, investing; and managing debt throughout one's life."

2. Literature Review:

Agarwal, P. et al (2015) have conducted a study on females in education sector in Jhansi District. Teaching and non-teaching female staff was undertaken for this purpose. Authors analyzed investment decision, knowledge about the investment avenues and pattern of investment among them. Majority of the working women were found aware regarding investment avenues. They prefer to invest in fixed deposits in banks & post office.

Juwairiya.P.P (2014) found conservative investment behaviour of working women in a study conducted in Kerala. They adopt 'play safe' policy.

Oseifuah et.al (2018) carried out a study among 342 university students in Ghana to measure the financial literacy level and its association to socio-demographic variables & savings behaviour. Survey questionnaire was designed and stratified random sampling technique was used. Various environmental factors, use of financial knowledge in practice

and financial attitude were the key factors taken for study. Relationship of financial literacy and other factors like gender, age, programme of study, years spent on study, income of the parent's and financial status of students were analyzed. Logistic regression and chi-square were applied. Positive impact of money management experiences was noticed on literacy. Knowledge of budgeting, savings, investing and interest rates helped them in taking financial decisions. Increased monthly income has led to an increase in savings. No statistical significance was found between increased income and propensity to save among the financially literates. High financial literacy was found among the students belonging to richer families than from low income families.

3. Objectives:

1. To determine the financial literacy for each fixed income investment mode.
2. To find association between financial literacy and socio-economic & demographic factors.
3. To determine the factors influencing present level of financial literacy for fixed income investments.

4. Research Methodology:

Type of research is descriptive. Data have been collected with the help of questionnaire from 500 women employed and self-employed in Punjab by adopting Stratified random sampling technique.

5. Results and Discussion:

- 1) Majority of working women in Punjab are aware of all fixed income investment options. They prefer safer and more secure investment options. A large number of working women are financially literate in terms of bank fixed deposits (91.8%) followed by PPF (55.8%), POSs (36%) and NSC (28.8%) Fewer respondents are knowledgeable about government securities and debentures. The percentage of respondents who are unaware is 33.6%, which is the highest among all fixed income investment options. Financial literacy is found low due to less application of knowledge. There is a large gap between actual financial knowledge and financial literacy. 69.8% working women are observed more financially literate and 39.2 % have lower financial literacy.
- 2) Hypotheses have been tested to find the association between variables by Pearson's chi-square test. Some of the results of the present study are found consistent and some are contrary to previous studies at 5% and 1% level of significance. Significant association was found between financial literacy and

all variable i.e. Age, monthly income, level of education, work sectors, work experience, type of family and financial decision making except cities.

- 3) For the explanatory variables, 'monthly income' the coefficients are found positive and statistically significant. p-value of the coefficients for monthly income categories '20,000-40,000' is significant at 5% level of significance while '40,001-60,000' and 'more than 60,000' is significant at 1% level of significance which predicts that the rise in monthly income increases the level of financial literacy for fixed income investments but Odd ratio exceeding 1 for all predictors of 'monthly income' variable, strongly predict more likelihood of higher level of financial literacy among working women than the monthly income category 'up to Rs.20,000' (taken as RF). Women acting as independent professionals have negative coefficient value (-0.98) found significant at 5% significance level. Odd ratios $0.38 < 1$ and show that the predictor independent professional has less likelihood of increase in financial literacy as compared to women in category banking (RF). Other variables age, work experience, education, family type, financial decision making and marital status have no statistical significance therefore, this implies that these variables has probably no importance in examining and also do not affect the level of present financial literacy among the surveyed women respondents for fixed income bearing modes of investment.

6. Recommendations

Financial literacy must be included in the curriculum and imparted in schools to inculcate banking habits among them from the childhood.

Training must be provided to them to use digital tools and various on and off line banking apps to enhance digital financial literacy. As in the era of digitalisation, users are tech savvy. They will learn easily how to make calculation based on digital gadgets rather than manual calculations.

7. Conclusion:

It is rightly said that an educated woman can educate the whole family. To enhance the financial well-being, women must be financially literate. An understanding of financial concepts, markets and product is necessary to reduce and avoid financial distress.

References:

1. Atkinson, A. and F, Messy. (2012). Measuring Financial Literacy: Results of the OECD/ International Network on Financial Education Pilot Study. OECD WP on Finance, Insurance and Private Pensions, No.15, OECD Publishing, <http://dx.doi.org/10.1787/5K9csfs90fr4-en>
2. Cuberes, D., & Teignier, M. (2016). Aggregate Effects of Gender Gaps in the Labor Market: A Quantitative Estimate. Journal of Human Capital, 10(1), 1–<https://doi.org/10.1086/683847> and Ferrant, G. and A. Kolev (2016), Does gender discrimination in social institutions matter for long-term growth?: Cross-country evidence. OECD Development Centre Working Papers, No. 330, OECD Publishing, Paris, <https://doi.org/10.1787/5jm2hz8dgl6-en>

3. Facts and Figures: Economic Empowerment <https://www.unwomen.org/en/what-we-do/economic-empowerment/facts-and-figures>
4. International Monetary Fund (2018). Pursuing Women's Economic Empowerment <https://www.imf.org/en/Publications/Policy-Papers/Issues/2018/05/31/pp053118pursuing-womens-economic-empowerment>
5. Juwairiya.P.P (2014), Financial Literacy and Investment Pattern of Working Women in Kerala, International Journal Of Marketing, Financial Services & Management Research, ISSN 2277-3622, IJMFSMR, Vol.3 (7), pp. 24-33
6. National Strategy on Financial Education 2012, available at: <http://rbidocs.rbi.org.in/publicationReport/Pdfs/NSFE016072012>.
7. Oseifuah, E.K., et. Al. (2018), Financial Literacy Among Undergraduate Students: Empirical Evidence From Ghana, Academy of Accounting and Financial Studies Journal (Print ISSN: 1096-3685; Online ISSN: 1528-2635) , Vol. 22 (6)
8. Priyanka Agarwal et al, "Study on financial literacy among working women in educational sector of jhansi district: with special reference to investment avenue", IJARSE, Vol. No.4, Special Issue (01), May 2015.
9. PwC, Women in Work Index 2018. Available at: <https://www.pwc.co.uk/services/economics-policy/insights/women-in-work-index.html>
10. Vijay Laxmi and Maheswary, N.K. (2018). Identification of Factors Influencing Financial Literacy: A Theoretical Review. International Journal of Research in Management, Economics and Commerce, ISSN 2250-057X, Impact Factor: 6.384, 08(1), pp 89-94. <http://indusedu.org>