

An Analysis of the Financial Literacy of Working Women in Patna City

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Abstract

This research paper is about the financial literacy of working women. The term financial literacy refers to an individual's ability to make sound financial decisions regarding their savings, where to invest money, whether borrowing money will be beneficial or not, and more. There are three components of financial literacy: financial knowledge, financial behaviour, and financial attitude. The objective of the study is to analyse the financial literacy of working women, and the second objective is to find a correlation between financial literacy and its components. For the study, a structured questionnaire was prepared on a 5-point Likert scale. 64 respondents were randomly selected from different working sectors in Patna city, Bihar. The data was analysed by MS Excel. The findings of this study show that 73% of working women are financially literate; only 45% of respondents have a good amount of financial knowledge; 89% of working women have a positive financial attitude; and 80% have positive financial behaviour. The second finding shows that all three components have a positive correlation with financial literacy. Financial attitude has a strong correlation with financial literacy compared to the other two components.

Keywords –*Financial Literacy, Financial Knowledge, Financial Behaviour, Financial Attitude and Working women*

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I. Introduction

As per the Annual PLFS Reports, the estimated Labour Force Participation Rate (LFPR) on usual status for women of age 15 years and above in the country was 30.0%, 32.5%, and 32.8% during 2019–20, 2020–21, and 2021–22, respectively, which shows an increasing trend. With this increasing trend in work participation, it is also important that their participation in financial matters also increases, whether it is related to saving, investing, borrowing, lending, making a house budget, maintaining and paying bills on time, keeping all records on financial matters, and more. The NCFE-FLIS (2019) report states that in India, female financial attitude is 90%, financial behaviour is 43%, financial knowledge is 45%, and overall financial literacy is 21%, while male financial literacy is 29%. The OECD has defined financial literacy as “a combination of awareness, knowledge, skill, attitude, and behaviour necessary to make sound financial decisions and ultimately achieve individual financial well-being.” There are three components of financial literacy: financial knowledge, financial attitude, and financial behaviour. Rai, K., Dua, S., & Yadav, M. (2019) Today, it has become very essential to create awareness for financial literacy, as it can minimize the chances of being misled in investment decisions. Baluja, G. (2016). Also, it is defined as “the process to inculcate the ability to understand personal financial wellbeing. It includes awareness about financial products, market information, sources of financial knowledge, and confidence in discussing financial issues so that a person can plan for the future and make proper decisions to meet life events.” Bhushan, P., & Medury, Y. (2014). In previous studies on financial literacy, researchers have used different dimensions of financial literacy. Few researchers have used financial literacy and financial knowledge interchangeably, and others have only considered financial knowledge and taken it synonymously with financial literacy. In previous studies, it was seen that financial attitude and financial behaviour influence financial literacy more than financial knowledge. NCFE-FLIS(2019) Financial knowledge is an important component of financial literacy and is necessary for undertaking activities such as following news about the economy and financial landscape, comparing financial products and services, and making appropriate, well-informed financial decisions. Financial attitude is defined as the outlook or mental disposition of consumers, which, despite their adequate knowledge and ability to act in a particular way, influences their decision whether or not to act that way. It involves the instinctive nature of individuals to regard personal satisfaction or ideas of living style as more compulsive

than other considerations. Financial behaviour implies the actions and conduct of consumers that ultimately shape their financial well-being in both the short and long term. Some types of behaviour, such as putting off bill payments, choosing financial products without shopping around, or using credit to make up a shortfall in income, may have a negative impact on the financial situation of individuals and their financial well-being.

II. Review of Literature

Rai, K., and Yadav, M. (2019) conducted a study on the association of financial attitude, financial behaviour, and financial knowledge towards financial literacy: a structural equation modeling approach. This research work examines the association between financial attitude, financial behaviour, and financial knowledge and financial literacy among working women in Delhi, India. The outcome of this research work explains that financial attitude and financial behaviour have a stronger association with the financial literacy of working women than financial knowledge.

Bhushan, P., & Medury, Y. (2014) conducted an empirical analysis of the interlinkages between financial attitudes, financial behaviour, and financial knowledge of salaried individuals. The results of the study suggest that it is not only financial knowledge that shapes the overall financial literacy of an individual, but financial attitudes and financial behaviour also have a considerable effect on the overall financial literacy of an individual. Thus, in order to improve the level of financial literacy amongst the population, financial education programs should not only aim at increasing financial knowledge of the population but must also focus on developing positive financial behaviour and favourable financial attitudes among the population.

Roy, B., & Jain, R. (2018) studied the level of financial literacy among Indian women. The outcome shows that the general alertness in relation to the techniques and planning tools related to finance among women in the current scenario is still not satisfactory. Results from the analysis have revealed that working women living in urban areas are not aware of different financial concepts, and many of them do not consider them important. The major reason behind this is that females are highly ignorant about the recent financial innovations in the market. India places a lot of emphasis on the basic education of a girl child; this has really improved the standard of living of women in India. Thus, it is essentially required that the companies bring out various awareness programs so that they can escalate capital formation in the country. They should be educated with regards to the usage of innovative financial services that are available exclusively to them.

Haque, A., & Zulfiqar, M. (2016) conducted a study on women's economic empowerment through financial literacy, financial attitude, and financial wellbeing. The results of this study indicate that financial literacy, financial attitude, and financial wellbeing are positively and significantly related to economic empowerment. The higher the level of financial literacy and positive financial attitude in women, the greater will be the financial wellbeing and, ultimately, their empowerment.

Roy, B., & Jain, R. (2019) conducted an assessment of financial literacy among working women in Udaipur City. Financial literacy is a foremost issue in today's times. People are more inclined to earn income, but they are not serious about their investment decisions or savings allocation. The conclusion of this paper is that women should be more knowledgeable about investment avenues since they generally depend on their spouses or other family members. However, they are focusing on some investment avenues, viz., bank and post office fixed deposits only. Due to improper knowledge about shares, mutual funds, and other investment alternatives, they cannot confidently make investment decisions based on such alternatives.

Bilal, M., & Zulfiqar, M. (2016). Financial well-being is the goal of financial literacy. The result of this study showed that financial literacy is an essential element for wellbeing. Analysis indicates that financial literacy is significantly and positively related to financial wellbeing. Financial literacy leads toward financial wellbeing. The higher the level of financial literacy, the greater the financial well-being. Similarity: financial attitude has a positive and significant relationship with financial wellbeing. Financial wellbeing is found to be affected by demographic variables, i.e., age, marital status, education, profession, income level, saving, and investment tendency of the respondents. Results revealed that the presence of financial literacy and a positive financial attitude are necessary for the financial wellbeing of working women.

Objectives

- To analyse the financial literacy of working women in Patna city.
- To find a correlation between financial literacy and its components.

Hypothesis

Ho1: There is no significant correlation between financial literacy and its components.

Ha1: There is a significant correlation between financial literacy and its components.

III. Methodology

The nature of the present study is a descriptive research design. The study deals with the financial literacy of working women. The research analysis is based on information collected from primary data as well as secondary data. For the collection of primary data, a structured questionnaire was designed on a 5-point Likert scale. 64 respondents were randomly selected from different working sectors in Patna, a city in Bihar. The data was analysed by MS Excel.

IV. Findings

The demographic profile of respondents has been shown in Table 1. As we can see in the table, the demographic factors are age, education qualification, monthly income, working status, and annual household income. The majority of respondents fall under the age groups of 18 to 25 and 26 to 35, which is 53.1% and 29.1%, respectively. The majority of working women's education qualifications fall under the categories of graduates (42.2%) and postgraduates (42.2%). 9.4% have professional qualifications. 6.3% are undergraduates. The monthly income of respondents is categorized into different groups, with the majority of them falling under the income group of Rs 15,000 to 25,000 (34.4%). Then 28.1% of respondents fall under the income group of below Rs 15000. The working status shows that the majority of women work in the private sector (44.3%). 32.8% are in the government sector, 12.5% are self-employed, 6.3% are working in a professional occupation, and 3.1% are in business.

Demographic Factors	Options	Frequency	Percentage
Age	18-25	34	53.1%
	26-35	25	39.1%
	36-45	3	4.7%
	Above 45	2	3.1%
Education Qualification	Undergraduate	4	6.3%
	Graduate	27	42.2%
	Postgraduate	27	42.2%
	Professional qualification	6	9.4%
Monthly Income	Below Rs 15,000	18	28.1%
	Rs 15,000-25,000	22	34.4%
	Rs 25,001-35,000	15	23.5%
	Rs 35,001-45,000	5	7.8%
	Above Rs 45,000	4	6.2%
Working Status	Government	21	32.8%
	Private	29	45.3%
	Business	2	3.1%
	Self-employed	8	12.5%
	Professional	4	6.3%

Table 1 : Demographic Profile

For the assessment of the financial literacy of working women, a series of eighteen questions were asked using an OECD questionnaire with some modifications. The questions asked were related to financial knowledge (simple interest, impact of inflation on purchasing power, the relationship between investment and rate of interest, diversification, banking, liquid assets, share market, regulatory bodies), financial behavior (making budget, properly keeping all financial matter records, paying bills on time, comparing prices before purchasing goods), and financial attitude (making investment decisions, considering risk and return, saving and spending). In the questionnaire, some questions were true and some were false. On this basis, we have examined their financial literacy. Each question has the same weight. One correct answer gives you one score, and as the number of correct answers increases, your score will also increase. The findings of this study show that 73% of working women are financially literate; only 45% of respondents have a good amount of financial knowledge; 89% of working women have a positive financial attitude; and 80% have positive financial behavior. In the NCFE-FLIS (2019) report, we have seen that in India, female financial attitude is 90% and financial knowledge is only 45%.

	Frequency	Percentage
Financial Literacy	47	73%
Financial Knowledge	29	45%
Financial Behaviour	51	80%
Financial Attitude	57	89%

Table 2

Table 3 shows the relationship between educational qualifications and financial literacy, financial knowledge, financial behaviour, and financial attitude. The findings show that 6% of undergraduates, 43% of graduates, 40% of postgraduates, and 11% of those with professional qualifications are financially literate. In the findings, we have seen that 52% of postgraduate working women have good financial knowledge, 31% of graduates have professional qualifications, and 3% of undergraduate working women have financial knowledge. This result shows that high education has a positive impact on the financial knowledge of working women. The financial behaviour of working women, whether they are graduates or postgraduates, has the same financial behaviour, and the financial attitude of working women who are graduates and postgraduates is also close to each other. We can conclude that higher education has little impact on the financial behaviour and attitude of working women.

Education Qualification	Financial Literacy		Financial Knowledge		Financial Behaviour		Financial Attitude	
	Frequency	%	Frequency	%	Frequency	%	Frequency	%
Undergraduate	3	6%	1	3%	4	8%	4	7%
Graduate	20	43%	9	31%	21	41%	24	42%
Postgraduate	19	40%	15	52%	21	41%	23	40%
Professional Qualification	5	11%	4	14%	5	10%	6	11%
Total	47	100%	29	100%	51	100%	57	100%

Table 3

Table 4 shows the correlation between financial literacy and its components. The result shows that all three components are positively correlated with each other. Financial behaviour and financial knowledge have a moderate correlation with each other, whereas financial knowledge and financial attitude have a low correlation between them.

	Financial Behaviour	Financial Knowledge	Financial Attitude
Financial Behaviour	1		
Financial Knowledge	0.049	1	
Financial Attitude	0.46	0.27	1

Table 4

Table 5 shows that all three components have a positive correlation with financial literacy. Financial attitude has a strong correlation with financial literacy compared to the other two component

	Financial Literacy
Financial Behaviour	0.64
Financial Knowledge	0.73
Financial Attitude	0.77

Table 5

V. Conclusion

- A study shows that 73% of working women are financially literate; only 45% of respondents have a good amount of financial knowledge; 89% of working women have a positive financial attitude; and 80% have positive financial behaviour.
- High education has a positive impact on the financial knowledge of working women. Whereas high education has not had as much impact on the financial behaviour and financial attitude of working women.
- Financial attitude has a strong correlation with financial literacy compared to the other two components.

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