



## **Financial Literacy and Investment Pattern of Working Women in Kerala**

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### **Abstract:**

This study focuses on the financial literacy and investment pattern of working women in the state of Kerala, which is the state having highest literacy rate in India. Financial literacy is the ability to understand and effectively use various financial skills, including personal financial management, budgeting and investing. The objectives of the study were to identify the attitude towards financial literacy among working women and to understand the investment pattern of working women in Kerala. The study shows that majority of working women in Kerala is financially illiterate and reluctant to take risk while investing money.

**Key Words:** *Financial Literacy, Working Women, Preference, Investment Pattern, Kerala*

### **Introduction:**

The growth of the Indian economy and the expansion of financial markets after industrial policy as a result of liberalization, privatisation, globalization have resulted into massive growth of financial as an investment alternative or a credit one. It increases the availability of financial products too. India has world's best efficient financial markets in terms of technology, system and its regulation. So definitely financial literacy is also seems to be a relevant factor among the citizens. A higher level of financial literacy of market participants plays a complimentary role in helping a financial market achieve its primary function of mobilising and allocating the savings more effectively and efficiently Anthes, W. L., & Most, B. W. (2000). Prior studies shows that, there has been some development in women's financial knowledge and confidence; nonetheless, women continue to be concerned about their financial future and are unsure of what they need to do (Prudential, 2008). Although the phrase "financial literacy" is frequently used, many people may not fully comprehend its meaning. According to Stone (2004), "financial literacy is the capacity to understand, evaluate, manage, and communicate about personal financial circumstances impacting material well-being." The

idea of financial literacy includes the ability to balance your chequebook and understand your financial statements.

Financial literacy faces problems relating to personal finance such as savings, borrowings, investments, retirement planning etc. Through this paper an attempt has been made to know whether financial literacy affects the awareness and investment preferences of salaried individuals, especially women towards various financial products available in the market. This study focuses the financial literacy and investment pattern of working women in the state of Kerala, which the state having highest literacy rate in India. Since majority of the women are in jobs or involved in earning activities and it is important to assess the financial literacy of women in Kerala. According to the current scenario it is important to understand about the various financial products and services, especially in case of women. They need to come out of all the limitations and make their own contributions in the economy.

India is a country where the percentage of female population is less than the proportion of the male population. But Kerala is an exception. Gujarat, Maharashtra, Punjab, Himachal Pradesh and Haryana show a decline in the child sex ratio more than 50 point. But today, the numbers have started to improve showing signs of progress for the country. Increase in number of women alone cannot be said as progress, but the number of women who are capable to generate income should increase for a country to transform itself as a developed one. But women need to be sufficiently financially literate to take effective financial decisions for the proper utilization of household resources and for proper economic involvement for better lives for the present generations as well as for the future generations. Women are the ones responsible for transmitting financial habits to the future generations too. Hence, financial literacy among women is very important. Financial literacy is not a requirement which is needed to improve women's management of their personal and household finances alone, but it aims to empower women to equip them to be able to select and have proper access to appropriate financial services and products, as well as to develop and manage their economic activities.

By considering all the above mentioned things, there were only a few studies conducted about the financial literacy and investment pattern of working women in Kerala. So it was difficult to Government as well as the creators of the products to implement new projects. This study was conducted to solve this problem of deficiency of data related to the financial literacy and investment pattern of working women in Kerala.

**Review of Literature:**

A relatively broad range of empirical literature documents the existence of gender differences in financial literacy in various countries and along several dimensions. However, few studies have been conducted in India that has been examined and mentioned here. Dwivedi Monika and Purohit Harsh (2015) analysed the NCFE report on financial literacy and financial inclusion in India on the basis of occupation, geographical area and gender mix. The study found that urban population is more financially literate than rural population. Also, men are found to be more financially literate than women. Moreover, the study observed that women have higher financial attitude but less financial behaviour and less financial knowledge, whereas men have slightly less financial attitude than women but scored more on financial behaviour and financial knowledge. Paramashivaiah (2014) quantify the risk appetite score of 120 women grouped on various socio-demographic bases in Mysore city. The analysis through regression model suggests that there is a negative influence of age of women on their risk tolerance levels. Dr. R. Sellappan, Ms. S. Jamuna and Ms. Tnr. Kavitha (2013) find out that married women are more curious in making investment than the unmarried. As well as the younger are mostly like to invest in shares mutual funds, insurance and fixed deposits than the older women. The middle age persons prefer to invest in real estate source of investment. So the government, Bankers and Financial institutions can introduce lot of schemes of investment based on segmentation of the age and marital status factors to acquire more funds. Dr. Sarita Bahl (2012) concluded that there are younger women have already developed the plan for investment. Women working in private sector are more faith in investing their money. Women invest their money when they start earning and become independent. Majority of working women have invested their money. Working women invest their money in insurance plans as they are not willing to take risk to attain gain and want to have a safe future.

**Objectives of the Study**

1. To examine the awareness level of working women about various financial products.
2. To identify the attitude towards financial literacy among working women.
3. To understand the investment pattern of the working women.

**Scope of the Study:**

In the present scenario, most of the women is employed and it is important to allocate a certain percentage of their income for investment. For this efficient financial literacy is required. RBI has come up with certain plans to increase the financial literacy of women and to improve their investment

behaviour. This study will be helpful to find out the level of financial literacy among the women according to their demographic factors and will be also helpful to find out most preferred investment opportunity by women. These findings will be helpful to Government to implement plans to improve the financial literacy of women and could be useful to the financial products creators like banks, mutual fund houses, insurance companies, portfolio managers and other market intermediaries to understand what a working woman is looking for take an investment decision. Further researches can be carried forward by comparing the financial literacy or investment pattern or working women to other factors.

**Methodology of the Study:**

The design of the study is explanatory and descriptive research approaches. Explanatory study approach was employed to establish how variables such as age, qualification, exposure has an impact on working women's financial literacy and also to show how women's knowledge in finance help them to make informed financial decisions as well as other factors that can result in working women having financial knowledge. The main research instrument used in this study was questionnaire. The questions cover a mixture of various topics such as planning for short and long term financial goals and awareness and choice of financial products. The target population of the study was consisted 150 of working women of Kerala state only. The study was to assess the financial literacy and awareness levels of these women. Simple mathematical and statistical tools were used for analysing, interpretation of data and for drawing conclusion. For the study, Convenience sampling is chosen.

**Limitations of the Study:**

1. The findings of the study may not be generalised to the entire population of employed women.
2. Limited cost, time and geographical area coverage is a constraint.
3. There are chances of bias in the data collected from the respondents.

**Data Analysis and Interpretation:**

In order to fulfil the objective, the collected data was analyzed with the help of percentage analysis and ANOVA test using SPSS version 20. Percentage analysis was carried out to understand the awareness level of financial products and services and also factors determining investment decisions. Analysis of variance was performed to differentiate between the attitude of respondents towards savings and investment.

**Table 1: Distribution of Respondents on the Basis of Awareness about Financial Products or Services**

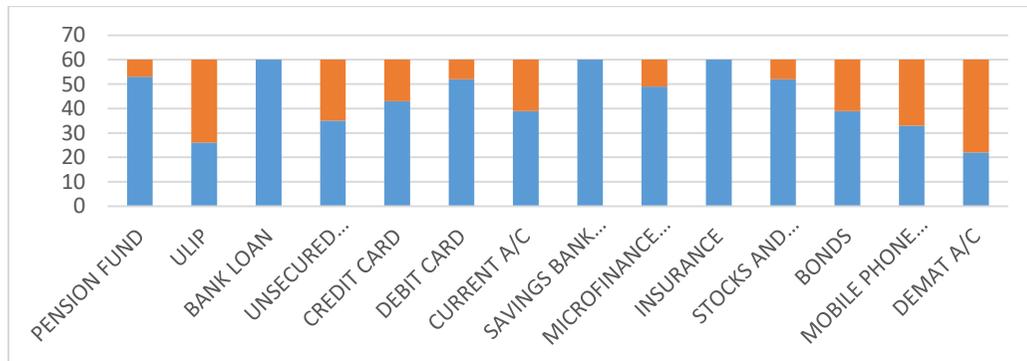
| Variables                 | Total Respondents | Aware  |            | Unaware |            |
|---------------------------|-------------------|--------|------------|---------|------------|
|                           |                   | Number | Percentage | Number  | Percentage |
| Pension Fund              | 150               | 132    | 88         | 18      | 12         |
| ULIP                      | 150               | 70     | 47         | 80      | 53         |
| Bank Loan                 | 150               | 150    | 100        | 0       | 0          |
| Unsecured Bank A/C        | 150               | 88     | 59         | 62      | 41         |
| Credit Card               | 150               | 108    | 72         | 42      | 28         |
| Debit Card                | 150               | 130    | 87         | 20      | 13         |
| Current A/C               | 150               | 110    | 73         | 40      | 27         |
| Savings Bank A/C          | 150               | 150    | 100        | 0       | 0          |
| Microfinance Loan         | 150               | 123    | 82         | 27      | 18         |
| Insurance                 | 150               | 150    | 100        | 0       | 0          |
| Stocks and Shares         | 150               | 130    | 87         | 20      | 13         |
| Bonds                     | 150               | 98     | 65         | 52      | 35         |
| Mobile Phone Payments A/C | 150               | 83     | 55         | 67      | 45         |
| Demat A/C                 | 150               | 55     | 37         | 95      | 23         |

Source: Primary Data

Making women financially literate ensures that they are aware of both the expenses and how the investments are being managed. It thus ensures that they have a complete control over the finances of the home and are able to manage it effectively. Financially literate women can play an important role in economic growth. From the above details shown in the table and the graph we can easily understand that many of the working women is not aware

about the most of the financial products and services available in the financial market.

**Chart 1: Chart Showing the Awareness of Respondent about Financial Products and Services**



Source: Table 1

**Table 2: Table showing the attitude of respondents towards savings and investment**

| ANOVA                                    |                |                |     |       |       |
|--|----------------|----------------|-----|-------|-------|
|  |                | Sum of Squares | df  | F     | Sig.  |
| Maintaining adequate financial records   | Between Groups | 1.585          | 2   | 1.269 | .284  |
|  | Within Groups  | 91.749         | 147 |       |       |
|  | Total          | 93.333         | 149 |       |       |
| Spending less than income                | Between Groups | 1.007          | 2   | .778  | .461  |
|  | Within Groups  | 95.186         | 147 |       |       |
|  | Total          | 96.193         | 149 |       |       |
| Maintaining adequate savings plan        | Between Groups | 6.737          | 2   | 4.271 | .016* |
|  | Within Groups  | 115.937        | 147 |       |       |
|  | Total          | 122.673        | 149 |       |       |
| Information gathering before investments | Between Groups | 1.632          | 2   | 1.203 | .303  |
|  | Within Groups  | 99.701         | 147 |       |       |
|  | Total          | 101.333        | 149 |       |       |
| Planning for                             | Between Groups | 1.773          | 2   | 1.265 | .285  |

|            |               |         |     |  |  |
|------------|---------------|---------|-----|--|--|
| retirement | Within Groups | 103.060 | 147 |  |  |
|            | Total         | 104.833 | 149 |  |  |

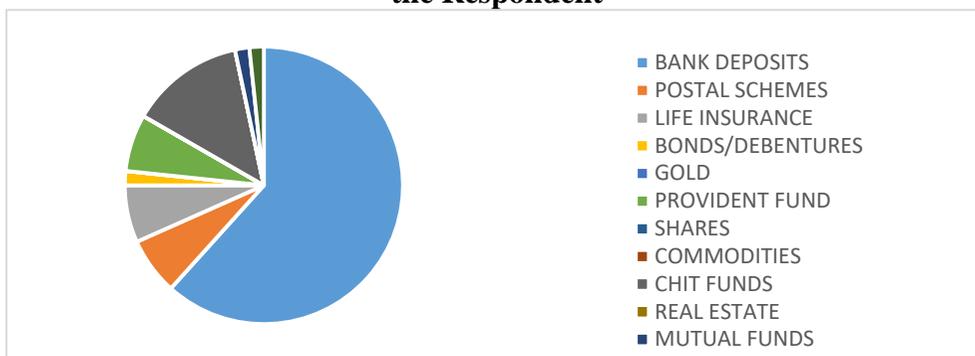
\*significant at 5% level

Source: Estimated based on primary data

Ho: there is no significant difference among the attitude towards saving and investment

The attitude towards savings and investment may vary from one person to another. In this study certain factors are taken into consideration to identify the attitude of working women towards savings and investment. The factor maintains adequate saving plan alone shows significant difference since the p value is less than 0.05. Hence the null hypothesis is rejected

**Chart 2. Chart Showing the Preferred Savings or Investment Product of the Respondent**



Source: Primary Data

From the above pie chart showing the savings and investment preference of the working women shows that most of them prefers bank deposit as a medium to allocate their savings and investment, the second preference of the rest of the respondents was chit funds, the third preferences of the rest of the respondents were postal services and life insurance, the balance respondents were preferred to invest in bonds/dentures, provident funds, mutual funds, bonds/debentures etc. No one is preferred to invest in gold, shares, commodities, real estate etc. From this we can come to assumption that women is reluctant to take risk and they prefer regular return than other benefits.

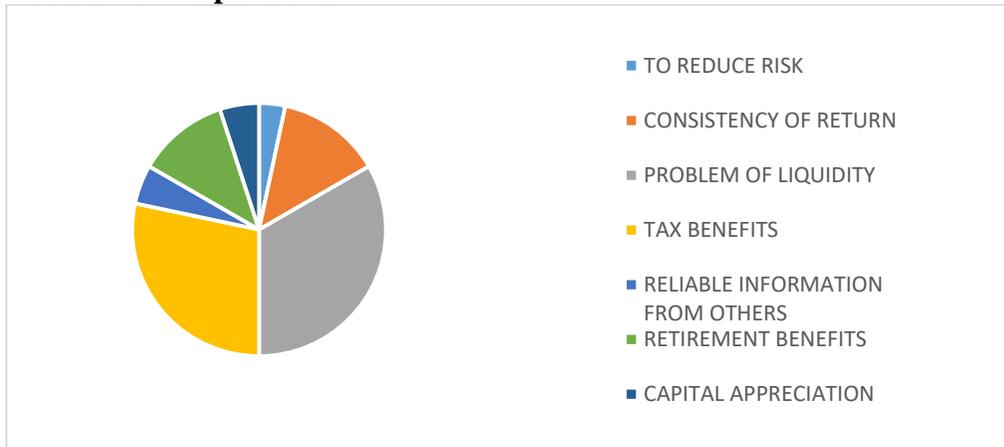
**Table 3: Distribution of Factors Determining Investment Decision of Respondents**

| Variable              | Number | Percentage |
|-----------------------|--------|------------|
| To reduce risk        | 5      | 3          |
| Consistency of return | 20     | 14         |
| Problem of liquidity  | 50     | 33         |

|                                 |    |    |
|---------------------------------|----|----|
| Tax benefits                    | 43 | 29 |
| Reliable information for others | 8  | 5  |
| Retirement benefits             | 20 | 13 |
| Capital appreciation            | 4  | 3  |

Source: Primary Data

**Chart 3: Chart Showing the Factors Determining the Investment Decision of Respondents**



Source: Table 3

From the table 3 and chart 3 it is can be understood that the most important factor determining the investment decision of working women is problem of liquidity has received highest percentage that is (33%). The second factor which determines their investment pattern of working is tax benefits (29%). The third factor which determines the investment pattern of working women is the consistency of return or regular returns (14%). The fourth factor which the working women taking into consideration while choosing an investment avenue is the retirement benefits (13%). The factors which come to the fifth position is reliable information from others (5%) and capital appreciation (3%) and the least influenced factor while choosing an investment decision is to reduce the risk (3%).

**Findings**

1. The working women are less aware about the various financial products available in the market, they are only aware about only the common savings and investment avenues.
2. The working women shows a positive attitude towards savings and investment, but they are found to be not enough literate about the financial products. It can be solved by giving enough financial awareness among the working women.

3. Women are less friendly towards the risky investment avenues. Married women are not ready to invest in risky investments while accompanying to the unmarried ones.
4. The working women prefers small term savings such as savings bank accounts, chit funds, postal savings schemes etc. more and some of them also prefers long term products such as bank fixed deposits, mutual funds etc.
5. More women prefer savings or investment either for the liquidity or for the tax benefits.

### **Suggestions**

1. Government or the investment avenue makers should provide financial literacy programmes to women from school level itself.
2. Financial education programmes should be arranged in the educational institutions.

### **Conclusion:**

Financial literacy is an important predictor of financial behaviour in the developing countries such as India. From this study it has been observed that working women has only low financial literacy. Financial literacy is essential among working women to allocate their savings into best savings and investment avenues. It is understandable that majority of the working women has knowledge about the most of the investment avenues available in the market, but still investors prefer to invest their money in bank deposits, chit funds, etc. Apart from that one more fact is clearly understandable from the whole study that women prefer to invest in short term investment avenues because they consider the problem of liquidity and tax planning more. It is absolutely essential to gain more financial literacy among the women working class and needed to save or invest money what they earn, to have a plan for own future and to refuse to give in to the spending funds that you do not already have.

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