

Financial Knowledge Of Indian Women Working In Service Sector

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ABSTRACT

The objective of the present study is to explore the financial knowledge of Indian women working in service sector of Delhi. Financial knowledge is measured by assessing the females on the various components of basic and advanced financial knowledge. The empirical analysis mentioned here shows that women have low to medium financial knowledge levels. Thus it is concluded that financial education is an important life skill for which more customized efforts are required for making India as an inclusive nation.

Keywords: Financial Literacy, Indian Working women

I. INTRODUCTION :

Financial Literacy has become one of the top priorities for all the countries in the globe today, as it is directly proportional to the economic growth of a country and all the people are experiencing that the financial systems of the 21st Century have been growing with speed, sophistication and complexity. Moreover, these economic and social environments in which people are taking financial decisions continue to change with the dynamic and ever changing technology. Financial products and services have multiplied along with technological and other means of marketing them. There is also an information asymmetry with respect to finance as a result of which either the common man is confused to take decisions from the informed choices or they don't have absolute awareness about the financial products. This calls for skills that can be obtained through financial education. Financial literacy is interchangeably used with the terms, "Financial education" or "Personal Finance Management". In one of the speech by Secretary General of OECD in the year 2017 it was mentioned that, "Financial

literacy is an essential life skill which can transform the lives of the people and contribute to their economic well being, social mobility and inclusive growth". As a 21st century life skill, financial literacy is one of the three components of financial pillars which can empower the future citizens of India. The three components of financial pillar are Financial Education, Financial Inclusion and Financial Stability.

II. OBJECTIVES OF THE STUDY:

- Assess the different perspectives on definitions of Financial literacy
- To find out the basic financial knowledge of the working women
- To find out the advanced financial knowledge of the working women

III. RESEARCH METHOD:

The present study is descriptive study and data collection is done on the basis of primary data through a self made questionnaire and secondary data available in the reports and publications of the various government organizations of India and abroad.

IV. SAMPLE:

Snowball sampling method is used for collection of data from 390 working women in service sector.

V. MEANING OF FINANCIAL LITERACY

Financial literacy in today's context is just not the concern of India but is also a concern for the developed nations all around the globe. Different organizations and financial bodies have different perspective about financial literacy. The various ways in which financial literacy has been defined in the last few decades are:

According to OECD 2005, “ financial literacy is a combination of financial awareness, knowledge, skills, attitude and behavior necessary to make sound financial decisions and ultimately achieve individual financial well being. People achieve financial literacy through a process of financial education.”

According to PISA 2012, “Financial literacy is knowledge and understanding of financial concepts and risks, and the skills, motivation and confidence to apply such knowledge and understanding in order to make effective decisions across a range of financial contexts, to improve the financial wellbeing of individuals and society, and to enable participation in economic life.”

According to Reserve Bank of India, “financial literacy can broadly be defined as the capacity to have familiarity with an understanding of financial market products, especially reward and risks in order to make informed choices. Moreover, financial literacy plays a significant role in the efficient allocation of household saving and ability to individuals to meet their financial goals (Arokia Jerold, 2008)”.

According to National Financial Educators Council, “Financial literacy is possessing the skills and knowledge on financial matters to confidently take effective action that best fulfils an individual's personal, family and global community goals.”

The various definitions as mentioned above focuses financial education as one of the

components of financial literacy. It is considered as one of the basic and primary component of financial literacy where individuals need to have financial education before building up there financial attitude and financial behaviour for their overall well-being. Financial education is the only key to empower the people, lesser the financial exclusion more would be the economic growth of a nation. While financial inclusion gives access of financial products and services to all, financial education make the people aware about the needs and benefits of financial services offered by different banks and financial bodies. So we can say that financial education is a knowledge based approach to empower the citizens and strengthen the financial and economical backbone of India as a nation.

VI. DATA ANALYSIS:

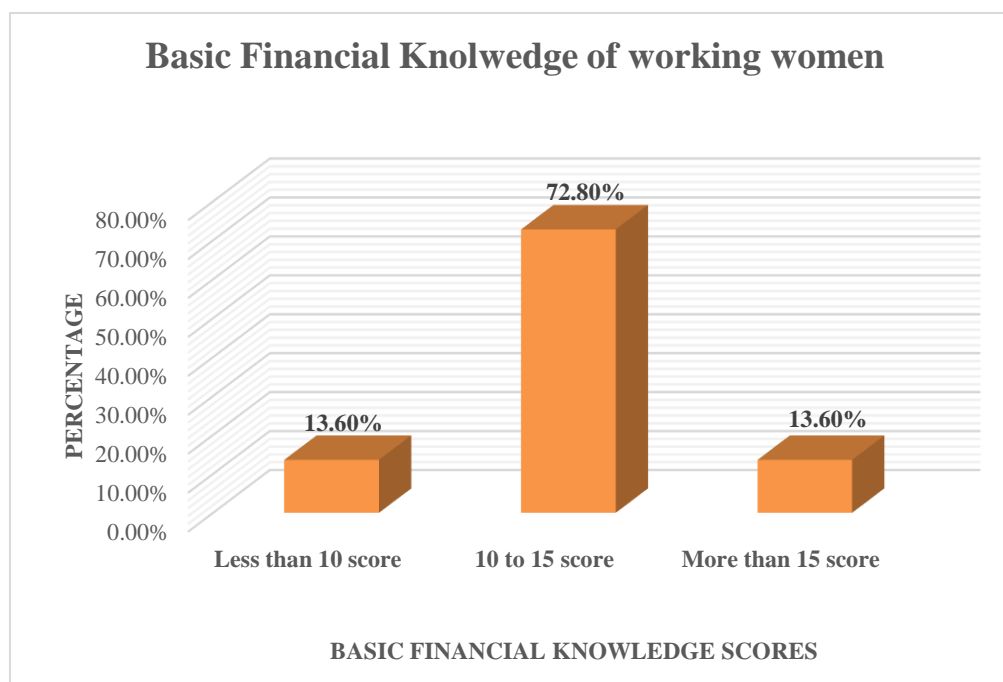
In the present study basic financial knowledge includes working women's knowledge and understanding about basic financial concepts , like, investments, numeracy, compound interest, risk return etc. Advanced financial knowledge includes knowledge and understanding about the financial products like, PPF , Fixed deposits etc. The responses are collected from the chosen working women respondents with help of questionnaire method. The results of the statistical analysis applied on the data are discussed below:

Basic Financial Knowledge

.In the present study 20 questions related to the different aspects of basic financial knowledge namely simple interest ,compound interest calculations, inflation, time value of money, diversification, insurance, risk and return etc. are included in the questionnaire. All these questions were asked in the form of multiple-choice questions where only one choice was correct and others were incorrect. The correct answers are coded to be one and all wrong answers are coded as zero. Then the sum of the responses is calculated which is the measure of basic financial knowledge. The maximum score obtained is 19 and minimum score is 4 .The results of the responses received in order to measure the basic financial knowledge of the women respondents is shown in table 4.1

Table:4.1: Basic Financial Knowledge scores(in percentage)

Basic Financial Knowledge		Levels	Frequency	Percent
Basic Financial Knowledge	Less than 10 score	Low	53	13.6 %
	10 to 15 score	Medium	284	72.8 %
	More than 15 score	High	53	13.6 %
	Total		390	100.0

**Fig 4.1:Level of Basic financial knowledge score of working women**

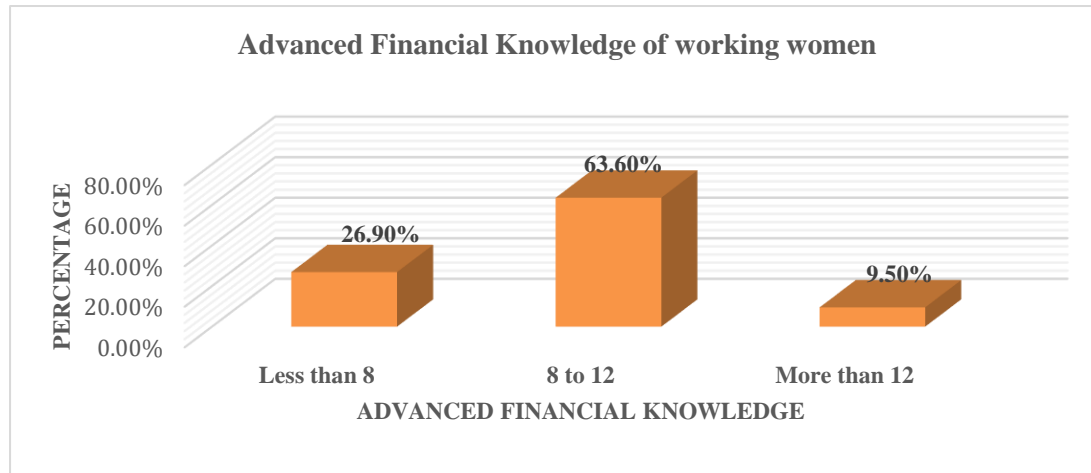
According to the Table 4.1 the respondents with score of more than 15 were considered as respondents with high basic financial knowledge who has the awareness and understanding about the various financial concepts. The respondents scoring between 10 to 15 are considered to have moderate basic financial knowledge. Finally, the working women who score less than 10 are considered to have low basic financial literacy. So, it was found that out of 390 respondents, majority of the respondents, that is, 284 respondents fall under the moderate basic financial knowledge comprising of 72.8% and 13.6% respondents with high basic financial knowledge and similar 13.6% with low basic financial knowledge with 53 respondents falling under respective category.

Advanced Financial Knowledge of women working in service sector

Many different types of questions are used to assess the extent to which respondents are versed in advanced financial topics. Financial products such as Fixed Deposits, National Savings Certificates, Public and Employee Provident Funds, Equity and Preference Shares, Mutual and Exchange Traded Funds, Debentures and Bonds, Post Office Monthly Income Schemes, Insurance Policies, and Gold Futures were tested across 15 questions designed to gauge respondents' level of advanced financial literacy. When assessing expert financial literacy, each question is weighted equally. Scoring of advanced financial knowledge was done in accordance with OECD and Indian research norms (Atkinson and Messy, 2012 ; Agarwalla, Barua, Jacob and Varma, 2012).The correct answer for each question carry one marks and incorrect response is marked zero.

Table:4.2: Advanced Financial Knowledge scores(in percentage)

Particulars		Levels	Frequency	Percent
Advanced Financial Knowledge	Less than 8	Low	105	26.9 %
	8 to 12	Moderate	248	63.6 %
	More than 12	High	37	9.5 %
	Total		390	100.0 %

**Fig 4.2: Levels of Advanced Financial knowledge scores of working women**

According to the Table 4.4 the respondents with score of more than 12 were considered as respondents with high advanced financial knowledge who has the awareness and understanding about the various financial products. The respondents scoring between 8 to 12 are considered to have moderate advanced financial knowledge and the working women who scored less than 8 are considered to have low advanced financial literacy. From the table above it can be seen that out of 390 respondents, majority of the respondents, that is, 248 respondents fall under the moderate advanced financial knowledge comprising of 63.6%. Then 26.9% (N= 105) respondents have low advanced financial knowledge and only 9.5% (N=37) working women in service sector had high advanced financial Literacy.

Aggregate Financial Knowledge (Basic & Advanced) of women working in Service sector

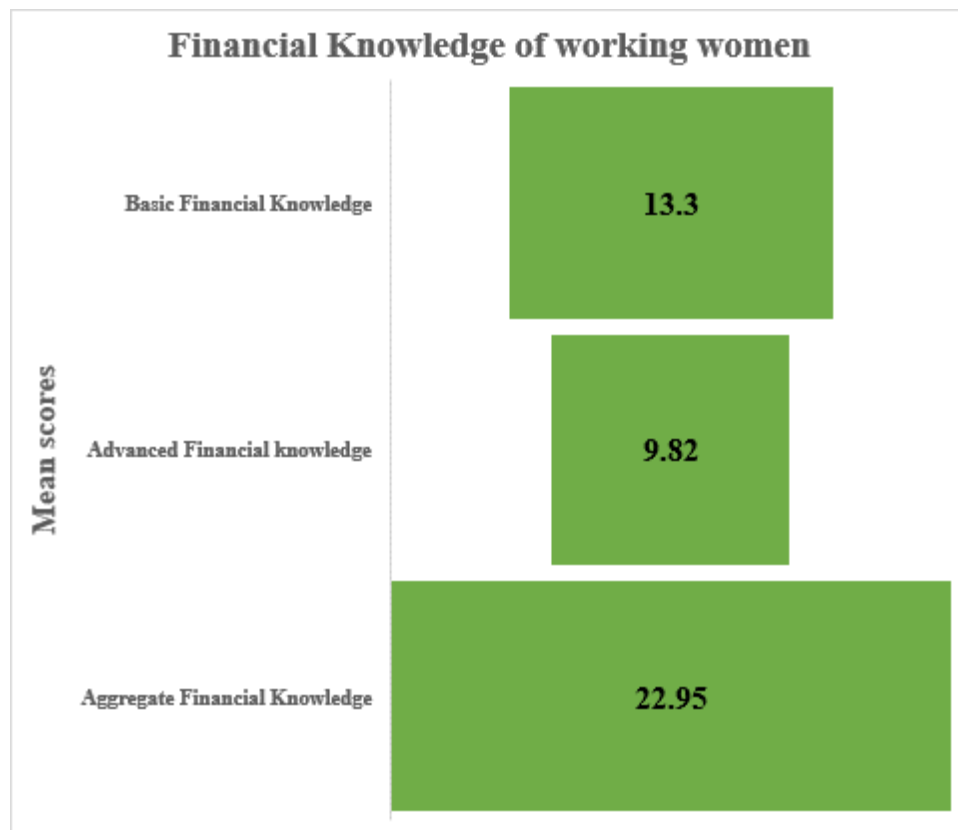
Knowledge of finances is a key component of financial literacy (Agarwalla et al., 2013). Learning to wisely manage one's income, expenses, and savings is an ongoing process that contributes to a lifetime of financial literacy (Delavande et al., 2008). Learning about and applying ideas like simple and

compound interest, risk and return, and inflation is what the OECD means by "financial literacy" (Atkinson and Messy, 2012). In the study of financial literacy, after reviewing a lot of literature and checking the feasibility, for this research we adopted the definition of financial knowledge which was used by OECD while conducting surveys on financial literacy across the globe. This is being done so that we can use the results given by OECD as a benchmark for compiling our results against other countries.

In this analysis, financial knowledge (a part of financial literacy) is seen as the sum of two levels of expertise: basic and advanced. Respondents' financial literacy is determined by summing their scores on 20 multiple-choice questions designed to assess fundamentals and 15 questions designed to assess more advanced concepts. The overall level of Financial Knowledge is shown by summing the number of correct answers from the two categories of questions: Basic Financial Knowledge and Advanced Financial Knowledge. Standard deviation, skewness, and kurtosis are calculated for both the beginner and the expert levels of financial literacy, as well as the maximum and lowest scores. The table below displays the descriptive analysis findings for the combined basic and advanced financial knowledge scores.

Table:4.3: Mean, S.D, Skewness and Kurtosis for Aggregate Financial Knowledge of Working Women

Financial Literacy components	Mean (Sd)	Skewness	Kurtosis	Minimum (Maximum)
Basic Financial Knowledge	13.3 (2.450)	-0.951	1.571	4 (19)
Advanced Financial knowledge	9.82 (2.438)	-0.682	0.060	3 (15)
Financial Knowledge	22.95 (4.431)	-0.740	0.481	7 (32)

**Fig.4.3:Mean scores of Aggregate financial knowledge**

The graph mentioned above is evident that majority of women in the service sector were found to have a moderate level of financial understanding, and only a small percentage of respondents had a more advanced degree of financial literacy. Thus in a nutshell it is concluded that for women working in service sector government, financial organization along with other stakeholders need to focus on more customized interventions.

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