

**An examination on financial literacy among women in Palakkad district, Kerala**

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**ABSTRACT**

Financial literacy is a keyword that is used to denote the understanding of financial matters. This includes majorly the area of personal finance. In order to manage financial resources effectively and efficiently, appropriate knowledge and skills are required. This includes making personal financial decisions in the areas of investing, Insurance, Retirement, tax planning etc. Financial literacy also includes developing deep knowledge of various financial concepts like financial planning, Compound interest, Savings methods, time value of money, the mechanics of a credit card, consumer rights etc. Having a lower level of financial literacy can lead to taking financial decisions that can have negative impact on the financial health of an individual. In this paper, a study on financial literacy among women in Palakkad district at Kerala is attempted.

**KEY WORDS:** STRESS, IT, LIFE

**Introduction to financial literacy:**

Financial literacy is the blend of shoppers/investors figuring out of fiscal merchandise and standards and their capacity and confidence to admire fiscal dangers and possibilities, to make instructed selections, to know the place to move for help, and to take different strong moves to enhance their economic well-being.

Financial management is that managerial activity which is concerned with the planning and controlling of individual or institutional financial resources. The concept 'personal financial management' is of immense interest to researchers, academicians and policy formulators in the

context of economic crisis and financial inclusion. As in the case of a nation or business institution,

finance plays a crucial role in the life of an individual too-either rich or poor. Mobilization of finance and its wise and efficient deployment play a strategic role in the wellbeing of a nation or institution and at the most in the case of a person who is the base or starting point of any economic activity.

Education can play a critical role in equipping consumers with the fundamental knowledge required to choose among the myriad of products and providers in the financial services industry. This is especially true for populations that have traditionally been underserved by our financial system. Financial literacy education may help to prevent vulnerable sections of society from becoming entangled in financially devastating credit arrangements.

### **Review of literature**

A research article by **Hira & Loibl, (2007)** states that the women have unique needs relating to their financial attitude as they have particular learning preferences about investment alternatives and have different mindsets when it comes to money matters.

According to **Hung et al., (2012)** in their study on gender differences regarding financial literacy, women's financial knowledge is worse than that of men and they are less confident in financial skills. The fact has been accepted globally that empowering women with financial knowledge has become a necessity now, given the poor status of women in the country, so that both genders can be at par. Recently, OECD and its International Network on Financial Education (INFE) also emphasized the need to promote financial literacy as part of their financial education strategies.

A summary of some of the studies is given below: **Kumar Agrawal** presented a detailed analysis of a study on the implications of multiple social demographic factors on multiple dimensions of financial literacy, especially on the employed youth of urban India. He also analyzed the crucial intricacies between various dimensions of financial literacy. He conjoins the growing empirical understanding of financial literacy among various countries; the study has substantially provided an analytical basis for enunciating policies to augment levels of financial literacy among the working youth in India.

**Puneet Bhushan & Medury Yejulla et. al. (2013)** has opined that generally, respondents have moderate to low level of financial literacy. Factors like gender, income, education, nature of employment and place of work etc substantially affects financial literacy whereas it is found that the people who are employed by the government has very low level of financial literacy as compared to the private sector employees, also he has opined that geographical region does not have much bearing on financial literacy of an individual. Financial literacy among the employed youth in urban India is more or less comparable to the levels that prevail among similar groups in other countries i.e. the impact of various sociodemographic variables like gender; family income etc on various dimensions of financial literacy is more or less similar as examined in other studies in context of India.

**Jason West (2012)** showed that the actions of individuals who are financially literate do not necessarily mean they will demonstrate good financial behavior. If we are to enhance the financial behavior of consumers, we need to address the following two critical areas. Firstly, the aim of financial literacy programs should not be restricted to educating consumers about financial markets and products but they must also enlighten the individuals by eradicating the psychological biases and limitations that humans generally adhere to. Secondly, the mechanism of regulating the financial products which are sold to consumer needs to change immediately in order to meet the aim of protecting the rights of retail customers from getting under the clutches of complex financial product modeling which are often confusing, arbitrary and lacks transparency.

**Mark Taylor (2011)** emphasized on major determinants of Financial Literacy. He used panel data model and discovered multiple key determinants of financial literacy. These included factors like age, health, household size and structure, housing tenure, and the employment status of the individual and other household members. Aged men and women employed in full-time work with an employed spouse are found to be the most financially capable. Nevertheless, many such characteristics have considerable impacts on financial capability, but results proved that most significant impact comes from the age factor and status of employment.

**Tullio Jappelli (2009)** has made a detailed study on financial literacy across the nations. The survey was carried out in 55 countries on a selected group of executives, group of managers and subject matter experts. He has successfully shown through detailed analysis that literacy varies quite vigorously among countries, and the regression analysis has proved that levels of financial literacy depends on educational achievement, social interactions, and compulsory savings in the form of social security contributions. The contribution rate is used as an (inverse) proxy for financial market deepening to minimize the risk of reverse causation between financial literacy and financial development, financial knowledge depends on cognitive ability.

According to **S&P Live mint (2016)** rating services survey 2016, worldwide there is a considerable gender gap which is evident by the fact that globally 65% of men are not financially literate while nearly 70% of the women are financially illiterate. The divide is even wider in India as 73% of men and 80% of women are not financially literate.

According to **Census (2011)** Literacy rate of Kerala is 93.91% which has increased by 3% since last decade, also it holds the status of most literate state in India. The environment that surrounds an individual has impact on its financial literacy. Investments patterns adopted by salaried and business class vary significantly just because of nature of employment they possess. Financial planning varies from region to region and also by level of employment.

**OECD (2010)**, has developed international level guidelines for efficient financial education programs. These guidelines will be compulsory to adopt at national level to provide diversity to education systems. The guidelines have suggested the best suitable framework which facilitates integration of financial education in school curriculum. It suggests following facets like identifying suitability and sustainability of resources, flexibility in the implementation levels, assessing and

setting quantifiable goals, progress monitoring and impact assessment, participatory involvement of all major stake holders which include educational system, public authorities etc.

### Objectives of the study

- To make the recording of income and expenditure in day to day activity.
- To access the financial situations based on revenue of the family.
- To choose the financial institutions for investments.

### Research methodology

This study uses a descriptive research approach to measure various attributes of the population under study pertaining to women in Palakkad District, Kerala. It follows survey techniques using a structured questionnaire. The study has used both the primary and secondary data for the article. A sample of 180 respondents were chosen to collect primary data. But out of 180 respondents only 123 respondents were completely filled in the questioner and the others were rejected as incomplete questioner. The study has used chi-square and frequency tabulation.

### Analysis and interpretation

#### CHISQUARE TEST:

**TABLE 1:**

#### Chi-square Test on Age, Education of the respondents and other aspects of the study:

Pearson Chi-Square		Value	df	Asymp. Sig (2sided)
Age	How do you assess the financial situation in your family?	21.517a	6	0.001
Age	Is your family used to keeping records of income and expenditures? Look at the card and say which option is the most accurate description of your (your family's) practice?	21.175a	6	0.002
Age	How often during the last year did you (your family) run out of money from previous earnings before the new money arrived (wages, pension, scholarship, benefit, etc.)?	.258a	3	0.968
Age	What phrase out of the ones given below describes best your individual life insurance situation?	6.729a	9	0.665
Age	People save or invest for different reasons. What are your (your family's) personal reasons to have made savings or investments?	45.268a	15	0.000
Education	How do you assess the financial situation in your family?	6.853a	6	0.335

Education	Is your family used to keeping records of income and expenditures? Look at the card and say which option is the most accurate description of your (your family's) practice?	7.838a	6	0.250
Education	How often during the last year did you (your family) run out of money from previous earnings before the new money arrived (wages, pension, scholarship, benefit, etc.)?	1.493a	3	0.684
Education	What phrase out of the ones given below describes best your individual life insurance situation?	9.027a	9	0.435
Education	People save or invest for different reasons. What are your (your family's) personal reasons to have made savings or investments?	28.630a	15	0.018

**Interpretation:**

From the above table it is clear that the Chi-square value for 'How often during the last year did you (your family) run out of money from previous earnings before the new money arrived (wages, pension, scholarship, benefit, etc.)?' (0.968), 'What phrase out of the ones given below describes best your individual life insurance situation?' (0.665) with respect to the age of the respondents is observed from the table that the p values are greater than the level of significance of 0.05. Hence the Null hypothesis is accepted.

From the above table it is clear that the Chi-square value for 'How do you assess the financial situation in your family?' (0.001), 'Is your family used to keeping records of income and expenditures? Look at the card and say which option is the most accurate description of your (your family's) practice?' (0.002), and 'People save or invest for different reasons. What are your (your family's) personal reasons to have made savings or investments?' (0.000) with respect to the age of the respondents is observed from the table that the p values are lesser than the level of significance of 0.05. Hence the Null hypothesis is rejected.

From the above table it is clear that the Chi-square value for 'How do you assess the financial situation in your family?' (0.335), 'Is your family used to keeping records of income and expenditures? Look at the card and say which option is the most accurate description of your (your family's) practice?' (0.250), 'How often during the last year did you (your family) run out of money from previous earnings before the new money arrived (wages, pension, scholarship, benefit, etc.)?' (0.684) and 'What phrase out of the ones given below describes best your individual life insurance situation?' (0.435) with respect to the education of the respondents is observed from the table that the p values are greater than the level of significance of 0.05. Hence the Null hypothesis is accepted.

From the above table it is clear that the Chi-square value for 'People save or invest for different reasons. What are your (your family's) personal reasons to have made savings or investments?' (0.018) with respect to the education of the respondents is observed from the table that the p values are lesser than the level of significance of 0.05. Hence the Null hypothesis is rejected.

**TABLE 2: Chi-square Test between group of employment of the respondents and other aspects of the study**

Pearson Chi-Square		Value	df	Asymp. Sig (2sided)
Which group of employees do you refer yourself to based on your main job?	Is your family used to keeping records of income and expenditures? Look at the card and say which option is the most accurate description of your (your family's) practice?	2.710a	6	0.844
	How often during the last year did you (your family) run out of money from previous earnings before the new money arrived (wages, pension, scholarship, benefit, etc.)?	1.369a	3	0.713
	What phrase out of the ones given below describes best your individual life insurance situation?	7.695a	9	0.565
	People save or invest for different reasons. What are your (your family's) personal reasons to have made savings or investments?	17.663a	15	0.281
	How do you assess the financial situation in your family?	5.058a	6	0.536

**Interpretation:**

From the above table it is clear that the Chi-square value for ‘Is your family used to keeping records of income and expenditures? Look at the card and say which option is the most accurate description of your (your family's) practice?’ (0.844), ‘How often during the last year did you (your family) run out of money from previous earnings before the new money arrived (wages, pension, scholarship, benefit, etc.)?’ (0.713), ‘What phrase out of the ones given below describes best your individual life insurance situation?’ (0.565), ‘People save or invest for different reasons. What are your (your family's) personal reasons to have made savings or investments?’ (0.281) and ‘How do you assess the financial situation in your family?’ (0.536 ) is observed from the table that the p values are greater than the level of significance of 0.05. Hence the Null hypothesis is accepted.

**Findings of the study**

**DESCRIPTIVE ANALYSIS**

- It is noticed that the respondents who are in medium financial group have a satisfactory assesses to the financial situation (54)
- It is noticed that the respondents who are in rich group have a good assesses to financial situation (13)

- It is noticed that the respondents who are poor also good in assessing the financial situation (2).
- It is notices that the respondents who are having unspend money from their earnings 'very often' (10) and 'very rarely' (19) spend maximum of the unspend money in 'We invest it in gold and jewelry'
- It is notices that the respondents who are having unspend money from their earnings 'Sometimes' try to 'We deposit it or do not withdraw it from the account'.
- It is noticed that maximum of the respondents who says 'I try to save something and spend the rest of the money on the everyday needs' saves money for the reason 'To leave something for children to inherit' (26),
- It is noticed that maximum of the respondents who says 'I spend money on the everyday needs and save the rest' saves money for the reason 'Retirement' (19)
- It is noticed that maximum of the respondents who says 'I spend all the money on everyday needs and do not save anything' saves for the reason that 'I like saving rather than spending money'(4).

#### **CHISQUARE TEST**

- It is clear that the Chi-square value for 'How often during the last year did you (your family) run out of money from previous earnings before the new money arrived (wages, pension, scholarship, benefit, etc.)?' (0.968), 'What phrase out of the ones given below describes best your individual life insurance situation?' (0.665) with respect to the age of the respondents is observed from the table that the p values are greater than the level of significance of 0.05. Hence the Null hypothesis is accepted.
- It is clear that the Chi-square value for 'How do you assess the financial situation in your family?' (0.001), 'Is your family used to keeping records of income and expenditures? Look at the card and say which option is the most accurate description of your (your family's) practice?' (0.002), and 'People save or invest for different reasons. What are your (your family's) personal reasons to have made savings or investments?' (0.000) with respect to the age of the respondents is observed from the table that the p values are lesser than the level of significance of 0.05. Hence the Null hypothesis is rejected.
- It is clear that the Chi-square value for 'How do you assess the financial situation in your family?' (0.335), 'Is your family used to keeping records of income and expenditures? Look at the card and say which option is the most accurate description of your (your family's) practice?' (0.250), 'How often during the last year did you (your family) run out of money from previous earnings before the new money arrived (wages, pension, scholarship, benefit, etc.)?'(0.684) and 'What phrase out of the ones given below describes best your individual life insurance situation?' (0.435) with respect to the education of the respondents is observed



from the table that the p values are greater than the level of significance of 0.05. Hence the Null hypothesis is accepted.

### **Suggestions and conclusion of the study**

#### **Suggestions**

- Sometime the respondents spend for the expenses and then save the balance for the future.
- The study says the respondents should cultivate the habit for saving for the future, children's life, and for retirement period.
- The study suggests the behavior of recording the income and expense statements.
- The study suggests assessing the banks on the basis of credit availability and interest rate.
- The study suggests investing the life insurance for the required amount.

#### **Conclusion**

Financial literacy is an important factor for any women who are working and not working. They must lead their life without depending on others particularly in taking financial decisions in their families. There are numerous financial education programs which are conducted by various departments and agencies in India to create an awareness among the working women. These programs highlight about the most common elements about the good practices in the financial decision making.

Assessing the financial situation periodically in the family and planning the revenue as per that is the main function of an effective fund utilization in the family by women. They must also cultivate the habit of maintaining the records of their incomes and expenses. The role of financial literacy becomes crucial as poor people in developing countries use many creative and sometimes complex strategies to manage their money. This attitude often develops through trial and error rather than design which tend to be more reactive than proactive. The financial literacy can play a critical role in helping people to manage their finance at family and to preserve the resources they have already earned and work towards improving their economic goals.

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