

# Financial Literacy and Decision Making Among Women In India

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**Abstract:**

*Financial Literacy level across various nations has substantial effects on how the decisions are taken, and research has shown that financial illiteracy is widespread among various developed countries and even worse in developing countries.*

*This paper seeks to understand the relationship and the impact of level of financial literacy on the household decision making of the urban working population residing in cities in a developing country like India.*

*The research paper will also take into account the determinant that largely, is the prime factor of the study i.e. gender gap that prevails by establishing the correlation between the two factors.*

*Household savings and investment are significantly affected by how decision-making power is allocated between women and men. In particular, when intra-household financial decisions are made by women, savings and investment are often greater and repayment of debt is more likely.*

*A detailed analysis will be carried out on the factors affecting and evaluate the association between the gender stereotypes and the gap that exists.*

*The paper would also throw light on the current level of financial literacy that exists between the two genders and then establish a correlation between gender gap and financial literacy level in the area subject to be researched upon.*

**keywords:** *Financial literacy, gender gap, women, developing countries, household decision making*

## **INTRODUCTION:**

Financial literacy can be understood as “the ability to use knowledge and skills to manage one’s financial resources effectively for lifetime financial security” (Ersoy, 2017)<sup>1</sup>. The need for people to be equipped with the skills and confidence to make sound financial decisions, from a young age, is suggested to arise from a set of global economic and social trends. The consequence of these trends is that individuals must make more complex financial decisions and assume greater responsibility for their personal finances (Paul Ali, 2014).<sup>2</sup>

There is a persistent gender gap in financial literacy that is independent of socioeconomic background and cultural and institutional context. Specifically apart from the developed nations like USA and Germany, developing nations such as India have a wider gender gap problem that exists when it comes to taking important financial decisions in the household matters. (Olivia S. Mitchell, 2008). This gender gap may be due to various reasons such as people from various ages, education levels and other socioeconomic characteristics (Fisk, 2015).

Not only are female respondents less likely to answer financial literacy questions correctly but they are also more likely to state that they do not know the answers to the questions (TABEA BUCHER-KOENEN, 2017).

Some of the studies conducted on various focus groups, also directed at the fact that having financial independence and self-income also affected the pace at which a person might want to expand their arena in terms of financial literacy. This in turn would give them a sense of independence and the feeling of learning about newer things as they would handle their own funds and money (Ian Ramsey, 2014). In the part of high income group countries, there exist very little difference in education, age and unemployment rates

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<sup>1</sup> Ersoy, F. (2017, March). *Does Improving Financial Literacy Lead To Better Decisions?* Retrieved from thedecisionlab.com: <https://thedecisionlab.com/improving-financial-literacy-lead-better-decisions/>

<sup>2</sup> Paul Ali, C. M. (2014). FINANCIAL LITERACY AND FINANCIAL DECISION MAKING IN PERSPECTIVE OF AUSTRALIA. *ABLR*, 229.

between the two genders (Kaja W. Edsberg, 2016). This when we look at developing nation like India, it is observed that a major section of women are housewives and depend upon the spousal income and hence are not exposed to the need of attaining financial literacy. Research also pointed out that in general girls lack confidence and low financial literacy than boys with higher expectations for their future financial decision making and planning (Women and financial literacy gap, 2015). Along with the gender, difference in the level of financial literacy, the same factors affect the two genders differently (Laura Bottazzi, 2016). Lack of literacy has implications for planning be it either of the genders. A large and growing literature in economics provides evidence from several countries that household savings and investment are significantly affected by how decision-making power is allocated between women and men. (Anastasia Driva, 2015) In particular, when women make intra-household financial decisions, savings and investment are often greater and repayment of debt is more likely. (Ashraf, 2009)

The level of financial literacy varies according to education and income levels, but evidence shows that highly educated consumers with high incomes can be just as ignorant about financial issues as less-educated, lower-income consumers (though in general, the later do tend to be less financially literate). (Lusardi, Planning and Financial Literacy: How do women fare?, 2006) Women tends to live longer ,have shorter work experiences ,lower earnings and shorter work experience and comparatively low earnings than their male counterparts. All these factors contribute to a great extent in putting them at a risk in future when it comes to their financial planning decisions whereby they lose out on their chance of making a qualitative decisions.

On average, in women the knowledge about financial instruments and its practices is less. In contrast, no differences in financial knowledge between women and men exist in the matrilineal cultural environment. The financial literacy is more among women brought up and living in matriarchal society than those in patriarchal society (Ute Filipia, 2015). Also various papers directed at the possible reasons as to why there exist a gender gap between the two in lieu of the financial literacy levels in developed countries like USA, that clearly indicated since women live longer than men, their need for savings and investment strategies are essentially different. Moreover , since they live longer only a small percentage of their life is spent alone which has significant moral mindset that they don't actually bother enough to become more aware and literate in making financial decisions. One of the other possible

reason of why such a gap exist is that the women tend to learn or develop financial knowledge at a later stage in life primarily after the death of spouse or after divorce (Hsu, 2011).

A major percentage of women belonging to developing countries like India, where no. of years of a woman's life is spent in doing household chores while the males in the house handles the financial matters. Even in the most literate state of India ie. Kerela , it was found that there existed a significant difference between the levels of financial literacy among men and women (Abdul Latheef Kiliyanni, 2016). The data suggest that over a six-year period the gender gap in financial literacy has persisted, though the gap decreased for millennials—particularly when “Don't know” responses, which women use more often than men, are excluded. (Mottola, 2018)

Another study about women and the financial decisions that they undertake showed that the lack of taking apt financial decision roots to the main cause of not having adequate financial knowledge i.e. financial literacy. Only a small percentage of the total world's population who are women are capable enough to take such decisions regarding financial matters in the house (CA Anupama Sharma, 2015). In order to succeed in the workplace, the women were also found to be lesser self-assured than men where confidence matters as much as competence (Piskadlo, 2016). Women in comparison with men were found to be less confident when it came to answering different questions pertaining to financial knowledge specific to understanding concepts such as risk and return, simple division tasks etc (Bettina Greimel-Fuhrmann, 2018).

In few of the reports- made by OECD , it was found that the quotient of financial literacy was higher in certain countries such as Ireland and UK who had previously carried out various research among its citizens from time to time to measure the existing literacy level and thereby planning up its finance whereas there exists also part of the world where the study was carried out for the first time spread across 12 countries and continents including Asia. (Atkinson, 2011). The disparity in access to financial education also contributes to gender gap owing to different levels of financial literacy among women across globe (Longo, 2018).

Any improvement in financial literacy will have a profound impact on consumers and their ability to provide for their future. (AMISI, 2012). Irrespective of the life stage the people are

in, there exist a significant difference in acquiring financial knowledge and the source where they acquire financial knowledge from. It often is related to the younger lot being one group seeking knowledge from peers whereas older category seeking professional advices to cater for their old age benefit planning programme. However, the women are less in number when it comes to either of the age groups (Reyers). Today, the Indian women are more largely dependent upon the male counterpart for majority of household related financial decisions and finalizing the decision (Chetna Singh, 2017). The Government of India is taking up various efforts after realizing the potential and the reasons why women in India lag behind by sponsoring various schemes to help initiate women take up financial decisions from regular banking operations to schemes available (Baluja, 2016). Many Indian households are kept unaware or unfamiliar with the basic concept that drives people to take their independent investment and savings decisions especially the female category and rural population who require special attention with this regard (Vig, 2017).

Recent trends are making it all the more imperative that consumers understand basic finances, because they are being asked to shoulder more of the burden of investment decisions in their retirement accounts – all while having to decipher more complex financial products and options. (Sumit, 2010)

### **OBJECTIVES OF THE RESEARCH:**

- 1) To find out the current level of financial literacy that exists in the urban women.
- 2) To study the correlation between financial literacy and financial decision making across genders.

### **SCOPE OF THE STUDY**

The scope of the research is basically the urban population residing in the city of Pune, Maharashtra and Lucknow, Uttar Pradesh for the purpose of sample and the subject under study would be limited to the urban women above 14 years of age divided into classes between 14-18 years, 18-25 years of age, 25-35 years and above 35 years of age.

### **LIMITATIONS OF THE STUDY:**

1.The data for the study is mostly secondary in nature and outside the geographic study and hence the access to and collection of such relevant data is difficult.

2.The problem of getting the right perception of the people towards financial literacy leading to household decision making, by ensuring proper filling of questionnaires and also without personal bias would be a challenge.

### **HYPOTHESIS OF THE STUDY**

H0 – There is no significant relationship between the level of financial literacy and the gender gap with the decision making process

H1 –.There exists a relationship between the financial literacy level of the gender under study with the decision making aspect.

### **METHODOLOGY TO BE USED:**

The present paper adopts a Descriptive and Analytical Approach

Sources of Data:

A database of 300 women in Pune and Lucknow, with varying working professional cohorts and socio-economic profiles be identified to be under the sample study as a representative of the population who will be subjected to primary research, using questionnaire that will contain various questions on the underlying variables such as basic financial decision situations and their implications based upon the decision taker in the household.

Key questions in the focus groups will focus on how participants have thought process about having their own money, their financial decision-making, and how financial matters “fit into” their thoughts and decisions about the future.

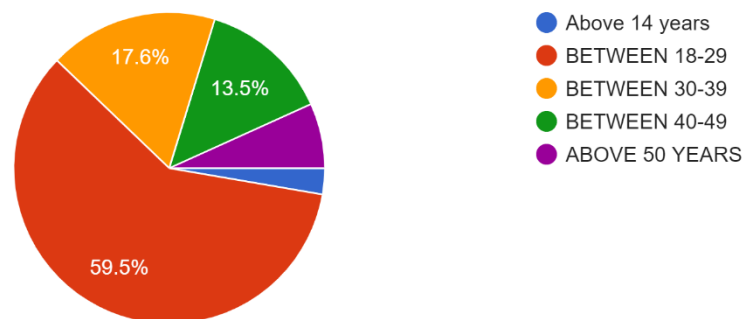
While it is not suggested that women in the sample are highly representative, this methodology aims to ensure that a broadly representative mix of all the women in city of Pune keeping in consideration the limitation of time and the resources at dispense.

The influence of socio demographic attributes on financial literacy in India is done using the logistic regression. For the purpose of analysis, factor analysis will be carried out. The underlying variables would be age, education, pre- exposure to family financial decisions etc.

## **DATA ANALYSIS:**

### **1. AGE ANALYSIS:**

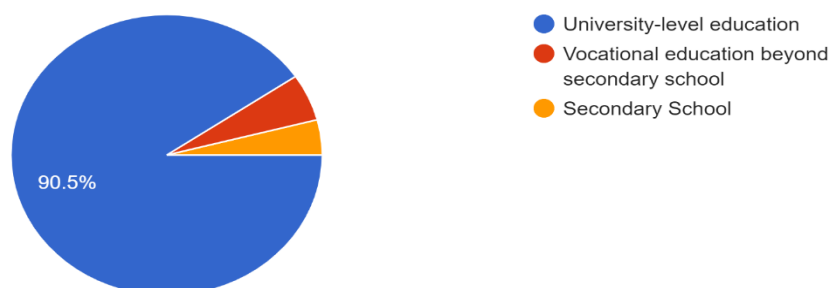
The respondents were maximum between the age group of 18-29 years working in various corporates as well as attaining simultaneous education .The analysis is a clear indication that majority of working women who are within the scope of being financial literate to some extent is the millennial generation.



**Figure 1. Age analysis**

### **2. EDUCATIONAL LEVEL ANALYSIS:**

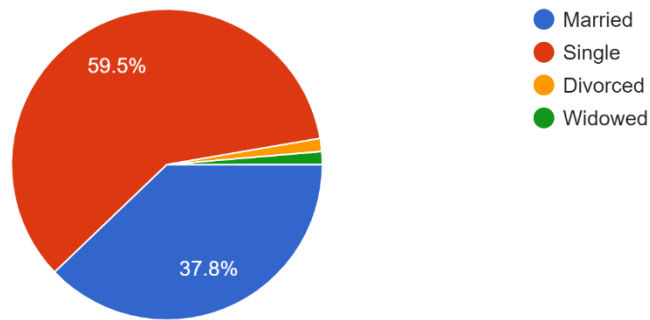
About 90.5% of women respondents had pursued university level education with marginal fraction of 5.4% of the women who had only achieved vocational education post-secondary school. Also only 4.1% of women respondents were limited to secondary school education.



**Figure 2. Educational level**

### 3 .MARITAL STATUS OF SUBJECT:

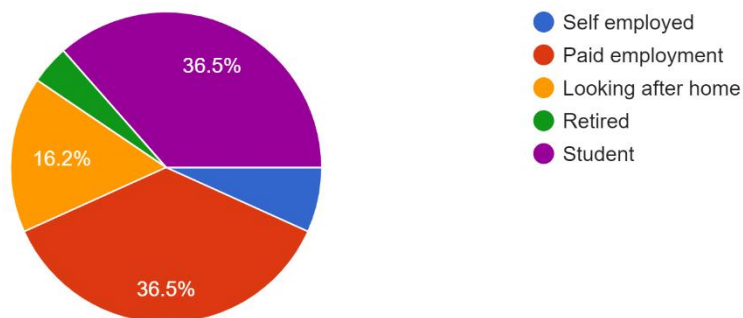
A considerable share of almost 60% of women respondents were from the category of being single which shows that the women who are working as well as single are more literate than the women who are not working and married.



**Figure 3. Marital Status**

### 3. CURRENT EMPLOYMENT/WORK STATUS:

Considering the women under study



**Figure 4. Employment status**

### TABLE 1: FACTOR ANALYSIS

For the purpose of data analysis, only 25 questions were taken into consideration to ensure that factor analysis could be carried out effectively within the mentioned parameters



**Descriptive Statistics**

	Mean	Std. Deviation	Analysis N
Fin_Choice	3.6216	.82267	74
Fin_Concepts_Mgt	3.5000	.95444	74
Understand_Fin_Con	3.1757	.94155	74
Eff_Mgt	3.3378	.95483	74
Check_Acc	3.4730	.98235	74
Follow_Budget	3.3919	.93366	74
Fin_Product_Aware	3.3243	.86179	74
Internet_Influence	3.3919	.80780	74
News_Influence	3.4054	.84268	74
Fin_Advisor	3.6081	.94821	74
LT_Fin_Goals	3.5270	.81464	74
Others_Decisions	3.5405	.96783	74
SI_Inflation	3.5541	.86233	74
Govt_Initiatives	3.3784	.93197	74
Money_Goals	3.5946	.80951	74
Save_Money	3.6622	.79858	74
Fin_Emergency	3.3514	.92799	74
Govt_Retirement_Plans	3.4459	.84630	74
Manage_Debt	3.4595	.86308	74
Inc_Accessibility	3.5000	.92529	74
Tech_Empowerment	3.7297	.70802	74
Bank_Fin_Literacy	3.4459	.77886	74
Steps_Fin_Knowledge	3.6216	.80585	74

The above tabular output is a simple table that depicts descriptive variables taken into study i.e coded variables in relation to the questions asked to the target group under study. Further, the second table shows the mean values for each of the variables for women. Also, in the third column the degree of variability in scores for each variable factor under study to determine the financial literacy level in the urban working class women.

TABLE 2 :

**Correlation Matrix**

	Fin_Choice	Fin_Concepts_Mgt	Understand_Fin_Con	Eff_Mgt
Correlation				
Fin_Choice	1.000	.454	.317	.549
Fin_Concepts_Mgt	.454	1.000	.465	.504
Understand_Fin_Con	.317	.465	1.000	.375
Eff_Mgt	.549	.504	.375	1.000
Check_Acc	.326	.343	.457	.514
Follow_Budget	.124	.300	.326	.280
Fin_Product_Aware	.446	.466	.452	.431
Internet_Influence	.432	.346	.304	.341
News_Influence	.244	.392	.220	.253
Fin_Advisor	.387	.325	.155	.269
LT_Fin_Goals	.302	.344	.253	.384
Others_Decisions	-.101	.193	.345	.067
SI_Inflation	.415	.474	.334	.402
Govt_Initiatives	.314	.339	.251	.239
Money_Goals	.198	.284	.185	.268
Save_Money	.199	.207	.244	.349

Fin_Emergency	.248	.371	.242	.359
Govt_Retirement_Plans	.265	.466	.296	.286
Manage_Debt	.171	.416	.203	.358
Inc_Accessibility	.252	.396	.259	.426
Tech_Empowerment	.151	.365	.072	.299
Bank_Fin_Literacy	.203	.286	.359	.218
Steps_Fin_Knowledge	.298	.356	.215	.435

The correlation matrix above is only a visual representation of existent high correlation between various factors namely the financial choices they make, understanding the financial concepts, management and efficiency in making financial decisions.

TABLE 3 :

**Correlation Matrix**

	Check_Acc	Follow_Budget	Fin_Product_Aware
Correlation Fin_Choice	.326	.124	.446
Fin_Concepts_Mgt	.343	.300	.466
Understand_Fin_Con	.457	.326	.452
Eff_Mgt	.514	.280	.431
Check_Acc	1.000	.213	.480
Follow_Budget	.213	1.000	.402
Fin_Product_Aware	.480	.402	1.000
Internet_Influence	.039	.302	.366
News_Influence	.262	.039	.326
Fin_Advisor	.261	.083	.292

LT_Fin_Goals	.318	.355	.339
Others_Decisions	.203	.414	.362
SI_Inflation	.463	.237	.566
Govt_Initiatives	.206	.142	.408
Money_Goals	.382	.340	.427
Save_Money	.224	.492	.261
Fin_Emergency	.371	.361	.472
Govt_Retirement_Plans	.287	.313	.531
Manage_Debt	.338	.181	.349
Inc_Accessibility	.008	.373	.172
Tech_Empowerment	.127	.266	.168
Bank_Fin_Literacy	.419	.227	.394
Steps_Fin_Knowledge	.368	.254	.376

It is also observed that among the target group of women under study the variable such as knowledge about simple interest, compound interest had a high correlation with the variable awareness level about the financial products as so available. Also, propensity to save money has a high correlation with maintaining a proper budget at home. Efficiency in management of finances in household has a high correlation with checking of bank statements for inconsistencies.

TABLE 4 :

**Correlation Matrix**

	Internet_Influence	News_Influence	Fin_Advisor
Correlation Fin_Choice	.432	.244	.387
Fin_Concepts_Mgt	.346	.392	.325
Understand_Fin_Con	.304	.220	.155

Eff_Mgt	.341	.253	.269
Check_Acc	.039	.262	.261
Follow_Budget	.302	.039	.083
Fin_Product_Aware	.366	.326	.292
Internet_Influence	1.000	.427	.454
News_Influence	.427	1.000	.510
Fin_Advisor	.454	.510	1.000
LT_Fin_Goals	.348	.343	.484
Others_Decisions	.163	.215	.309
SI_Inflation	.471	.403	.420
Govt_Initiatives	.237	.360	.248
Money_Goals	.288	.224	.236
Save_Money	.335	.166	.166
Fin_Emergency	.216	.148	.190
Govt_Retirement_Plans	.342	.338	.340
Manage_Debt	.269	.437	.273
Inc_Accessibility	.467	.053	.117
Tech_Empowerment	.451	.278	.187
Bank_Fin_Literacy	.219	.410	.203
Steps_Fin_Knowledge	.315	.249	.287

Along with the various variables, knowledge about Simple, compound interest also had a strong correlation with decisions influenced by the internet, whereas news had a correlation with the decision of the financial advisor.

TABLE 5 :

**Correlation Matrix**

		LT_Fin_Goals	Others_Decisions	SI_Inflation
Correlation	Fin_Choice	.302	-.101	.415
	Fin_Concepts_Mgt	.344	.193	.474
	Understand_Fin_Con	.253	.345	.334
	Eff_Mgt	.384	.067	.402
	Check_Acc	.318	.203	.463
	Follow_Budget	.355	.414	.237
	Fin_Product_Aware	.339	.362	.566
	Internet_Influence	.348	.163	.471
	News_Influence	.343	.215	.403
	Fin_Advisor	.484	.309	.420
	LT_Fin_Goals	1.000	.363	.437
	Others_Decisions	.363	1.000	.227
	SI_Inflation	.437	.227	1.000
	Govt_Initiatives	.185	.317	.469
	Money_Goals	.370	.371	.346
	Save_Money	.404	.257	.494
	Fin_Emergency	.223	.304	.353
	Govt_Retirement_Plans	.350	.287	.520
	Manage_Debt	.235	.109	.426
	Inc_Accessibility	.318	.061	.352
	Tech_Empowerment	.393	.116	.406
	Bank_Fin_Literacy	.186	.385	.259

Steps_Fin_Knowledge	.266	.266	.385
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The long term financial goals had a positive correlation with the decisions of the financial advisor whereas maintenance of household budget had a positive correlation highest influenced by decisions of father, guardian or husband. Also in addition to this govt. retirement plans had a high correlation to existent knowledge about SI, CI concepts.

TABLE 6 :

**Correlation Matrix**

	Govt_Initiatives	Money_Goals	Save_Money
Correlation			
Fin_Choice	.314	.198	.199
Fin_Concepts_Mgt	.339	.284	.207
Understand_Fin_Con	.251	.185	.244
Eff_Mgt	.239	.268	.349
Check_Acc	.206	.382	.224
Follow_Budget	.142	.340	.492
Fin_Product_Aware	.408	.427	.261
Internet_Influence	.237	.288	.335
News_Influence	.360	.224	.166
Fin_Advisor	.248	.236	.166
LT_Fin_Goals	.185	.370	.404
Others_Decisions	.317	.371	.257
SI_Inflation	.469	.346	.494
Govt_Initiatives	1.000	.460	.285
Money_Goals	.460	1.000	.463
Save_Money	.285	.463	1.000
Fin_Emergency	.494	.520	.310

Govt_Retirement_Plans	.426	.228	.307
Manage_Debt	.428	.270	.308
Inc_Accessibility	.175	.201	.417
Tech_Empowerment	.157	.260	.442
Bank_Fin_Literacy	.331	.247	.201
Steps_Fin_Knowledge	.394	.623	.331

As observed in the correlation matrix, the governments initiatives has a high correlation with financial emergency situations that may arise whereas the goals that women had pertaining to money management were clearly related to the existent financial knowledge.

TABLE 7 :

**Correlation Matrix**

	Fin_Emergency	Govt_Retirement_Plans	Manage_Debt
Correlation			
Fin_Choice	.248	.265	.171
Fin_Concepts_Mgt	.371	.466	.416
Understand_Fin_Con	.242	.296	.203
Eff_Mgt	.359	.286	.358
Check_Acc	.371	.287	.338
Follow_Budget	.361	.313	.181
Fin_Product_Aware	.472	.531	.349
Internet_Influence	.216	.342	.269
News_Influence	.148	.338	.437
Fin_Advisor	.190	.340	.273
LT_Fin_Goals	.223	.350	.235
Others_Decisions	.304	.287	.109
SI_Inflation	.353	.520	.426



Govt_Initiatives	.494	.426	.428
Money_Goals	.520	.228	.270
Save_Money	.310	.307	.308
Fin_Emergency	1.000	.478	.514
Govt_Retirement_Plans	.478	1.000	.578
Manage_Debt	.514	.578	1.000
Inc_Accessibility	.255	.289	.360
Tech_Empowerment	.251	.250	.273
Bank_Fin_Literacy	.273	.463	.302
Steps_Fin_Knowledge	.565	.432	.470

TABLE 8 :

**Correlation Matrix**

	Inc_Accessibility	Tech_Empowerment	Bank_Fin_Literacy
Correlation Fin_Choice	.252	.151	.203
Fin_Concepts_Mgt	.396	.365	.286
Understand_Fin_Con	.259	.072	.359
Eff_Mgt	.426	.299	.218
Check_Acc	.008	.127	.419
Follow_Budget	.373	.266	.227
Fin_Product_Aware	.172	.168	.394
Internet_Influence	.467	.451	.219
News_Influence	.053	.278	.410
Fin_Advisor	.117	.187	.203
LT_Fin_Goals	.318	.393	.186

Others_Decisions	.061	.116	.385
SI_Inflation	.352	.406	.259
Govt_Initiatives	.175	.157	.331
Money_Goals	.201	.260	.247
Save_Money	.417	.442	.201
Fin_Emergency	.255	.251	.273
Govt_Retirement_Plans	.289	.250	.463
Manage_Debt	.360	.273	.302
Inc_Accessibility	1.000	.502	.048
Tech_Empowerment	.502	1.000	.073
Bank_Fin_Literacy	.048	.073	1.000
Steps_Fin_Knowledge	.404	.298	.294

TABLE 9 :

**Correlation Matrix**

		Steps_Fin_Knowledge
Correlation	Fin_Choice	.298
	Fin_Concepts_Mgt	.356
	Understand_Fin_Con	.215
	Eff_Mgt	.435
	Check_Acc	.368
	Follow_Budget	.254
	Fin_Product_Aware	.376
	Internet_Influence	.315
	News_Influence	.249
	Fin_Advisor	.287

LT_Fin_Goals	.266
Others_Decisions	.266
SI_Inflation	.385
Govt_Initiatives	.394
Money_Goals	.623
Save_Money	.331
Fin_Emergency	.565
Govt_Retirement_Plans	.432
Manage_Debt	.470
Inc_Accessibility	.404
Tech_Empowerment	.298
Bank_Fin_Literacy	.294
Steps_Fin_Knowledge	1.000

TABLE 10 :

**KMO and Bartlett's Test<sup>a</sup>**

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.768
Bartlett's Test of Sphericity	Approx. Chi-Square	807.066
	df	253
	Sig.	.000

a. Based on correlations

A high value of KMO measure is an indicator of comparison of magnitude of the observed correlation coefficient with the magnitude of the partial correlation coefficient. As knowing from the various level it was found that for the particular subject under study the KMO statistic is 0.768, which is indicative of the value in the acceptance region of the factor analysis model.

In addition to this, Bartlett's Test of sphericity shows the chi square statistic is 807.066 with 253 degrees of freedom. This value is significant at 0.01 level that is indicative of an appropriate factor analysis model.

TABLE 11 :

Communalities				
	Raw		Rescaled	
	Initial	Extraction	Initial	Extraction
Fin_Choice	.677	.407	1.000	.601
Fin_Concepts_Mgt	.911	.592	1.000	.650
Understand_Fin_Con	.887	.667	1.000	.752
Eff_Mgt	.912	.682	1.000	.748
Check_Acc	.965	.808	1.000	.837
Follow_Budget	.872	.633	1.000	.727
Fin_Product_Aware	.743	.450	1.000	.605
Internet_Influence	.653	.414	1.000	.635
News_Influence	.710	.465	1.000	.655
Fin_Advisor	.899	.704	1.000	.783
LT_Fin_Goals	.664	.418	1.000	.630
Others_Decisions	.937	.777	1.000	.829
SI_Inflation	.744	.433	1.000	.582
Govt_Initiatives	.869	.540	1.000	.622
Money_Goals	.655	.455	1.000	.694
Save_Money	.638	.360	1.000	.564
Fin_Emergency	.861	.625	1.000	.726
Govt_Retirement_Plans	.716	.451	1.000	.629
Manage_Debt	.745	.477	1.000	.641

Inc_Accessibility	.856	.686	1.000	.801
Tech_Empowerment	.501	.251	1.000	.501
Bank_Fin_Literacy	.607	.299	1.000	.493
Steps_Fin_Knowledge	.649	.405	1.000	.624

Extraction Method: Principal Component Analysis.

TABLE 12 :

### Total Variance Explained

Component	Initial Eigenvalues <sup>a</sup>			Extraction Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
Raw 1	6.194	35.056	35.056	6.194	35.056	35.056
2	1.388	7.859	42.915	1.388	7.859	42.915
3	1.319	7.467	50.382	1.319	7.467	50.382
4	1.165	6.593	56.974	1.165	6.593	56.974
5	1.101	6.230	63.204	1.101	6.230	63.204
6	.831	4.703	67.907	.831	4.703	67.907
7	.678	3.840	71.747			
8	.590	3.337	75.083			
9	.559	3.163	78.246			
10	.492	2.785	81.031			
11	.452	2.559	83.590			
12	.418	2.364	85.954			
13	.376	2.131	88.085			

	14	.338	1.911	89.996			
	15	.305	1.727	91.723			
	16	.300	1.698	93.422			
	17	.256	1.448	94.870			
	18	.205	1.158	96.028			
	19	.182	1.030	97.058			
	20	.173	.979	98.037			
	21	.163	.923	98.960			
	22	.115	.649	99.609			
	23	.069	.391	100.000			
Rescaled	1	6.194	35.056	35.056	8.037	34.942	34.942
	2	1.388	7.859	42.915	1.778	7.729	42.671
	3	1.319	7.467	50.382	1.664	7.235	49.906
	4	1.165	6.593	56.974	1.400	6.087	55.993
	5	1.101	6.230	63.204	1.373	5.970	61.963
	6	.831	4.703	67.907	1.077	4.683	66.646
	7	.678	3.840	71.747			
	8	.590	3.337	75.083			
	9	.559	3.163	78.246			
	10	.492	2.785	81.031			
	11	.452	2.559	83.590			
	12	.418	2.364	85.954			
	13	.376	2.131	88.085			
	14	.338	1.911	89.996			
	15	.305	1.727	91.723			
	16	.300	1.698	93.422			

17	.256	1.448	94.870			
18	.205	1.158	96.028			
19	.182	1.030	97.058			
20	.173	.979	98.037			
21	.163	.923	98.960			
22	.115	.649	99.609			
23	.069	.391	100.000			

Extraction Method: Principal Component Analysis.

a. When analyzing a covariance matrix, the initial eigenvalues are the same across the raw and rescaled solution.

TABLE 13 :

**Component Matrix<sup>a</sup>**

	Raw					
	Component					
	1	2	3	4	5	6
Fin_Choice						
Fin_Concepts_Mgt	.660					
Understand_Fin_Con	.526					
Eff_Mgt	.625					
Check_Acc	.577					
Follow_Budget			.557			
Fin_Product_Aware	.621					
Internet_Influence	.465					
News_Influence						

Fin_Advisor						
LT_Fin_Goals	.481					
Others_Decisions		-.545				
SI_Inflation	.633					
Govt_Initiatives	.549					
Money_Goals	.483					
Save_Money	.445					
Fin_Emergency	.599					
Govt_Retirement_Plans	.573					
Manage_Debt	.534					
Inc_Accessibility		.571				
Tech_Empowerment						
Bank_Fin_Literacy						
Steps_Fin_Knowledge	.528					

TABLE 14 :

**Component Matrix<sup>a</sup>**

	Rescaled					
	Component					
	1	2	3	4	5	6
Fin_Choice						
Fin_Concepts_Mgt	.692					
Understand_Fin_Con	.559					
Eff_Mgt	.654					
Check_Acc	.588					
Follow_Budget			.596			



Fin_Product_Aware	.720					
Internet_Influence	.575					
News_Influence						
Fin_Advisor						
LT_Fin_Goals	.590					
Others_Decisions		-.563				
SI_Inflation	.735					
Govt_Initiatives	.589					
Money_Goals	.597					
Save_Money	.557					
Fin_Emergency	.646					
Govt_Retirement_Plans	.677					
Manage_Debt	.619					
Inc_Accessibility		.617				
Tech_Empowerment						
Bank_Fin_Literacy						
Steps_Fin_Knowledge	.655					

According to the results derived from the factor analysis, the primary factors identified while playing an important role in financial literacy can be identified as variables in the first column with the secondary importance to the factors in the second column and the passive importance of the factors identified in the third column.

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## **ANNEXURES**

### **A. QUESTIONNAIRE**

#### **Financial Literacy among Urban Women and its implication on financial decision making in India**

This research questionnaire seeks to understand the relationship and the impact of level of financial literacy on the household decision making of the urban working population residing in cities in a developing country like India for the purpose of assessing the current level of financial literacy that exists between the two genders and then establish a correlation between gender gap and financial literacy level in the area subject to be researched upon. It would be nice if you could spare few moments to fill up the same so that it helps me to comprehend the data for the purpose of the research.

**\* Required**

1. *Mark only one oval.*

☐ Option 1

2. **NAME \***

---

3. **AGE \***

*Mark only one oval.*

- ☐ Above 14 years  
☐ BETWEEN 18-29  
☐ BETWEEN 30-39  
☐ BETWEEN 40-49  
☐ ABOVE 50 YEARS

4. **What is the highest educational level that you have attained? \***

*Mark only one oval.*

- ☐ University-level education  
☐ Vocational education beyond secondary school  
☐ Secondary School

5. **Please could you tell me your marital status \***

*Mark only one oval.*

- ☐ Married  
☐ Single  
☐ Divorced  
☐ Widowed

**6. Which of these best describes your current work situation \***

*Mark only one oval.*

- ☐ Self employed
- ☐ Paid employment
- ☐ Looking after home
- ☐ Retired
- ☐ Student

**For the questions below, please mark your answers as against the choices below: 1- Strongly Disagree 2-Disagree 3- Neutral 4-Agree 5-Strongly Agree**

---

**7. 1. Ability to discern financial choices & discuss financial issues without discomfort \***

*Mark only one oval.*

1	2	3	4	5
<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

**8. 2. You are comfortable with basic concepts of management of money \***

*Mark only one oval.*

1	2	3	4	5
<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

**9. 3. You are able to Understand financial terms and concepts \***

*Mark only one oval.*

1	2	3	4	5
<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

**10. 4. You are solely efficient in managing finances of Your Home \***

*Mark only one oval.*

1	2	3	4	5
<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

**11. 5. You regularly check with your bank statements for any inconsistencies \***

*Mark only one oval.*

1	2	3	4	5
<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>



---

**12. 6. Your household always follows a budget \***

*Mark only one oval.*

1	2	3	4	5
<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

---

**13. 7. You are aware of financial products available in market \***

*Mark only one oval.*

1	2	3	4	5
<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

---

**14. 8. The Product specific information found on the internet influences your decision \***

*Mark only one oval.*

1	2	3	4	5
<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

---

**15. 9. Information found on in financial pages of newspapers/magazines influences your decision \***

*Mark only one oval.*

1	2	3	4	5
<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

---

**16. 10. Recommendation from independent financial adviser or broker influences your decision \***

*Mark only one oval.*

1	2	3	4	5
<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

---

**17. 11. You set long term financial goals and strive to achieve them \***

*Mark only one oval.*

1	2	3	4	5
<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

---

**18. 12. Your Husband/Father/Guardian takes the financial decisions ? \***

*Mark only one oval.*

1	2	3	4	5
<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>



19. 13. Are you comfortable in understanding Simple interest, Compound Interest, inflation & Risk diversification \*

Mark only one oval.

1	2	3	4	5
<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

20. 14. You are aware of the Government's initiative for women's development in financial literacy. \*

Mark only one oval.

1	2	3	4	5
<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

21. 15. You make goals about how to spend money and you discuss them with your family. \*

Mark only one oval.

1	2	3	4	5
<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

22. 16. You know how to save money on your spending \*

Mark only one oval.

1	2	3	4	5
<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

23. 17. You think you are prepared for facing financial emergency \*

Mark only one oval.

1	2	3	4	5
<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

24. 18. You are aware of the government's initiative for retirement plans \*

Mark only one oval.

1	2	3	4	5
---	---	---	---	---

---

**25. 19. You have the required knowledge to manage your debt \***  
*Mark only one oval.*

1	2	3	4	5
<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

---

26. 20. You think technology has increased accessibility for financial products & Services \*

Mark only one oval.

1	2	3	4	5
<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

27. 21. According to you, technology has empowered financial literacy \*

Mark only one oval.

1	2	3	4	5
<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

28. 22. You think banks are helping in dispersing financial literacy for women \*

Mark only one oval.

1	2	3	4	5
<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

29. 23. You take steps at individual level to gain financial knowledge \*

Mark only one oval.

1	2	3	4	5
<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

---

**For the question below, kindly mark the choice as against the correct answer : 1. >\$102 2. =\$102 3. <\$102 4. Don't know 5. Maybe 1 or 2**

---

30. 24. Suppose you have \$100 in a savings account earning 2 percent interest a year. After five years, how much would you have? \*

Mark only one oval.

1	2	3	4	5
<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

---

**For the question below, kindly mark the choice as against the correct answer : 1. More 2. Less 3. Same 4. Don't know 5. Maybe 2 or 3**

---

31. 25. Imagine that the interest rate on your savings account is 1 percent a year and inflation is 2 percent a year. After one year, would the money in the account buy more than it does today, exactly the same or less than today? \*

*Mark only one oval.*

1	2	3	4	5
<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

**For the question below, kindly mark the choice as against the correct answer : 1. Rise 2. Fall 3. Same 4. No relationship 5. Don't know**

---

32. 26. Imagine that the interest rate on your savings account is 1 percent a year and inflation is 2 percent a year. After one year, would the money in the account buy more than it does today, exactly the same or less than today? \*

*Mark only one oval.*

1	2	3	4	5
<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

**For the question below, kindly mark the choice as against the correct answer : 1. <2yrs 2. 2-4yrs 3. 5-9yrs 4. >10yrs 5. Don't know**

---

33. 27. Suppose you owe \$1,000 on a loan and the interest rate you are charged is 20% per year compounded annually. If you didn't pay anything off, at this interest rate, how many years would it take for the amount you owe to double? \*

*Mark only one oval.*

1	2	3	4	5
<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>