

**“A STUDY ON THE INFLUENCE OF FINANCIAL LITERACY
ON FINANCIAL DECISIONS AMONG HOUSEHOLD
WOMEN”**

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ABSTRACT

Financial literacy means the knowledge and understanding about managing personal finance, money and savings. Financial literacy among women plays an important role in our day to day household financial planning. Half of India's populations are women and their contributions are vital to the economic growth of the nation. Educating women in financial matters helps them to be empowered and strong. In the context of rapid changes in the economy financial literacy is inevitable to sustain life with our house hold income. The purpose of this study is to determine the factors influencing financial literacy to take financial decisions by house hold women

Key Words – Financial literacy, financial decisions

INTRODUCTION

It is not necessary about how much you earn, it's about managing your money more effectively. An individual should understand the basic principles of finance and its management. Many of us received little or no education in managing Finance. As a result, many people struggle with how to manage money. Working on financial well-being, helps to plan our day-to-day expenses and start to think about future. Common goals include paying off debts, owing your own home, helping family members and saving for future needs. In India, all the regulatory bodies such as RBI, SEBI, IRDA, NCFC etc, are boosting financial literacy. These bodies are promoting investor awareness programs across the country. And this has made realized the importance of financial literacy education at schools.

A sturdy on global financial literacy indicated that Indians are very conscious regarding their savings, but the awareness in households about investment is very low. As per Reserve Bank of India project, the status of financial literacy in India is especially in rural areas is not very good. Same in the case of woman. It shows the importance of promoting financial literacy.

Financial literacy

Financial literacy is the ability to understand and use financial skins in the field of Personal Financial Management, budgeting savings and investing financial literacy helps an individual to take appropriate financial decisions. It is a lifelong journey of learning and is a base of your relationship with money.

Women and Financial Literacy

Financial literacy for women is very important to keep track of finances. But in India, it has been observed that women have limited financial knowledge as they are traditionally homemakers. Financial literacy is an important aspect of their independence. If they are financially literate, they won't be able to manage debts and plan their spending habits. In most of the houses children are more influenced by their mothers than fathers. Financially literate women can be good example for their children in managing money. Moreover, it is seen that women tend to live longer than men. In such a situation if women are financially literate, they

can manage their day-to-day expenses. In this era, there are various opportunities for women to gain financial literacy online. Resources are available to make them understand and educate. Also self help groups and organizations can step in.

REVIEW OF LITERATURE

Studies conducted previously on financial literacy are presented.

Venkataraman (2004) opinioned that women would like to make savings in the form of gold, jewelers, apparels, post office savings etc.. .

Henn and Cormic (2009) states, that financial education should be started from primary school level. This helps women to stay independent in complex life situations.

Ronald and Grable (2010) is of the opinion that individual's financial behavior is determined by the level of financial risk tolerance.

Agarwal et al.(2010) stated that the people in India have less financial knowledge compared with International standards. He also observed that women do not possess the requisite skills to make successful investment and financial decisions, which generates the need for financial literacy.

Olga (2011) defines financial literacy as necessary numerical skills and understanding of basic economic concepts, required for educated saving and borrowing decisions.

Ela Bhatt (2016) talks that women are important to rebuild a community. In women, you get lot of roles as a caretaker, a creator, an educator and so on.... . Focus on women to see the breakthrough.

OBJECTIVES OF THE STUDY

To identify the factors influencing financial literacy

To assess the level of awareness of financial literacy among household women.

RESEARCH METHODOLOGY

Population for the study was taken from household women in Cherthala town. Approximate total population was 100. Convenience sampling method was used. To collect the information, a survey method was used. The financial literacy level was measured by demographic factors, psychological factors, credit management and financial awareness. One sample chi-square test is used to study the influence of financial literacy on financial decisions.

RESEARCH: INTERPRETATION

DEMOGRAPHIC FACTORS

CHI-SQUARE TEST

VARIABLES	VALUE	P-VALUE
Occupation	10.96	0.0119
Income	15.50	0.0004
Age	14.06	0.00088
Education	16.56	0.00087

This test was done to identify the influence of demographic factors on financial literacy. Variables shows that Occupation χ^2 (3,N=100)=10.96; $P<0.05$, Income χ^2 (2,N=100)=15.50; $P<0.05$, Age χ^2 (2,N=100)=14.06; $P<0.05$, Education χ^2 (3,N=100)=16.56; $P<0.05$. Here there is statistically significant influence of demographic factors on the financial Literacy.

FINANCIAL PLANNING

CHI-SQUARE TEST

VARIABLES	VALUE	P-VALUE
Source of Finance	17.84	0.00047
Financial Literacy	14.06	0.0008
Cash management	18.80	0.00030
Savings	17.6	0.00053

This test was done to assess the level of awareness of financial literacy and the relationship between financial literacy and financial decisions. Variables shows that Sources of finance χ^2 (3,N=100)=17.84; $P<0.05$, Financial Literacy χ^2 (2,N=100)=14.06; $P<0.05$, Cash management χ^2 (3,N=100)=18.80; $P<0.05$, Savings χ^2 (3,N=100)=17.6; $P<0.05$. So it was found that the financial literacy has a statistically significant influence on financial decision.

PSYCHOLOGICAL FACTORS

CHI-SQUARE TEST

VARIABLES	VALUE	P-VALUE
Risk management	14.48	0.0023
Life preparation	14	0.0029
Goals achievement	13.76	0.0032
Personal reasoning	8.59	0.0136

This test was done to identify the influence of Psychological factors on financial literacy. Variables shows that Risk management χ^2 (3, N=100) =14.48; $P<0.05$, Life preparation χ^2 (3,N=100)=14; $P<0.05$ Goals achievement χ^2 (3,N=100)=13.76; $P<0.05$ Personal reasoning χ^2 (2,N=100)=8.59; $P<0.05$. So the Psychological factors have a statistically significant influence on the financial Literacy.

CREDIT MANAGEMENT

CHI-SQUARE TEST

VARIABLES	VALUE	P-VALUE
Borrowings	17.54	0.0035
Without borrowings	16.55	0.0024
Debt now	6.86	0.0032
Credit purchase	10.8	0.028

This test was done in order to find out the influence Credit Management on financial literacy and financial decisions. Variables shows that Borrowings $\chi^2 (5, N=100) = 17.54; P < 0.05$, Without borrowings $\chi^2(4, N=100) = 16.55; P < 0.05$ Debt now $\chi^2 (2, N=100) = 6.86; P < 0.05$ Credit purchase $\chi^2 (4, N=100) = 10.8; P < 0.05$. So it was found that Credit Management has a statistically significant influence on financial decision.

CONCLUSION

Financial literacy has gained priority across the country recently. This has helped individuals to gain financial knowledge and awareness and to use their finance sensibly. The study reveals that majority of the people possess basic financial knowledge and take positive financial decisions. This research aimed to know the influence of demographic factors, psychological factors and credit management towards financial literacy and its influence towards financial decision making. The result of this study indicate that education, income, occupation and age significantly influence the financial literacy level, and financial decision level.

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