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"Financial Literacy Drivers Among Rural Women: An Empirical Analysis."

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Abstract:
Financial literacy is increasingly recognized as a critical determinant of economic empowerment and social inclusion, particularly for women in rural areas where access to resources and education is often limited. This study investigates the empirical evidence of financial literacy among rural women ***Karnataka, India****, a region characterized by socio-economic challenges and disparities in financial access.*
Adopting a mixed-methods approach, the research conducted through personal interviews, group discussions, and structured questionnaire surveys to a representative sample of women in rural area. The survey instrument assessed financial knowledge, awareness of financial products, attitudes towards financial management, and decision-making capabilities.
Qualitative findings highlight varying levels of financial literacy influenced by factors such as educational background of working women, accessing of financial resources, cultural norms, and familial responsibilities. Statistical analysis, including descriptive statistics and correlation analysis, identified significant correlations between demographic factors (age, education, and income) and financial literacy levels. The findings underscore significant disparities in financial literacy among rural women, with ***educational attainment*** *emerging as a pivotal factor influencing financial knowledge and decision-making abilities.*
The research contributes empirical evidence to the existing literature on financial literacy in developing regions. Policy implications advocate for tailored interventions, including integrating financial education into school curricula, expanding access to microfinance initiatives, promoting digital financial literacy, and fostering community-based financial literacy programs.
Key Words: *Financial Literacy, Working Women, Rural Working Women & Women Education.*

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I. Introduction

Background And Problem Statement:

Financial literacy among women is essential for empowering them with the knowledge and skills of working women needed to navigate the complexities of personal finance effectively. Historically, women have faced significant barriers to financial education and economic independence due to traditional gender roles, restricted educational opportunities, and cultural norms that often prioritize caregiving over financial matters. These factors, coupled with lower income levels and limited access to formal banking services, have contributed to a persistent financial knowledge gap between genders.

In the context of the Indian economy, attaining comprehensive financial inclusion remains a formidable challenge. This study focuses on the financial literacy landscape among rural women. The core problem this research addresses is the need to investigate the educational level of financial literacy, assess the financial knowledge concerning investment patterns, and unravel the factors influencing the financial decision-making processes of rural women in this region.

Objectives And Significance Of The Study

The primary objectives of this study are:

- To study the financial literacy rate among the working women.
- To understand the objective of saving and investment.
- To examine the impact of digitalization on investment behaviour.
- To assess knowledge gaps in investment education.

The study of financial literacy among rural women are crucial because it has profound implications for economic empowerment, household stability, and community development. In rural settings, where women often play pivotal roles in household management and agricultural activities, enhancing financial literacy can significantly impact their ability to navigate economic uncertainties and improve their quality of life. The empirical evidence gathered provides insights to inform policy recommendations aimed at promoting financial inclusion, gender equality, and sustainable economic development.

II. Literature Review

In the contemporary global economy, financial literacy has become an essential skill. The deregulation of financial markets, increased access to credit, and a shift toward individual responsibility for retirement planning have underscored its importance **(Marcolin & Abraham, 2006; Lusardi & Mitchell, 2011)**. Despite this, financial literacy levels remain deficient across both developed and emerging economies, with factors like gender, education, and ethnicity influencing these levels **(Lusardi & Mitchell, 2011).** Research identifies specific demographics, including women, pensioners, unskilled workers, and those with lower education, as particularly vulnerable to financial illiteracy **(Kharchenko & Olga, 2011).**

The Gender Gap in Financial Knowledge and Confidence A prominent theme in the literature is the persistent gender gap in financial capability. Studies indicate that women generally exhibit lower levels of financial sophistication compared to men (**Deavande, Rohwedder & Willis, 2008).** This is crucial because increased financial knowledge is linked to higher expected returns on investments **(Delavande et al., 2008).** Beyond knowledge, confidence is a significant barrier; women are often less comfortable seeking professional financial advice than men **(Klatt & E, 2009).**

In India, the scenario is complex. While there is a positive trend of increasing financial awareness among women, a significant portion remains financially illiterate, facing cultural, physical, psychological, and financial hurdles **(Donohue, 2011; Chijwani, 2014; Baluja, 2016).** For urban Indian women, a lack of awareness regarding modern financial advancements and poor digital skills for online banking act as major barriers to effectively managing finances and exploring lucrative investments **(D'Silva, D'Silva, Bhuptani, & Subodh Kumar, 2012).**

Investment Preferences and Risk Appetite This lack of knowledge and confidence directly shapes investment behavior. While many women possess a basic understanding of financial concepts, they often lack the confidence to explore diverse investment options **(Chijwani, 2014).** Consequently, women tend to prefer investments with a moderate risk appetite, balancing potential returns with risk exposure. Common choices include mutual funds, fixed deposits, and provident funds **(Donohue, 2011).**

Due to a lack of awareness, urban residents, particularly women, often channel surplus funds into conventional bank or insurance schemes rather than more dynamic avenues like the stock market **(D'Silva et al., 2012).**

Challenges for Working Women and Retirement Planning Current research challenges the outdated notion that working women lack the time or capability to manage finances. While they face unique challenges in balancing work, family, and personal finances, many are actively striving for financial independence **(Chijwani, 2014; Donohue, 2011).**

However, working women still encounter significant financial hurdles, including long-term debt, short-term instability, and difficulties in saving for retirement **(Bassa Scheresberg, Lusardi, & Yakobosk, 2014).** Despite gaining expertise in various fields, there is a persistent trend of women not fully engaging in retirement planning **(Klatt & E, 2009).** This is critical, as financial literacy is strongly correlated with successful retirement planning—a complex process requiring the analysis of numerous variables **(Lusardi, Annamaria, & Mitchell,**

2008; Lusardi & Mitchell, 2011).

The Interplay of Attitude, Behavior, and Empowerment Understanding financial outcomes requires looking beyond knowledge to attitude and behavior. In India, women often exhibit more positive attitudes toward saving than men, despite having lower financial knowledge **(Kumar Agarwalla, Barua, & Varma, 2012).** However, a positive attitude does not always guarantee prudent behavior. **Kumar Agarwalla et al. (2012)** found an unexpected negative correlation between financial attitude and behavior in younger individuals, suggesting psychological factors like locus of control can lead to lavish spending despite prudent attitudes.

Conceptual Framework and Hypotheses

The conceptual framework examines the interrelationships between: **Perceived Financial Knowledge**, **Saving Behaviour**, **Shopping Behaviour**, **Long-Term Planning**, and **Short-Term Planning**. Perceived financial knowledge is hypothesized to influence financial practices, with higher self-assessment leading to more proactive management and disciplined saving.

The study proposes the following hypotheses:

- **H1:** There is a significant relation between perceived financial knowledge and saving behaviour.
- **H2:** There is a significant relation between perceived financial knowledge and shopping behaviour.
- **H3:** There is a significant relation between perceived financial knowledge and long-term planning.
- **H4:** There is a significant no relation between perceived financial knowledge and Short-term planning.
- **H5:** There is an impact of age on shopping behaviour of an individual.
- **H6:** There is an impact of gender on shopping behaviour of an individual.
- **H7:** There is an impact of occupation on shopping behaviour of an individual.

III. Research Methodology

Research Design And Sample

The study utilizes a **mixed-methods** approach, combining surveys and interviews to examine financial literacy among rural women. The sample consisted of **140 working women**.

- **Sampling Technique:** Non-probability convenience sampling was used for the selection of the 140 working women. Stratified random sampling was also mentioned to ensure diversity.
- **Data Collection:** Primary data was collected through a field survey method using a **questionnaire** that incorporated both open-ended and close-ended questions. Qualitative data collection also involved in-depth interviews and focus group discussions.

Tools For Analysis

The collected data was classified, tabulated, and analysed according to the study's objectives.

- **Statistical Techniques:** The primary statistical tools used included descriptive statistics, correlation analysis, regression analysis, and the **CHI SQUARE (chi2) test**. The Chi-Square test was specifically used for determining the financial literacy of female investors from their investments.

IV. Results And Discussion

Demographic Profile

The demographic profile of the 140 respondents showed:

- **Age:** The largest group, comprising **43.6%**, were between 20 and 30 years old. The next largest group was between 31 and 40 years old, at 27.9%.
- **Education:** Of the 140 respondents, **24.3%** had a specific educational qualification (the exact qualification is missing from the snippet).
- **Importance of Investment Knowledge: 50%** of respondents believe that knowledge about risk and return in investment is essential.

Key Findings On Financial Behaviour And Planning:

The analysis of the survey data provided the following summary findings:

- A significant majority of respondents (**68.6%**) reported having long-term financial plans.
- The majority of respondents (**52.9%**) reported planning their short-term spendings on a regular basis.
- A significant majority of respondents (**39.3%**) strongly agree that they are satisfied with their current savings habits.
- The majority of respondents (**51.4%**) indicated that they often record money spent.
- A significant majority of respondents (**60%**) would recommend others to pursue appropriate financial planning

for both long-term and short-term purposes.

Statistical Test Results

H_1: There is a significant relation between perceived financial knowledge and saving behaviour:

The correlation analysis explores a significant positive relationship between perceived financial knowledge and saving behaviour. The statistical significance of p=0.010p = 0.010p=0.010 confirms that the correlation is unlikely to be due to chance. However, the weak correlation coefficient r=0.215r = 0.215r=0.215 suggests that the practical impact of perceived financial knowledge on saving behaviour is relatively modest. Other variables or factors might also contribute significantly to saving behaviour. The analysis is based on a sample size of 140 participant

H_2: There is a significant relation between perceived financial knowledge and shopping behaviour:

The correlation analysis explores a significant positive relationship between perceived financial knowledge and shopping behaviour. The correlation coefficient of r=0.266r = 0.266r=0.266 indicates a moderate positive relationship, and the p-value of 0.0010.0010.001 confirms that this relationship is statistically significant. This suggests that individuals who perceive themselves as having more financial knowledge are likely to exhibit more considerate or informed shopping behaviours. The analysis is based on a sample size of 140 participants.

H_3: There is a significant relation between perceived financial knowledge and long-term planning:

The correlation analysis reveals a statistically significant but weak positive relationship between perceived financial knowledge (PF) and Long-term planning. T the p=0.038p = 0.038p=0.038 value confirms that the relationship is unlikely to be due to random chance. However, the weak strength of this correlation suggests that perceived financial knowledge has only a minor impact on LO, and other factors might also play important roles. The analysis is based on a sample size of 140 participants.

H_4: There is a significant no relation between perceived financial knowledge and Short-term planning

The correlation analysis shows that the relationship between perceived financial knowledge (PF) and ST is very weak, with a correlation coefficient of 0.0430.0430.043. The p-value of 0.6150.6150.615 indicates that this weak relationship is not statistically significant. This suggests that perceived financial knowledge does not have a significant effect on ST, and any observed association is likely to be due to random variation rather than a real relationship. The analysis is based on a sample size of 140 participants.

Regression

H_5: There is an impact of age on shopping behaviour of an individual

The regression analysis indicates that there is a statistically significant but weak negative impact of age on shopping behaviour. The model shows that age explains 3.1% of the variance in shopping behaviour ($R^2 = 0.031$), with a correlation coefficient (R) of 0.176. The ANOVA results confirm the model's significance with an F-statistic of 4.380 and a p-value of 0.038. The coefficients indicate that for each one-unit increase in age, the shopping behaviour score decreases by 0.502 ($p = 0.038$). While age has a significant effect, it only accounts for a small portion of the variation in shopping behaviour.

H_6: There is an impact of gender on shopping behaviour of an individual

The regression analysis shows that gender (Q2) has no significant impact on shopping behaviour, as indicated by a near-zero correlation coefficient ($R = 0.001$) and an R Square of 0.000, meaning gender explains virtually none of the variance in shopping behaviour. The model is not statistically significant, with an F-statistic of 0.000 and a p-value of 0.990, indicating that gender does not contribute to predicting shopping behaviour. The coefficient for gender is -0.006, with a t-value of -0.012 and a p-value of 0.990, further confirming that gender has no meaningful effect on shopping behaviour.

H_7: There is an impact of occupation on shopping behaviour of an individual

The regression analysis reveals that occupation (Q4) does not have a significant impact on shopping behaviour. The model shows a very weak correlation ($R = 0.013$) and an R Square of 0.000, indicating that occupation explains almost none of the variance in shopping behaviour. The ANOVA results confirm that the model is not statistically significant, with an F-statistic of 0.022 and a p-value of 0.881. The coefficient for occupation is -0.049, with a t-value of -0.150 and a p-value of 0.881, suggesting that occupation has no meaningful effect on shopping behaviour

Correlation and Regression Analysis: The study found a significant positive relationship between perceived financial knowledge and shopping behaviour.

- The correlation coefficient was **r = 0.266**, indicating a moderate positive relationship.
- The corresponding **p-value of 0.001** confirms this relationship is statistically significant.
- The regression analysis also provided model summaries for various variables (Q1, Q2, Q4), with R-Square values suggesting the predictive power of the independent variables on the dependent variable (likely an overall financial literacy/behaviour measure) was relatively low (R-Square values: 0.031, 0.000, 0.000).

V. Conclusion And Recommendations:

Main Findings And Conclusion

In conclusion, this study has provided a significant understanding of the factors influencing financial knowledge and practices among rural women. The research revealed that financial literacy levels are shaped by a combination of educational background, socioeconomic status, and access to financial resources. Education, in particular, plays a crucial role, as women with higher levels of education generally exhibit better financial literacy, although the existing infrastructure in rural areas often lacks the resources for comprehensive financial education. The findings indicate that most respondents are young, educated professionals with a strong inclination towards financial literacy and planning.

Implications And Recommendations

Enhancing financial literacy among women has profound implications for their economic empowerment, decision-making, and overall financial well-being.

For Policymakers and Financial Institutions:

- **Expand Financial Access:** Address the barriers to financial services, ensuring rural women have access to banking services, credit, and financial products tailored to their needs.
- **Integrate Education:** Promote targeted educational programs by integrating financial education into school curricula and offering community seminars.
- **Promote Prudent Practices:** Advocate for prudent spending practices such as price comparison and regular expense recording to enhance financial discipline.

For Research and Practice:

- **Leverage Peer Networks:** Utilize the respondents' willingness to recommend financial planning to others by fostering community support networks and peer-led financial literacy groups.
- **Support Planning:** Highlight the benefits of both long-term and short-term financial planning through financial advisory services.

Limitations Of The Research

The study is subject to several limitations:

1. **Sample Size and Representation:** The sample size may not be large or diverse enough to accurately reflect the broader population of rural women, potentially limiting the generalizability of the findings.
2. **Data Collection Methods:** Relying on self-reported data carries a risk of bias or inaccuracies, as participants may provide socially desirable responses.
3. **Inconsistency of Sample Definition:** The study's title and abstract focus on "**Rural Women**," but the methodology states the sample is comprised of "**140 working women**," an urban centre. This inconsistency needs clarification for an international journal publication.
4. **Cultural and Regional Specificity:** The unique cultural and economic context of means the findings may not be applicable or generalizable to other rural regions or cultures.
5. **Temporal Limitations:** The findings are based on data collected during a specific period and may not account for changes over time due to evolving economic conditions or technological advancements.

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