



A Study on Gender Disparity in Financial Literacy

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ABSTRACT

This study investigates the financial behaviours, attitudes, and investment preferences of a demographically diverse group of participants, aiming to shed light on key factors influencing financial decision-making. A sample of 200 participants who all are investors was analysed, with an equal split between male and female respondents, providing a balanced gender perspective. The findings highlight the participants' demographic characteristics and their impact on financial behaviour, along with their attitudes towards risk, financial literacy, and investment strategies. One of the central findings of the study is the minimal influence of demographic variables such as gender, age, education, occupation, and income on financial behaviour. While these factors do not significantly affect how individuals approach financial decisions, financial attitudes, such as confidence and a deeper understanding of financial concepts, are found to play a more significant role. Participants with higher financial attitudes are more likely to take financial risks, indicating that improving financial attitudes could lead to more confident and potentially profitable investment behaviour.

Key Word: Financial literacy, personal finance, online trading platform.

Introduction:

Financial literacy is increasingly acknowledged as a critical competency that is necessary for successfully managing personal finances and achieving economic security. In India, as in many countries, financial literacy refers to a broad domain of knowledge and skills which may include budgeting, savings, investing, as well as an understanding of financial products and services. With the rapidly expanding Indian economy and complicated financial institutions, the ability -or lack thereof - to engage and navigate such complex systems can determine an individual's or the country's economic well-being. India is on a path of economic development and closing the gender gap in financial literacy can help ensure more equitable outcomes from this growth. Understanding the depth and nature of this disparity through studies like this one can help shape effective strategies for promoting gender equality in financial literacy. It is important to recognize and address gender gaps in financial literacy to enhance economic empowerment and equity in India. The study aims to identify the gaps and explore the underlying issues contributing to these gaps, ultimately providing useful insights and recommendations for improving men's and women's financial literacy. Addressing these gaps will contribute to economic stability and inclusion, overall contributing to the betterment of India's economy and society.

Review of Literature:

1. It was written by **Aditya Gede Ariansyah and Sita Deliyana Firmialy** add their document entitled "**Aspects of Financial Literacy Towards Investing Decisions Through Locus of Control Based on Gender (Study Case on Young Gen-Z Entrepreneurs)**" in **Journal of Economics, Finance, and Management Studies (JEFMS) Volume 7, Number 8 August 2024. (Firmialy, 2024)** The actual data were collected from 131 respondent samples, young Generation Z entrepreneurs. This study aims to determine the effects of financial literacy on investment decisions moderated by locus of control and its differences by gender. It is also shown in the research that Gen Z entrepreneurs who are financially literate make better investment decisions. It has also referred to the locus of control that deals with whether someone believes he is in charge of his financial outcomes or not and is examined in order to generate the results related to how financial literacy affects the decisions. The findings show that financial literacy makes a significant difference outside the investment decisions influenced by locus of control and differs based on sex. Therefore, it can be expected that this research could bring specific improvements to the financial education of young entrepreneurs.

2. The title of the article is "**Gender Disparity and Digital Financial Inclusion in Promoting the Achievement of Sustainable Development Goals in Developing Countries**" and author Favourate Y Mpofu. It is in the **International Journal of Innovation in Management, Economics and Social Sciences (ISSN: 2783-2678) 2023, Vol. 3, Issue 3. (Mpofu, 2023)** The study will examine gender differences in digital financial inclusion and how they relate to the potential attainment of the United Nations 2030 Sustainable Development Goals (SDGs) by developing countries. In systematically reviewing existing literature, this study examines the challenges that compromise women's financial inclusion: economic, sociocultural, digital as well as literacy-related

barriers. The paper also drives at underscoring the imperative of improving DFI for women as an engine of economic development and realization of the SDGs in developing areas where women are still disproportionately unbanked or financially excluded.

3. **Alison Preston, Lili Qiu, and Robert E. Wright wrote the in-text citation of the article "Understanding the gender gap in financial literacy: The role of culture" published in 2023.** The study was published in *The Journal of Consumer Affairs* (Alison Preston L. Q., 2023). The study is from the findings based on the 2015 China Household Financial Survey (CHFS), which consists of 36,311 adult respondents; 53% of them are men and 47% women. The authors' main aim was to assess the degree of cultural explanation in accounting for the gap between genders in their financial literacy. This is conducted through the Oaxaca-Blinder decomposition method that contrasted geographical and cultural distance in China, specifically between rural and urban and eastern and western provinces. It finds that the gender gap in financial literacy can be primarily filled-in by establishing differences in male and female experiences with cultural influences from life-situation differences, thereby eliciting the importance of culture in all assessments made.

4. **The article titled "Stock Investment Behavior of the Millennial Generation: The Moderating Role of Financial Literacy" was authored by Andreas Gelbert Hariputra Alva and Maria Rio Rita. Its publication is within Baskara: Journal of Business and Entrepreneurship, Volume 4, No. 2, dated April 2022. (Rita., 2022)** The study employed a sample size of 144 respondents, selected using purposive sampling. Included in the sample were millennial generation individuals (born between 1980 and 2000) who had invested in stocks. The principal purpose of this research was to investigate stock investment behavior within the millennial generation of Indonesia while accounting for the potential influence of income, gender, and the social environment on investment behavior. It also sought to find out if financial literacy serve a moderating role of these factors in influencing investment behavior.

5. **The article "Gender Differences in Financial Literacy: The Role of Stereotype Threat" published in December 2021 in the Journal of Economic Behavior & Organization (Gustav Tinghög, 2021),** aimed to investigate the persistent gender gap in financial literacy, looking at whether this was due to stereotype threat and differences in finances-related confidence. Two major studies were developed data collection: one was with the Swedish Standardized Scholastic Aptitude Test (sweSAT) datasheet (n = 40,662) and the other - an online survey with a sample size of 1,989 participants. Unexcitedly, this research concluded the gender literacy gap still existed in non-numerical contexts and was not accounted for confidence differences.

Objective:

Primary Objective:

- ▶ To assess difference in financial literacy level between male and female.

Secondary Objective:

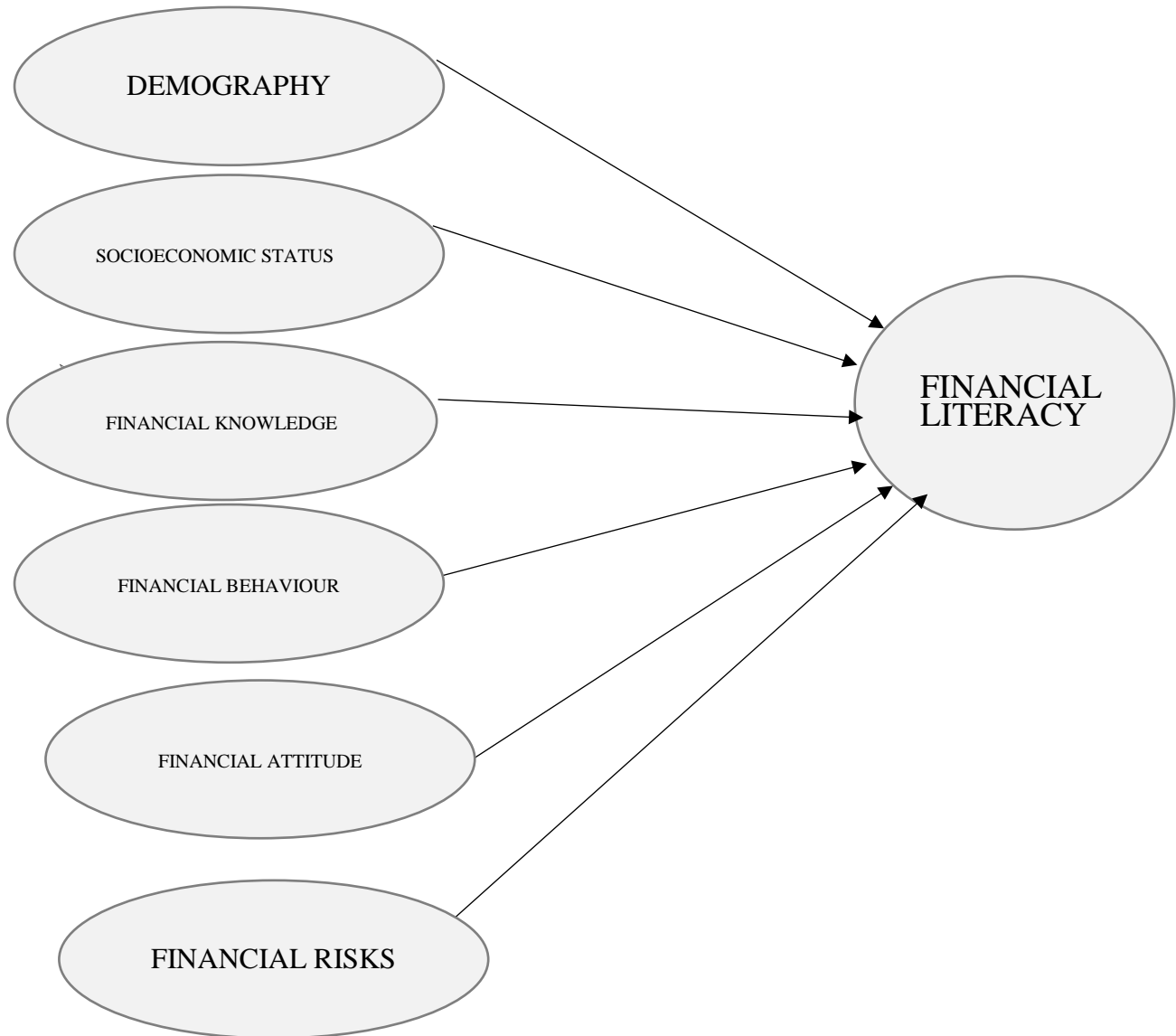
- ▶ To study the financial behavior of the respondent.
- ▶ To analyze the impact of demographic, socio economic, variables on financial behavior.
- ▶ To examine the relationship between financial attitude and perception of financial risk of the respondent.

Scope of the Project:

The scope "To increase the proportion of investors in our company" is about growing the company's investor base by obtaining new investors while still keeping current investors. This aim is holistic in nature that typically grows the company's attractiveness to potential investors by creating familiarity with various investor demographics, financial profiles, and investor appetite. In order to increase the company's investor base, it needs to take steps to enhance its market presence via more accessibility to market attendees, amplified public perception, consistent performance on financial metrics, and visibility on long-term growth potential. To this end, there is inherently a requirement to develop some type of marketing effort that expresses the uniqueness of the company, its competitive advantage and accessibility to profitable situations. Again, there is an emphasis in this post on communicating to—and including—existing and prospective investors different ways of financial reporting, corporate governance, and strategic moves of the company that consider sustainable growth.

Limitation

- Then, in fact, survey records and available survey will be limited in terms of female investors to ensure that equal opportunity is given to most of those deemed eligible to attend the survey.
- Possibility of error in collection of data as many of the investor's might not have taken my questionnaires seriously.
- Findings are not generalizable since the researcher has done his study under the convenience sampling techniques.

Conceptual Model**Independent Variables****Dependent Variable****Data Analysis**

Category	Frequency	Percent
Gender		
Male	100	50.0
Female	100	50.0
Total	200	100.0
Age		
16-25	69	34.5
26-35	65	32.5
36-45	42	21.0
More than 45	24	12.0

Total	200	100.0
Education level		
SSLC	14	7.0
HSC	25	12.5
Under Graduate	86	43.0
Post Graduate	75	37.5
Total	200	100.0
Occupation		
Employed	63	31.5
Business	63	31.5
Student	57	28.5
Unemployed	17	8.5
Total	200	100.0
Monthly Income		
Below 25,000	69	34.5
25,001-50,000	59	29.5
50,001-75,000	42	21.0
More than 75,000	30	15.0
Total	200	100.0
Residency		
Rural	32	16.0
Semi-Urban	72	36.0
Urban	52	26.0
Metropolitan	44	22.0
Total	200	100.0
Marital Status		
Married	83	41.5
Unmarried	112	56.0
Others	5	2.5
Total	200	100.0
Family Annual Income		
Below 3,00,000	17	8.5
3,00,001-7,00,000	99	49.5
7,00,001-12,00,000	51	25.5
More than 12,00,001	33	16.5
Total	200	100.0
No of Dependents		

No Dependents	47	23.5
1 or 2 Dependents	100	50.0
2 or 3 Dependents	38	19.0
More than 4 Members	15	7.5
Total	200	100.0
Stock		
Stocks	124	62
Bonds	84	42
Mutual Funds	118	59
Total	200	
Diversification Reduce Risk		
True	139	69.5
False	9	4.5
Don't Know	52	26.0
Total	200	100.0

S.No	Statement	Mean
1	I create and manage a personal budget effectively.	4.00
2	I avoid unnecessary debt in order to invest in stocks.	4.10
3	I prefer long term investment.	4.16
4	I believe financial literacy is important for achieving personal and professional success.	4.10
5	I believe there are societal stereotypes that affect financial confidence.	3.81
6	I am aware of any gender difference in financial literacy within my peer group.	3.82
7	I believe that Intraday trading carries a high level of financial risk.	3.92
8	Options trading allows for better risk management compared to other trading methods.	3.79
9	How often you monitor your investment?	2.34
10	I create and manage a personal budget effectively.	4.00
11	I am comfortable using Online Trading Platform.	3.90
12	I avoid unnecessary debt in order to invest in stocks.	4.10

Findings

All participants, male and female, received an equal opportunity. The age distribution indicates that the largest number of respondents is found between 16 and 25 years, which represents 34.5%. The education level shows that undergraduates have the highest percentage of the participants at 43.0%. As per the occupation distribution, 31.5% of participants are in employment. With regards to the residency, 36.0% of the respondents reside in semi-urban locations. The marital status distribution states that 56.0% of them are single. The family annual income mainly occupies 3, 00,000 -7, 00,000. The number of dependents reveals that most of the population has 2 or 3 dependents. Out of 200 participants, 124 people prefer stocks while 76 do not. Out of 200 respondents, 84 prefer bonds while 116 do not. Out of 200 respondents, 118 prefer mutual funds while 82 do not. The findings underline that the sample appears young, well-educated, and actively concerned with managing investments toward long-term financial stability. Thus, although demographic factors like gender, age, or occupation don't really put an impact on the financial behaviour, financial attitudes shape risk-taking clearly. Thus, healthier financial attitudes - and improved literacy - might bring about more selfconfident and possibly profitable investment decisions. But this population is investors.

Conclusion

The significance of monetary knowledge has been pitched in entering the expensive lifestyle. Though they realize their importance, a number of voids-in awareness of societal stereotypes, as well as the current practicing of financial technology, is areas that could be addressed by targeted education and awareness programs. Financially literate and confident persons, especially younger and poor groups, will keep themselves better prepared to make wise and profitable financial decisions. In the end, the findings present a case to strengthen the need to further develop financial literacy and promote informed risk behavior while addressing the issues around gender differences in financial confidence, which can ultimately lead to more empowered individuals with financial security.

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