

Impact of Financial Literary on Savings and Investment Pattern of Women

Mrs. J. Jenifa Priya (2111401102003), Full time research scholar,

Department of Commerce, Manonmaniam Sundaranar University, Tirunelveli-12

Dr. B. Revathy, Dean of Arts, Professor & Head,

Department of Commerce, Manonmaniam Sundaranar University, Tirunelveli-12

Abstract

Women in today's society enjoy greater levels of autonomy and education than previous generations; therefore, they need to be equipped with appropriate knowledge of the essential financial instruments that are now on the market so that they may realize their full financial potential. The main aim of this research paper is to assess the impacts created by financial literacy on savings and investment pattern of working women. The empirical research design was utilized in the study to provide a solution to the research challenge of analyzing the effects that are brought about by financial literacy. The study used a structured interview schedule as its method of data collection and analysis. The data were collected from 240 women employees working in different sectors to assess the impact of the financial literacy on savings and investment pattern in Tirunelveli District. The study has applied AMOS for analysis of data regarding the impacts created on investment pattern. The financial literacy has played a vital role in making the working women understand their options in financial investment. The evaluation of the alternative financial decisions and their risk as well as return analysis has been highly prevalent among the women with financial literacy. The role of financial literacy is significant for making sound financial decisions which is reflected from the opinions of the working women in the study area.

Keywords: *Financial inclusion, financial literacy, financial risk, Investment Patterns and Savings, Working Women.*

Introduction

An individual who is financially literate has a positive attitude towards problems that are linked to finances. These concerns involve six fundamental components, including personal budgeting, saving money, economic difficulties, financial concepts, and investing in the stock market. Those who are considered to have a high level of financial literacy are required to have a fundamental comprehension of a variety of financial concepts, including interest rate, inflation rate, compound interest, and risk. With participation in financial education programs, individuals may improve their level of financial literacy. The importance of having a solid understanding of one's financial situation is increasingly being recognized on a global scale. In spite of the fact that India has a vast population and an economy that is expanding at a rapid rate, the country is in desperate need of a dynamic and robust financial system. So, in recent years, there has been a rise in the need of providing women

with financial education or financial literacy in order to create and carry out national policy.

Women either do not have the possibilities to utilize their knowledge in order to grasp the financial affairs, or they are considered as inept in comparison to their husbands in terms of their ability to handle financial matters. Women in today's society enjoy greater levels of autonomy and education than previous generations; therefore, they need to be equipped with appropriate knowledge of the essential financial instruments that are now on the market so that they may realize their full financial potential. In modern-day India, having a sufficient level of financial literacy and knowledge has become increasingly important due to the proliferation of new financial products on the market, which make it difficult for the average person to comprehend the potential benefits and drawbacks associated with these products if they do not have sufficient financial education. The ease with which credit can be obtained, the rise in spending on consumption, and the sharp increase in debt level have all contributed to an increase in the possibility of falling into a debt trap. This occurs when an individual does not comprehend the specifics of the borrowed money and the management that is associated with it, which can result in financial distress if the individual is unable to repay the amount that was loaned to them. So, having a solid understanding of personal finance helps people live better lives, enhances the functioning of financial markets, and makes a contribution to the economic growth and development of both the individual and the country as a whole.

In the present age, the global financial market makes available a vast assortment of financial goods and services, which may be obtained from a variety of sources and distributed through a variety of channels. The liberalization of financial markets, the reduction of costs through the use of financial engineering, and the development of information technology have all contributed to the modification of a large number of innovative financial products and services so that they can cater to the particular requirements of the financial market. The financial products that are now on the market are complicated; as a result, there are a number of factors that need to be taken into account, including the interest rates on products, the fees that are paid, the degree of risk that is associated in a specific product, and so on. If someone is not financially literate, they will not be able to take advantage of the possibilities that are there in the financial market. In order to achieve monetary security, one must have the ability to evaluate the accessible choices and choose the one that would be most beneficial to their situation.

Because of the rising number of women who are entering the labor force in both developed and developing nations, financial literacy is becoming more essential among women. There are now a number of surveys that demonstrate that women have a lesser level of financial literacy in comparison to males; put another way, a gender gap exists in terms of financial literacy. Conventional measurements of financial literacy combine a person's level of self-assurance with their level of financial understanding. Women in particular responded less, but it was clear

that they understood more about financial literacy than they thought they did. The gender gap is crucial since it contributes to lower levels of knowledge as well as lack of confidence. This gender difference may be attributed to three primary factors: women have a lower average education level and income than men do; women have a lower employment rate than males do; and women are less likely to vote. Women often have less expertise dealing with issues related to money.

Significance of financial literacy

Financial literacy refers to the knowledge and skills required to make informed and effective decisions regarding personal financial management. The significance of financial literacy can be seen in several ways:

Better money management:

Financial literacy helps individuals to manage their money more efficiently, including budgeting, saving, investing, and borrowing. By having a solid understanding of financial concepts, individuals can make informed decisions that will benefit their financial well-being in the long run.

➤ Improved financial decision-making:

Financial literacy empowers individuals to make sound financial decisions, such as choosing the right investment products, avoiding unnecessary fees and charges, and negotiating better deals. This, in turn, can lead to greater financial stability and security.

➤ Reduced financial stress:

Financial literacy can reduce financial stress by helping individuals to understand and manage their financial situations. This can include reducing debt, avoiding financial scams and frauds, and planning for the future.

➤ Increased financial independence:

Financial literacy can help individuals to become more financially independent by giving them the knowledge and tools needed to manage their money effectively. This can lead to greater freedom and flexibility in making financial decisions and achieving personal goals.

Financial literacy is essential for making informed financial decisions, managing money effectively, reducing financial stress, and achieving financial independence.

Scope of financial literacy

The scope of financial literacy encompasses the knowledge and skills required to effectively manage personal finances and make informed financial decisions. Financial literacy includes understanding concepts such as budgeting, saving, investing, debt management, insurance, taxes, and retirement planning. It also involves the ability to critically evaluate financial products and services, interpret financial statements, and understand economic trends and their impact on personal finance.

Financial literacy is not limited to individuals; it also extends to businesses and organizations, which need to be able to manage their finances effectively to remain competitive and sustainable. Financial literacy is essential for anyone who wants to achieve financial stability and independence, regardless of their income level, occupation, or education.

In today's world, where the financial landscape is becoming increasingly complex and dynamic, financial literacy is more important than ever. The ability to make informed financial decisions can help individuals and organizations avoid financial pitfalls and achieve their long-term financial goals.

Components of financial literacy

Financial literacy refers to the knowledge and skills necessary to make informed and effective decisions regarding financial matters. The components of financial literacy may vary depending on the specific context and individual needs, but some common components include:

- **Budgeting:** Understanding how to create and stick to a budget that aligns with your income and expenses.
- **Saving and investing:** Knowing how to set financial goals, save money, and invest in a diversified portfolio.
- **Debt management:** Understanding how to manage and pay off debt, including credit cards, loans, and mortgages.
- **Understanding credit scores:** Knowing how credit scores are calculated, and how to maintain a good credit score.
- **Insurance:** Understanding the different types of insurance available and how they can protect you and your assets.
- **Retirement planning:** Understanding the importance of saving for retirement and the different types of retirement accounts available.
- **Financial planning:** Understanding how to set and achieve short-term and long-term financial goals.
- **Taxes:** Understanding how taxes work, and how to file your tax returns correctly.
- **Consumer rights and responsibilities:** Knowing your rights and responsibilities as a consumer, including understanding contracts, warranties, and consumer protection laws.
- **Financial decision-making:** Understanding how to make informed and effective financial decisions based on your financial goals, risk tolerance, and available resources.

Growth of Financial literacy

Financial literacy refers to the knowledge and skills that allow individuals to make informed and effective

decisions regarding their finances. The growth of financial literacy is important because it helps individuals better manage their finances, make more informed investment decisions, and achieve greater financial stability.

In recent years, there has been a growing awareness of the importance of financial literacy, both among individuals and within society as a whole. Governments, educational institutions, and financial institutions have all taken steps to promote financial literacy and help individuals develop the necessary skills and knowledge.

Some of the ways in which financial literacy has grown include:

- **Government initiatives:** Governments around the world have launched various initiatives to promote financial literacy. For example, the United States government launched the National Strategy for Financial Literacy in 2020, which aims to improve the financial literacy of all Americans.
- **Education programs:** Many educational institutions now offer courses and programs focused on financial literacy, from elementary schools to universities. These programs help individuals develop the knowledge and skills they need to manage their finances effectively.
- **Financial institutions:** Financial institutions have also taken steps to promote financial literacy, offering resources and tools to help individuals manage their finances. For example, many banks now offer online financial education resources and tools to help customers budget, save, and invest.
- **Online resources:** The growth of the internet has made it easier for individuals to access financial education resources and tools. There are now many websites, blogs, and forums dedicated to financial literacy, providing individuals with information and guidance on a wide range of financial topics.

Overall, the growth of financial literacy is an ongoing process, and it is important for individuals to continue to develop their knowledge and skills to achieve greater financial stability and success.

Recent developments in Financial Literacy

Financial literacy has become increasingly important in recent years, as individuals are faced with more complex financial decisions and a growing number of financial products and services. Here are some recent developments in financial literacy:

- **Increased emphasis on financial education in schools:** Many schools have recognized the importance of financial literacy and are incorporating it into their curriculum. This is a positive step towards equipping young people with the necessary skills to make informed financial decisions.
- **Digital tools and resources:** With the rise of technology, there are now more digital tools and resources available to help people improve their financial literacy. These include mobile apps, online courses, and financial planning software.
- **Workplace financial education:** Employers are recognizing the importance of financial literacy and are

offering financial education programs to their employees. This can include workshops, seminars, and access to financial advisors.

- Government initiatives: Governments are also taking steps to improve financial literacy among their citizens. For example, in the United States, the Consumer Financial Protection Bureau has developed a national strategy to promote financial education and empowerment.
- Increased awareness of the importance of financial literacy: There is a growing recognition of the importance of financial literacy, both among individuals and organizations. This has led to increased investment in financial education programs and initiatives.

Overall, these developments are positive steps towards improving financial literacy and empowering individuals to make informed financial decisions.

Impact of financial literacy on economic development

Financial literacy can have a significant impact on economic development by increasing individuals' and communities' ability to manage money and make informed financial decisions. Here are a few ways in which financial literacy can contribute to economic development:

- Improved personal financial management: Financially literate individuals are more likely to make informed decisions about managing their money, including budgeting, saving, investing, and planning for retirement. This can lead to increased financial stability, which in turn can contribute to economic growth and development.
- Increased entrepreneurship: Financial literacy can also encourage entrepreneurship by helping individuals understand how to access financing, manage business finances, and make informed decisions about investment and risk. This can lead to the creation of new businesses and job opportunities, which can contribute to economic development.
- Better financial decision-making: Financial literacy can help individuals and communities make better financial decisions, such as choosing appropriate investment vehicles, managing debt, and understanding the impact of taxes on financial decisions. This can lead to increased financial security and stability, which can contribute to economic growth.
- Improved financial education: Financial literacy can also contribute to the development of better financial education programs, which can help individuals and communities better understand financial concepts and make informed decisions about money management. This can lead to increased financial literacy and greater economic development.

Overall, financial literacy can play a critical role in economic development by improving personal

financial management, encouraging entrepreneurship, promoting better financial decision-making, and contributing to the development of better financial education programs.

Government initiatives for promotion of financial literacy

Governments around the world have recognized the importance of financial literacy and have implemented various initiatives to promote financial education and awareness. Some of the common initiatives taken by governments include:

- Financial education in schools: Many governments have introduced financial education as a part of the school curriculum. This helps children learn the basics of personal finance and money management.
- Financial literacy campaigns: Governments have launched various campaigns to raise awareness about financial literacy. These campaigns aim to educate people about the importance of financial planning, saving, investing, and budgeting.
- Financial counseling and advisory services: Governments provide financial counseling and advisory services to help people make informed financial decisions. These services are usually provided by trained professionals who offer personalized guidance and advice.
- Financial literacy programs for adults: Governments have also launched financial literacy programs for adults. These programs cover a wide range of topics, including budgeting, credit management, retirement planning, and investing.
- Financial incentives for saving: Some governments offer financial incentives to encourage people to save. For example, they may offer tax breaks or matching contributions to retirement accounts.
- Consumer protection laws: Governments have enacted consumer protection laws to protect consumers from financial fraud and abuse. These laws help ensure that consumers are treated fairly by financial institutions and service providers.

Overall, these initiatives aim to improve the financial well-being of individuals and promote economic stability and growth.

Obstacles for financial literacy

There are several obstacles that can prevent individuals from achieving financial literacy, including:

- Lack of Education: Many people do not have access to formal financial education, which can make it difficult for them to understand complex financial concepts and make informed decisions.
- Complex Terminology: Financial terminology can be difficult to understand for many people, especially those who are not familiar with finance. This can create a barrier to entry for people who want to learn

about personal finance.

- **Limited Access to Information:** Access to information is key for financial literacy, but some people may not have access to reliable sources of information on personal finance. Additionally, financial institutions may use complex jargon and obscure fees, making it difficult for people to understand the true cost of financial products.
- **Lack of Time:** Many people lead busy lives and may not have the time to dedicate to learning about personal finance. This can make it difficult for them to prioritize financial education.
- **Cultural and Social Stigma:** There may be cultural and social stigma attached to discussing personal finances or seeking financial education, which can prevent people from taking steps to improve their financial literacy.
- **Psychological Barriers:** Some people may have psychological barriers such as anxiety, fear or mistrust when it comes to managing finances, which can also limit their ability to improve financial literacy.
- **Lack of Resources:** Low-income individuals may have limited resources to invest in financial education or access to financial products and services that can help them build wealth. This can make it more challenging for them to become financially literate.

Literature Review

*Koti, Kanya*¹

The primary goal of this research was to assess women's level of financial literacy in Dharwad District. It was determined by the survey that just 30% of participants felt completely at ease with the risks and potential rewards associated with investing in mutual funds. Bank accounts and gold markets were the major, non-concentrated investment options.

*Dhawan, D., & Mehta, S. K. (2019)*²

By analyzing the saving and investing habits of residents of the city of Jammu in the Indian state of Jammu and Kashmir, this research seeks to get insight into the rationality of its investors. The results of this research proved that investors are looking for stable, liquid assets that provide favorable tax treatment, competitive returns, and short lock-in periods.

*Bindabel, W., & Salim, A. (2021)*³

¹ Koti, Kanya. "Financial literacy and its impact on the investment decisions of working women." *Humanities & Social Sciences Reviews* 7.6 (2019): 554-561.

² Dhawan, D., & Mehta, S. K. (2019). Saving and investment pattern: assessment and prospects. *ACRN Journal of Finance and Risk Perspectives*, 8, 123.

³ Bindabel, W., & Salim, A. (2021). Relationship between saving and investment pattern and orientation towards finance among working women in the universities of Saudi Arabia. *Accounting*, 7(1), 81-88.

The study's primary goal was to examine the connection between working women's saving and investing habits and their attitudes on money and personal finance at colleges in Saudi Arabia. This research found that among working women attending colleges in Saudi Arabia, there was a substantial positive association between their saving and investing patterns and their attitude towards finances.

Bilal, M., & Zulfiqar, M. (2016)⁴

The study's goal is to bring attention to the importance of financial education for the economic security of working women and to demonstrate the connection between financial education and economic security. This research confirmed previous findings that monetary education is crucial to personal success. To be financially secure, one must first acquire financial literacy.

Jisha, D. V., & Gomathi, V. (2017)⁵

Working women in the city of Coimbatore provided data for this study, which analyzed their income and savings habits. The research set out to analyze women's work-related income and savings habits. This study evaluated how often professional women in paid positions think about issues of security and financial return.

Sabri, M. F., Reza, T. S., & Wijekoon, R. (2020)⁶

The primary goal of this study was to learn about the money habits, savings strategies, and investment decisions of Malaysian women who are employed in the public sector. Using a multi-stage random sample technique, 722 respondents were recruited from the population of Malaysia. Three-and-a-half percent of working women reported having more assets than debt, and nearly half (45.9%) said that their income was more than enough to cover their most basic needs. More than 80% of those surveyed also followed best practices for fiscal management.

Lusardi, A., & Mitchell, O. S. (2007)⁷

Economists are starting to look at the causes and effects of financial illiteracy to figure out why so many people are financially unprepared for retirement. Research showed that many families lack the fundamental economic knowledge required to make sound choices about saving and investing. There seems to be a general lack of understanding of fundamental financial concepts among both young and elderly in the United States and

⁴ Bilal, M., & Zulfiqar, M. (2016). Financial wellbeing is the goal of financial literacy. *Research Journal of Finance and Accounting*, 7(11), 94-103.

⁵ Jisha, D. V., & Gomathi, V. (2017). A study on the perception of investment pattern among urban working women with reference to Coimbatore city. *International journal of engineering science and computing*, 7.

⁶ Sabri, M. F., Reza, T. S., & Wijekoon, R. (2020). Financial management, savings behavior, investment behavior and financial well-being of working women in the public sector. *Majalah Ilmiah Bijak*, 17(2), 135-153.

⁷ Lusardi, A., & Mitchell, O. S. (2007). Financial literacy and retirement preparedness: Evidence and implications for financial education: The problems are serious, and remedies are not simple. *Business economics*, 42, 35-44.

other nations. This has major consequences for saving, retirement planning, mortgages, and other choices.

Zakaria, Z., Nor, S. M. M., & Ismail, M. R. (2017)⁸

This research aims to understand how a person's risk tolerance (RT) for savings and investments relates to their degree of financial literacy in the setting of Malaysia. Overall, the findings indicate that Malaysia's financial literacy is at a moderate level.

Yoshino, N., Morgan, P. J., & Trinh, L. Q. (2017)⁹

The Bank of Japan has finished a massive study on financial knowledge and behavior, polling 25,000 people aged 18-79. This article used this database to investigate the causes and consequences of financial illiteracy. Both financial literacy and general education levels were shown to be positively and substantially associated to saving behavior and financial inclusion. The research indicated that the primary predictors of financial literacy are the level of education, income, age, and occupational position.

Research Gap

An exhaustive assessment of the relevant literature has revealed that there is a growing need for individuals to be financial literate. There have been a great number of studies on women's financial literacy carried out by a variety of researchers in different of countries; however, there have only a very small number of studies were carried out in India to quantify the financial literacy levels among working women in the state of Tamilnadu. The degree of financial literacy of working women has only been measured in a very small number of researches that have employed all aspects of financial literacy. There has been no effort made in the previous studies to correlate financial literacy with the level of knowledge of salaried women about financial products and their investing behavior. The article examines the impact of financial literacy on savings and investment pattern of women.

Statement of the Problem

There are lots of obstacles that women must overcome, making it hard for them to save money and invest for the future. Women continue to struggle financially. Women, on average, outlive men; therefore they need to save more to meet their financial obligations. However, women face many barriers that make it difficult for them to save for retirement, including earning less than men on average, working for shorter periods than men due to family responsibilities. There are many different phases of a woman's life: being child and living at home with

⁸ Zakaria, Z., Nor, S. M. M., & Ismail, M. R. (2017). Financial literacy and risk tolerance towards saving and investment: a case study in Malaysia. *International Journal of Economics and Financial Issues*, 7(4), 507-514.

⁹ Yoshino, N., Morgan, P. J., & Trinh, L. Q. (2017). *Financial literacy in Japan: Determinants and impacts* (No. 796). ADBI Working Paper.

her parents; being married but childless; having children; raising children to adulthood; and finally, being an elderly woman. Women might either be completely reliant on others or fully be self-reliant. They'll have to make choices about many parts of their lives. The most important is making sound financial choices that allow them to meet their basic necessities and pursue their passions. All facets of one's financial literacy, outlook, and conduct are part of the financial choices. Having an idea of potential savings and investment outcomes is useful. Working women's behavior may be predicted with more accuracy when they are financially literate. Men and women have different priorities when it comes to their financial security, but women tend to be less interested in and less certain about handling money matters. The research aims to determine the extent to which working women's increased knowledge of financial matters influences their savings and investing habits.

Research Question

- What are the impacts on savings and investment pattern of working women based on financial literacy in the study area?

Importance of the Study

There is a growing need for financial literacy as the world's financial landscape becomes ever more complicated. The delivery of banking services in India and elsewhere has been revolutionized by technological developments. The way people have historically saved and invested has undergone a dramatic transformation in the face of current financial innovations. Because of this transition, a wide variety of investment vehicles have emerged to meet the interests and preferences of female investors across the board. Women investors vastly differ from males in terms of their savings capacity, saving habit, and investing behavior. The same holds true in the realm of finance; in fact, it is crucial for the well-rounded growth of a country to examine the savings and investing habits of women savers and investors. As a result, women now face far broader and more nuanced set of choices when it comes to managing their own finances. Hence, it is important for women to be able to tell the difference between various financial goods and services, as well as between various service providers.

Objectives of the Study

- To examine the impacts created by the financial literacy on savings and investment pattern of working women

Research Methodology

The impact of financial literacy on the choices working women make about investments was investigated in this research. The presumed connection between the variables is laid forth in the form of a conceptual model that was generated via an examination of previously published research. The concepts that are being investigated,

namely financial literacy and investment choices, are multidimensional constructs that are capable of being quantified via the aggregation of measures derived from indicators, sub-indicators, and variables that are connected to one another. The empirical research design was utilized in the study to provide a solution to the research challenge of analyzing the effects that are brought about by financial literacy. The study used a structured interview schedule as its method of data collection and analysis. At the beginning, after conducting an exhaustive literature research, a precise and planned interview schedule was developed. After that, the structured interview schedule was distributed to a variety of professionals for the purpose of soliciting their advice. These professionals included academicians working in the field of finance, bank managers, and corporate executives, in addition to researchers actively conducting research in the same field. The data were collected from 240 women employees working in different sectors to assess the impact of financial literacy on savings and investment pattern in Tirunelveli District. The study has applied AMOS for analysis of data regarding the impacts created by financial literacy.

Analysis and Interpretations

In this part, the study explains the data analysis, interpretations, and conclusions that were derived from the statistical analysis that was performed on the replies that were gathered. The study focuses on establishing significant quantitative relationship between financial literacy and women's saving as well as investment pattern based on cause and effect relationship among the variables involved. The results of the analysis are presented in the following part which examines the relationship among the study variables.

Table - 1

Savings and Investment Pattern based on Financial Literacy

Demographics	Category	Frequency	Percent
Savings in Various Avenues	Less than Rs. 1,00,000	61	25.40
	Rs. 1,00,001 – Rs. 2,00,000	83	34.60
	Rs. 2,00,001 – Rs. 3,00,000	22	9.20
	Above Rs. 3,00,001	74	30.80
	Total	240	100.00
Expected ROI	Below 15 %	37	15.40
	15 % - 30 %	142	59.20
	31 % - 45 %	35	14.60
	Above 46 %	26	10.80

	Total	240	100.00
Investment Pattern	Monthly	136	56.70
	Quarterly	41	17.10
	Bi-Annual	24	10.00
	Annual	39	16.30
	Total	240	100.00
Actual Returns	Below 15 %	41	17.10
	15 % - 30 %	135	56.30
	31 % - 45 %	35	14.60
	Above 46 %	29	12.10
	Total	240	100.00
Impact of Financial Literacy	Very Low	10	4.20
	Low	31	12.90
	Moderate	79	32.90
	High	108	45.00
	Very High	12	5.00
	Total	240	100.00
Impact on Savings Pattern based on Financial Knowledge	Short Term	42	17.50
	Medium Term	61	25.40
	Long Term	137	57.10
	Total	240	100.00
Impact on Investment Pattern	Very Low	15	6.30
	Low	64	26.70
	Moderate	129	53.80
	High	32	13.30
	Total	240	100.00
Most Preferred	Stock Market	149	62.10
	Real Estate	35	14.60

Investment after Financial Choices	Metals	45	18.80
	Others	11	4.60
	Total	240	100.00

(Source: Primary Data)

The working women in the study area make good savings which is revealed by 34.60 percent of responses given in the savings category of Rs. 1, 00,001 – Rs. 2, 00,000. The responses majorly fall in this category which reveals that working women saves significant amount from their earnings. The working women aims to attain nearly 30 percent of income in a year from their investment which is supported by 59.20 percent of responses in that expected ROI category. Majority of the working women have the habit of making investment in monthly frequency which has scored 56.70 percent of responses. The returns earned by the working women based on averages range from 15% to 30 % which has got 56.30 percent of responses from working women covered for the study. The impact of financial literacy on financial decision making is high among the working women which have got 45 percent of responses. The financial literacy has got significant long term implications on the savings pattern of working women which is evident from 57.10 percent of responses. The financial literacy impact on investment pattern is moderate which has got 53.80 percent of responses. The financial literacy has impacted significant savings as investment in stock market by the working women which is supported by 62.10 percent of responses. The financial literacy has made significant impact on the investment and savings pattern of the working women in the study area.

Impact of Financial Literacy on Investment Pattern

The financial knowledge among the working women has created vital impacts on the investment pattern which is analyzed using a set of variables that were identified from the literature and field experiences. The collected information was used for framing the variables to assess the impact on investment pattern to gain opinions from the working women. The data collected were subjected to factor analysis which revealed the following results.

Table – 2 KMO Test

KMO		0.702
Sphericity Test	Approx. Chi-Square (66)	353.577
	Sig.	<0.001**

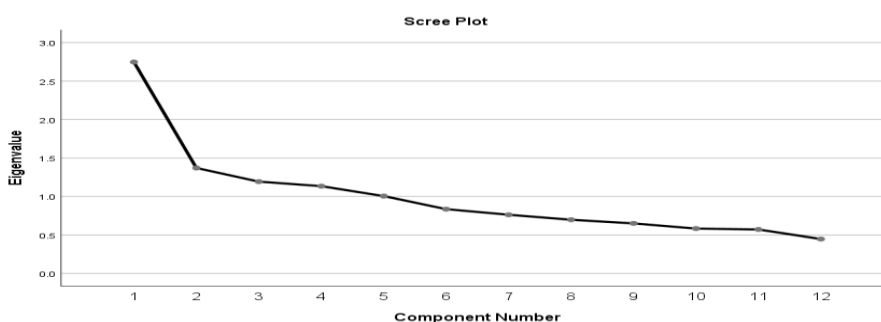
(** - validates normal distribution @ 1 %; * - validates normal distribution @ 5 %)

The KMO test explains the validity of sampling adequacy as well as normality of the opinions collected from the working women with regard to impact of financial literacy on investment pattern of working women. The results of test reveal that the opinions are following normal distribution validating the reliability of the results. The following table explains the variance results among the factors and variables that are assessing the changes in investment pattern based on financial literacy.

Table – 3
Variance Outcome – Impact of Financial Literacy on Investment Pattern

Variables	Eigen Measures			Extracted Factor Loadings			Rotated Factor Loadings		
	Sum	Variance	Total	Sum	Variance	Total	Sum	Variance	Total
1	2.748	22.898	22.898	2.748	22.898	22.898	2.090	17.414	17.414
2	1.371	11.425	34.323	1.371	11.425	34.323	1.621	13.510	30.924
3	1.193	9.946	44.269	1.193	9.946	44.269	1.601	13.345	44.269
4	1.135	9.455	53.724						
5	1.005	8.377	62.101						
6	0.835	6.960	69.061						
7	0.763	6.355	75.417						
8	0.698	5.815	81.231						
9	0.650	5.419	86.650						
10	0.584	4.863	91.513						
11	0.571	4.761	96.274						
12	0.447	3.726	100.000						

The variance explains that five factors were retrieved from the opinions of the working women involved in the study regarding the impacts of financial literacy and only three were extracted from analysis. The three factors have combined variance level of 44.27 % percent of influence in assessing the overall impact of financial literacy on investment pattern. The following diagram represents the factors formed based on Eigen values.



Screen Diagram – 1 - Impact of Financial Literacy on Investment Pattern

Table – 4

Factor Outcome – Impact of Financial Literacy on Investment Pattern

	Component		
	1	2	3
Ideas to minimise risks	0.742		
Determining value of investment	0.624		
Discussing the choices more knowledgeably with investment managers	0.593		
Standards to operate in various investment mode	0.549		
Analyse risk and return of various options	0.428		
Awareness to know current status of investment		0.736	
Ability to make return analysis		0.627	
Knowledge on diverse investment avenues		0.587	
Basic understanding about investment choices			0.688
Enables to make short term profit			0.677
Gains based on portfolio investment			0.559
Increased ability to gain positive returns			0.323

The factor analysis has identified three major areas of investment pattern that is impacted by the financial literacy among the working women which has been explained in the following

Factor- I- Knowledge to Minimize Risks and Determining Fair Value

This factor is derived from the variables of Ideas to minimize risks (0.742), Determining value of investment (0.624), Discussing the choices more knowledgeably with investment managers (0.593), Standards to operate in various investment mode (0.549) and Analyze risk and return of various options (0.428). The factor composes of variables that deal with minimizing risks and determining fair value.

Factor – II – Diverse Investment Choices and Return Analysis

The factor of diverse investment choices and return analysis is based on the variables of Awareness to know current status of investment (0.736), Ability to make return analysis (0.627) and Knowledge on diverse investment avenues (0.587).

Factor - III- Positive Returns and Portfolio Management

The third and final factor is derived from factor loadings of the following variables which are Basic understanding about investment choices (0.688), Enables to make short term profit (0.677), Gains based on portfolio investment (0.559) and Increased ability to gain positive returns (0.323).

These investment factors are significantly improved based on the financial literacy that is possessed by the working women.

Impact of Financial Literacy on Savings Pattern

The savings pattern of the women tend to be impacted based on the knowledge they possess in the areas of finances. The various areas of savings that can be influenced by the financial literacy is given in likert scale to attain opinions from the working women. The opinions given by the working women were analyzed using the exploratory factor analysis and its results are given below

Table – 5

KMO Test

KMO		0.653
Sphericity Test	Approx. Chi-Square (36)	238.935
	Sig.	<0.001**

(** - validates normal distribution @ 1 %; * - validates normal distribution @ 5 %)

The test classifies the opinions of the working women regarding the impact of financial literacy on savings pattern follow a normal distribution which is classified by the results of the test and p-value of the opinion given by the respondents are significant at 1 % level.

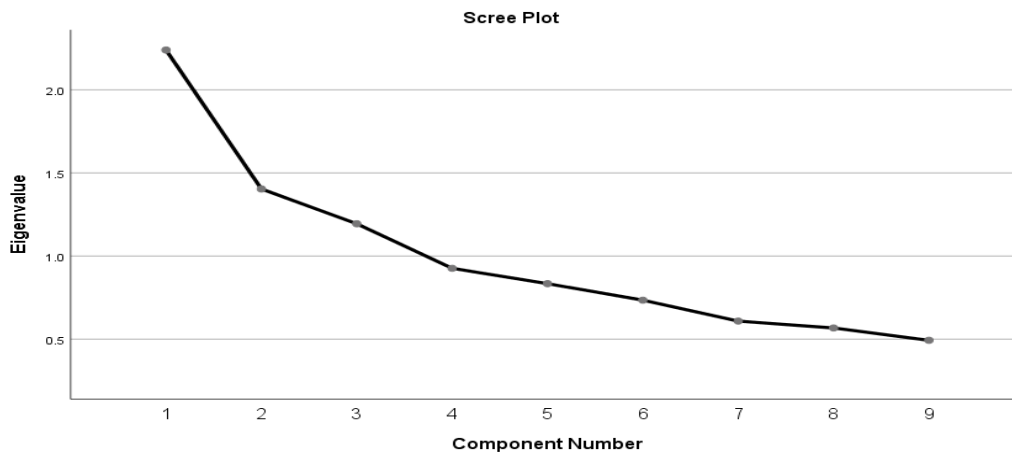
Table – 6

Variance Outcome – Impact of Financial Literacy on Savings

Variables	Eigen Measures			Extracted Factor Loadings			Rotated Factor Loadings		
	Sum	Variance	Total	Sum	Variance	Total			Cumulative %
1	2.240	24.885	24.885	2.240	24.885	24.885	1.952	21.685	21.685
2	1.403	15.594	40.479	1.403	15.594	40.479	1.500	16.665	38.349
3	1.194	13.268	53.747	1.194	13.268	53.747	1.386	15.398	53.747
4	0.926	10.291	64.038						
5	0.834	9.264	73.301						

6	0.734	8.160	81.462						
7	0.608	6.760	88.221						
8	0.567	6.301	94.522						
9	0.493	5.478	100.000						

The variance analysis reveals that 53.75 percent of the opinions given by the working women are reflected in these three factors and factor analysis has classified three major factors that are having influence on the savings habits of working women based on financial literacy.



Screen Diagram – 2 - Impact of Financial Literacy on Savings

Table – 7

Factor Outcome – Impact of Financial Literacy on Savings

	Component		
	1	2	3
Knowledge on withdrawing savings from different sources	0.698		
Minimised cost for saving operations	0.678		
Preplanned investment savings	0.659		
Minimising unwanted expenses	0.524		
Planning for retirement		0.751	

Ideal usage of saved funds		0.523	
Rationalising income and improving savings			0.818
Realising the need for savings			0.503
Enhanced Savings based on returns			0.487

The rotated component matrix reveals that three factors were derived from the opinions of the working women having significant level of financial literacy. The factors were classified based on the factor loadings that are significant. The three factors that are derived are

Factor – I - Reducing Unnecessary Costs and Operation of Diverse Savings Accounts

This factor is based on the variables of Knowledge on withdrawing savings from different sources (0.698), Minimized cost for saving operations (0.678), Preplanned investment savings (0.659) and Minimizing unwanted expenses (0.524).

Factor – II- Retirement Planning and Ideal Usage of Funds

This factor is outcome of the variables in the form of Planning for retirement (0.751) and Ideal usage of saved funds (0.523)

Factor – III- Enhanced Savings Rate

The financial literacy has created increased savings rate among thee working women which is clear from the variables of Rationalizing income and improving savings (0.818), Realizing the need for savings (0.503) and Enhanced Savings based on returns (0.487).

Discussions and Results

The financial literacy among the working women has created significant impacts in the areas of investment as well as savings pattern. The impact of the financial literacy in sound financial decision making based on considering various alternatives is high among the working women. The women tend to improve the savings pattern and reduce unnecessary or unplanned cost to the operating expenditure of the family. The various areas of impacts on savings and investment pattern based on financial literacy among the working women are:

Factor- I- Knowledge to Minimize Risks and Determining Fair Value

Factor – II – Diverse Investment Choices and Return Analysis

Factor - III- Positive Returns and Portfolio Management

The areas of savings that are impacted by the financial literacy among the women are

Factor – I - Reducing Unnecessary Costs and Operation of Diverse Savings Accounts

Factor – II- Retirement Planning and Ideal Usage of Funds**Factor – III- Enhanced Savings Rate**

The financial literacy has played a vital role in making the working women understand their options for financial investment. The evaluation of the alternative financial decisions and their risk as well as return analysis has been highly prevalent among the working women with financial literacy. The role of financial literacy is significant for making sound financial decision making which is reflected from the opinions of the working women in the study area.

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