



Gender Inequalities In Financial Literacy: A Case Of Developing Countries

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Abstract:

Financial literacy is one of the most undervalued concept that could influence a country's future in a world that is changing quickly. Financial literacy is important not only for the individual but also for the growth of country's market. In order to build a nation's Everyone must have access to quality finance education. This article aims to emphasise the challenges and current trends in financial literacy, as well as provide recommendations for improving the quality of finance education in order to make people financially free at their early stage of life. Books, research papers, articles, newspapers, and government reports are referred for this study.

Keywords: Financial Literacy, Finance Education, Gender.

Introduction:

Financial literacy has emerged as a novel idea in the literature on finance, which has given people more financial freedom. Financial literacy is defined as the capacity to make educated decisions regarding fundamental financial practises (Mason and Wilson, 2000). When one's have knowledge about financial literacy Eventually, it would boost one's riches, safeguard them against any emergency like the COVID-19 epidemic, ensure their families' futures, and improve their retirement plans. But, Unfortunately, only 24% of the nation's population is financially literate. "Despite having Asia's oldest and tenth-largest stock exchange, it has a low per capita income, non-banking habits, educational inequality, and long-standing informal borrowing and lending practises. It is crucial that the nation today comprehend how to maximise its resources and strengthen the foundation of its economy and finances". For a nation that relies on the economy for its prosperity, the fact that three-fourths of the population in India does not know about or appreciate the urgent need for good financial management is concerning.

Literature review:

Financial literacy is the understanding of financial concepts and tools by an individual, enabling them to choose wisely from the available investment options (Lusardi, 2006). A study by Atkinson and Messy of 14 countries, it was found that there was a significant lack of financial literacy across the countries and that both financial behaviour and mind set were evolving (Atkinson and Messy.,2012).

In many studies, it is found that Gender differences in financial literacy show that men have higher levels of financial literacy than women. Men are more adept at making financial decisions than women are, and they also tend to be more motivated to learn. Women are less risk-averse and less interested in learning about

finances. Similarly, Alderman conclude that Potential cause of gender differences in financial literacy Is Girls' access to education in developing nations (Alderman, Behrman et al., 1996).

Similarly, a study by Glick, girls has less access to education then boys in growing nations (Glick, 2011). Simmons and Supri, supported that Rural women have access to courses that helped them develop skills for the marriage market rather than the labour market (Simmons and Supri, 1999).

But the study of Barboza, Smith and Pesek highlighted that, it would be incorrect to state that financial literacy varies by gender and that "women always have less understanding than males". The amount of financial literacy is influenced by a number of variables, such as education, age, income, and so forth (Barboza, Smith and Pesek .,2016).

Farrar, Moizer, Lean and Hyde studied the relation between financial literacy, sex and retirement plan, as a consequence of their research, it was concluded that women had lower levels of preparation and that there was no correlation between financial knowledge and retirement plans. Additionally, it was claimed that, taking into account factors like financial attitude and anticipation, gender differences did not significantly affect retirement planning (Farrar, Moizer, Lean and Hyde., 2019).

Challenges in financial literacy:

People don't reach to the desire level of financial literacy due to some challenges in our society. The economic, cultural, personal and behavioural biases are some of the problems that can prohibit someone from achieving a desired level of financial well-being (Mitchell, J., & Abusheva, M. (2016).

- **Lack of equality:** Women are less confident in their abilities and long-term investment intentions, and they demonstrate less financial literacy than males. Inequality between the sexes is caused by the fact that, although appearing to have more sensible short-term money management practises than men, women lack financial literacy and long-term planning skills. The main causes of this can be familial or cultural, as women tend to view life and family more sanely than males, who typically concentrate on their careers and socioeconomic standing. Women also show less interest in financial information and services in general.
- **Lack of financial education:** people do not have adequate knowledge about how to manage their finances as well as where to invest their funds. Similarly, Universities and educational institutions do not adequately train students to acquire the knowledge and skills necessary to make prudent financial decisions. Their goal is to equip students with the knowledge and abilities necessary for career and personal success, and a lack of adequate financial literacy may stand in the way of that goal.
- **Lack of confidence:** People lack trust on financial institutions. Most consumers are unaware of their rights and find it difficult to leave some of these services once they have been lured in because they are not transparent enough and our governments do not have enough control over how they sell their products.

Some of the policies announced by government for enhancing the financial literacy:

- Reserve bank of India (RBI), Pension Fund Regulatory and Development Authority (PFRDA) and Insurance Regulatory and Development Authority of India (IRDAI) has set up a centre National Centre for Financial Education (NCFE), which attempts to educate Indians on fundamental topics including the distinction between saving and investing, the value of compounding, the time worth of money, and the significance of diversification, among others.
- National Strategy of Financial Education (NSFE) 2020-2025 launched by RBI The goal of the policy is to increase financial literacy among regular people, motivate them to actively save, and increase their involvement in the financial markets. The programme develops a code of conduct among the providers and creates content for financial education.
- Similarly, RBI advises that financial literacy be taught in schools and institutions. People are better able to apply the idea later in life when it is instilled in them at a young age.

Conclusion:

The capacity to handle one's finances in the present would be enhanced by financial literacy. And when people are financial literate it reduces their financial burden and ultimately enhance their financial and mental freedom. People will reach to the financial freedom only when they have sufficient knowledge about financial literacy. So government should invest in the programme which enhance one's knowledge about how to manage their fund, importance of savings and all other related areas which influence the financial literacy among people. Along with, inclusion of effective policy focusing financial education at school level will combat the problem of financial literacy among new generation. Gender inequality is also the factor which hindrance the success in financial literacy. By promoting girl's education, and by making women's self-independent and give them chance to become the financial manager of their house we can combat with this problem as well. So by all above measure financially literacy may be promoted and make people financially free at their early stage of life.

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