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A STUDY OF FINANCIAL LITERACY AMONG WOMEN RESIDING IN SLUM AREAS OF DELHI NCR

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ABSTRACT

Financial literacy helps women in better decision making, better management of their finances, and gives them an opportunity to make themselves independent. It empowers them to take informed financial decisions. The present study analyses the level of Financial Literacy among women residing in slum areas of Delhi NCR. The study also evaluates the influence of socio-demographic variables such as age, marital status, occupation, monthly income, and education on financial literacy of women. The primary data is collected through structured questionnaire from 538 respondents using Google form and reveals that the financial literacy amongst these women is generally good and is dependent on marital status, income level and education of the respondents, though independent of their age. Moreover, it was also found that, women are highly risk averse and their most preferred financial product is fixed deposit followed by pension scheme. Percentage method, chi square test (at the significance level of $p < 0.05$), bar graphs and pie charts have been used to present and analyse the collected data.

KEYWORDS

Financial Literacy, Financial Behaviour, Financial Attitude, Financial Products, Services, Knowledge, Investment, Women Empowerment

1. INTRODUCTION

Financial literacy is defined as a combination of financial awareness, knowledge, skills, attitude, and behaviour necessary to make sound financial decisions and ultimately achieve individual financial well-being. As per OECD-INFE (Organization for Economic Cooperation and Development- International Network on Financial Education), Financial literacy encompasses aspects of knowledge, attitude and behaviour covering the range of context such as money management, planning for short and long term financial goals and awareness and choice of financial products.

Several government initiatives have been taken from time to time to improve the financial literacy levels in India as part of a broader objective of financial inclusion. The Reserve Bank of India (RBI) has come out with a '5-Core Actions' approach for promoting financial education, which among other actions, includes development of relevant content for school children and adults, community participation and collaboration among various stakeholders. The 'National Strategy for Financial Education (NSFE) 2020-2025', released by the RBI, has suggested a multi-stakeholder-led approach for creating a financially aware and empowered India. The five Cs, outlined by the strategy paper, are: Content, Capacity, Community, Communication and Collaboration.

"Financial literacy supports the pursuit of financial inclusion by empowering the customers to make informed choices leading to their financial well-being," according to NSFE. With the establishment of NSFE in 2013, the key Strategic Objectives have been laid down to achieve the vision of creating a financially aware and empowered India including inculcation of financial literacy, encouraging savings behaviours and develop credit discipline among the various sections of the population through financial education to make it an important life skill.

NCFE (National Centre for Financial Education) has carried out an All India Financial Inclusion and Financial Literacy Survey in 2019 which reveals that 27.18 % of the respondents have achieved minimum target score/minimum threshold score in each of the components of financial literacy prescribed by OECD-INFE, as compared to 20% in 2013. The percentage of females achieving minimum target score was 21% compared to 29% males.

Improving financial literacy would help the women in better financial decision making and proper utilization of financial services and products and help in their economic empowerment. India has 48% female population with only 65.46% of female literacy and this has affected our country's growth prospects. For the country to grow in double digits India needs to empower its women both socially and economically by improving their education level and providing them equal work opportunities.

There has been not much work done relating to financial literacy levels of urban low-income group women in India. The present study is an attempt to analyse the levels of Financial Literacy among women residing in slum areas of Delhi NCR. The study also evaluates the influence of socio-demographic variables such as age, marital status, occupation, monthly income, and education on financial literacy of women residing in slum areas of Delhi NCR.

2. OBJECTIVES OF STUDY

1. To study the level of financial literacy of women residing in slum areas of Delhi NCR
2. To study how demographic and socio-economic factors such as age, marital status, occupation, monthly income, and education affect financial literacy
3. To examine the awareness level of women residing in slum areas about various financial products
4. To find out their most preferred investment instrument

3. REVIEW OF LITERATURE

Sekar M.& Gowri M (2015) and JG. Naidu (2017) concluded that financial literacy level of males is more than of females. Klatt, Martha E (2009) found in their study that women show more interest in learning about money management and investment. Worthington (2006) found that there is no evidence that low income people are financially illiterate.

Shobha and Shalini (2015) studied the perception of women towards the personal financial planning. The study revealed that women find gold, real estates, bank deposits, insurance products and provident funds safer than mutual funds, derivatives, chit funds, stocks and shares.

Akshita Arora (2016) in a study of 700 working women found that even in 21st century women's awareness regarding financial planning remains poor. Singh and Kumar (2017) concluded that age, gender, occupation, religion, education, marital status, discipline of work, work experience, parents' education and income influenced financial literacy. Indian women generally, for investment, are dependent on their father, brother and husbands.

Marcolin and Abraham (2006); Schuchardt et al., (2008) Remund (2010) and Huston (2010) found that despite the increasing efforts and funding by the government in financial education programs and financial literacy, the result remains below expectations.

4. DATA COLLECTION AND RESEARCH METHODOLOGY

The study uses both primary as well as secondary sources of information. **Primary data** is collected through a closed questionnaire which includes various types of questions ranging from general queries (about age, annual income, education qualification and marital status) to those based on their financial behaviour like taking part in financial decisions of the family, use of ATMs, credit cards, net banking etc., setting long term financial goal, knowing certain financial products and the source from where they get information about these financial products.

538 women residing in Delhi NCR from different slum areas contributed in the study by providing responses to the questionnaire. The respondents have been selected by a simple random sampling method and the questionnaire has been filled at the respondent's doorstep by using Google forms

The collected data has been fed into spreadsheets and weights assigned to various attributes to arrive at the financial literacy score of the respondents. Percentage method, chi square test, bar graphs and pie charts have been used to analyse and present the data.

Secondary data is collected from the existing research papers, books, journals, e-resources, Reserve Bank of India, World Bank Reports, UN Reports, OECD Reports, newspapers, magazines, and textbooks.

5. LIMITATIONS OF THE STUDY

- The study covers only the slum areas of Delhi NCR and excludes other urban and rural areas.
- Only women are considered for the study so the study is gender specific.
- The sample size is 538
- Only Delhi NCR is considered in the study so it is not a pan India research.

6. DATA ANALYSIS AND INTERPRETATION

The present study tests the following **hypotheses**

1. Level of financial literacy is high among women residing in slum areas in Delhi NCR
2. Demographic and Socio-Economic factors have no bearing on financial literacy
3. Women residing in slum areas of Delhi NCR have knowledge about various financial products
4. Most preferred financial product is Bank Fixed Deposit

7. RESEARCH METHODOLOGY

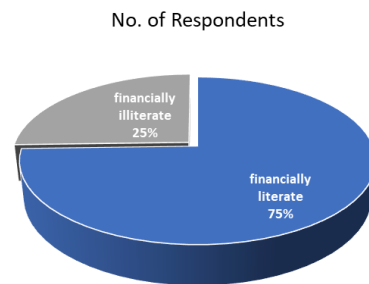
The level of financial literacy is analysed by investigating the four objectives of our study. For objectives like level of financial literacy, level of awareness and most preferred instrument, bar graphs and pie charts are used to present findings and for the objective of socio-economic factors having bearing on financial literacy, chi square method of hypothesis testing (at the significance level of $p < 0.05$) is used.

Weights have been assigned to questions as per their relevance to the study of financial literacy level. The respondent has been considered as financially literate if the scores is more than 2 (i.e., 3 and above).

7.1 To study the level of financial literacy of slum women in Delhi NCR.

Based on criteria of score 3 and above, financially literate women numbers have been calculated, i.e., 401 out of 538 are literate and 137 illiterates.

Level of literacy	No. of respondents	Percentage
financially literate	401	74.53
financially illiterate	137	25.46
total	538	100.00



74.54% women are financially literate. As, this number is much higher than all India figure of 20% (S&P Survey, 2014), the Null hypothesis that Level of financial literacy is high among slum women in Delhi NCR, is acceptable.

7.2 To study how demographic and socio-economic factors such as age, marital status, monthly income, and education affects financial literacy.

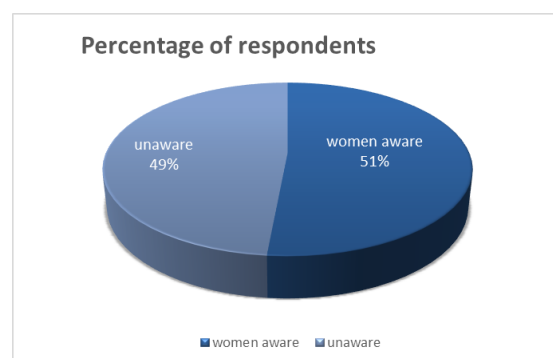
Chi-Square test for Independence is used to study how age, marital status, monthly income, and education affects financial literacy.

Factor	Age	Marital status	Income level	Education
χ^2	5.36872	9.968271	16.757070	49.03985
D_f	3	2	7	4
Significance level	0.05	0.05	0.05	0.05
critical value	7.81473	5.991465	14.06714	9.487729037
P value	0.1467052	0.006846	0.0190316	0.0000002
Acceptable Hypotheses	Financial literacy is independent of age	Financial literacy is dependent on marital status	Financial literacy is dependent on income	Financial literacy is dependent on education

7.3 To examine the awareness level of women from slum areas about various financial products.

Any respondent who has heard about any of these financial products has been considered as aware and accordingly marked as aware and unaware.

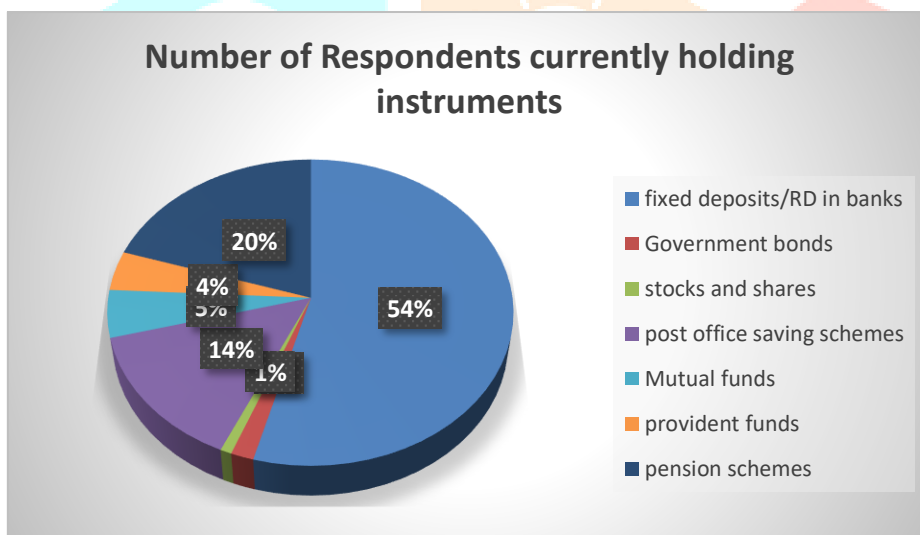
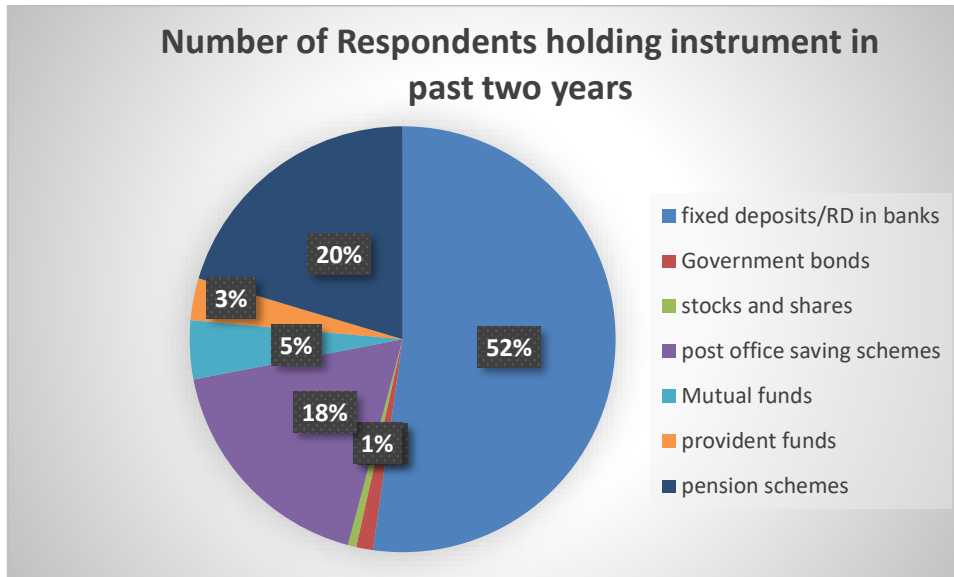
Awareness level	percentage
aware	51.48
unaware	48.51



51.48% women are aware about various financial products, so we accept our null hypotheses that women residing in slum areas of Delhi NCR have knowledge about various financial products.

7.4 To find about their most preferred instrument.

The most preferred financial product is studied by finding which of the financial products respondents held personally or jointly in past two years and which they still hold. The length of the holding period of the financial product is an indicator of its preference over others.



Most preferred instrument type is Fixed deposit (FD). In the past two years 52.29% of the total holding were in FD (82 out of 157). And currently 120 people are holding at least one financial product. Among them 54% people hold FD/RD in banks. So null hypothesis that most preferred financial product is Bank Fixed Deposit among women in slum areas of Delhi NCR is accepted.

8. CONCLUSION AND SUGGESTIONS

Results from the analysis have revealed that around three-fourths of the respondents (74.53%) are financially literate in slum areas of Delhi NCR region which is above the national average of 20%, according to a survey by S & P in 2015. High levels of financial literacy may be due to the availability of financial touch points like banks, ATMs, NGOs, agents in the metros. The higher aspirational levels in an urban environment leads to a greater desire to explore ways to generate higher income.

Though many of them are having bank account (58.17%), these bank accounts are rarely used by these women (most of which were opened under Pradhan Mantri Jan Dhan Yojana, 2014). 58.92% women have informal savings, from which only 7.43% women deposit it in bank account. Most of the women surveyed prefer to keep their savings, if they have any, in cash form with themselves. Our study reveals that 79.73% women don't use ATM cards, net banking, and any other digital mode.

51.48% of women are aware about various financial products. However, the respondents are not much aware of different financial concepts, instruments, and products and many of them do not consider it important. Women are highly risk averse and do not want to risk their hard-earned money in those financial instruments that can give rich capital gains on their investment. Their most preferred instrument is fixed deposit/Recurring deposit in bank followed by pension schemes, since they consider them to be the safest financial instruments. Only 7.25% women invest their informal savings in the capital market/financial products. This indicates that women in Delhi NCR despite having better financial services, do not use it optimally to save their time and money

Majority of the respondents prefer borrowing from relatives, friends or even moneylenders instead of borrowing from formal sector to avoid the complex procedure of financial institutions (Only 6.32% women took bank loan when they ran out of money last year).

Results from the analysis also show that the respondents who are having lower income are having lower level of financial literacy. Higher incomes generate higher household savings which encourages them to explore investment avenues.

The study concludes that married women are more literate than single or widow women. Out of total number of married women 74.43% are financially literate because married women have more responsibility in term of household expense and have long term goals in the form of children education, marriage and health etc. for which they try to save more and explore better financial products.

Financial literacy is dependent on education because it enhances a person's knowledge base and her ability to understand the financial processes well. With education, they are in a better position to read, understand and compare various financial products. Only 19.14% women read and compare terms and conditions of financial products before purchasing.

Financial literacy is independent of age of the respondent as aspiration for higher financial returns is present in all age groups and is driven by the higher disposable incomes. Various awareness programs in cities and financial service providers approach all age groups for investments. Informal exchange of information between the women helps in awareness of the investment options.

The results indicate that while the levels of financial literacy in the slum areas of Delhi NCR, seem to be higher than the national average, there is a scope of improvement in educating the women on different financial concepts and investment options. Some of steps which could be undertaken for better financial awareness and literacy include;

- Dissemination of information on financial concepts and investment options through Bank Mitras, NGOs, Self Help Groups and financial advisors.
- Financial Inclusion of lower income groups in terms of bank accounts for everyone, like Jan Dhan Yojana, is to be aggressively promoted. Jan Dhan Yojana mainly targets the rural women to ensure financial inclusion in these areas but what's important is not to ignore the slum areas of urban areas.
- Inclusion of women and low-income groups in the Digital economy by developing apps and platforms in local languages which are easy to use and understand.
- The study brings out the relationship between education and financial literacy. With 65.46% of female literacy rate and 39.4% drop out ratio in girls aged between 15-18 years in the country, there is a need to aggressively promote Girl education and reduce drop-out ratio.
- Ease of credit facility should be available to women residing in slum areas at affordable interest rates.

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