

## **Financial Perceptions to Manage Personal Finances of Modern Age Women**

**Prof. Amandeep Kaur**

Professor

Post Graduate Government

College for Girls

Chandigarh, Punjab, India.

**Ms. Gulveen Kaur**

Research Scholar

Goswami Ganesh Dutta

Sanatan Dharma College

Chandigarh, Punjab, India.

### **Abstract**

Women are intimidated by financial matters because of lack of interest or ability to take financial decisions on their own. Being financially independent is not just about being able to bank account, using debit/credit cards or having a full time job. It involves long term financial planning for the future. We see women earning very well for themselves but when it comes to managing their hard earned money they tend to take a step back. Most of the time women aren't even aware of the different investment options available in the market. They usually prefer to save their money in a savings account or purchase jewellery. It is a common perception that women are risk averse and they prefer those investments that guarantee fixed returns and have higher degree of liquidity. The lack of confidence to take their own independent financial decisions stands in their way of being self-esteemed and economically empowered.

Although, it is imperative for women to acquire financial knowledge and to do financial planning, still a lot of gap persists in India as far as financial management among working women is concerned. This research paper will discuss the financial perceptions the society holds for women to manage their personal finances.

### **Keywords**

Personal Finance, Financial Perceptions, Financial Planning, Investment Decisions, Financial Leverage.

---

We express our gratitude to ICSSR for sponsoring Major Research Project titled "Financial Culture Of Working Women in India: A Study of the Perceptions, Awareness, Responsiveness and Leverage to Manage the Personal Finances of North Indian Working Women".

## **1. Introduction**

Indian women are making their mark in almost all the fields but they are still seen shying away from managing their personal finance. They lack the confidence or the ability to do so. The fear of not having proper knowledge, or being afraid of losing their money due to poor judgment or the sense of security that their fathers or husbands will manage their money for them keeps women away from being financially independent and literate. Women generally have less eagerness, lower confidence and less readiness to learn about personal finance management.

Women have a very conservative approach when it comes to investing due to which their portfolios don't grow quickly. Because of low level of interest and trust in their ability to deal with money matters, women allow their fathers or husbands to take financial decisions on their behalf. But the fact is that taking control of one's own personal wealth can lead to better financial security for the women.

Women undertake many barriers to their financial well-being. Women are mainly seen as taking care of the house and children. They tend to focus majorly on their household responsibilities and taking care of the children. Women are seen as the primary caretakers of the family. They give up their salary and retirement benefits for the well-being of their family. A major part of their income is spent on their children and bill paying. This leaves them with less money to invest or plan for their retirement. It is very common to see that women in our country don't have the autonomy to participate in financial decisions. Even when have full time careers and contribute to the household income are not involved in the financial matters.

## **2. Objectives of the Study**

More specifically, the present study aims:

1. To evaluate the level of financial culture among the working women in India.
2. To examine the financial literacy among the working women who believe to have highly academically qualified.
3. To explore the perceptions, behavior, attitude and awareness of the prudent financial management by the modern generations of working women.

### 3. Literature Review

The research paper aims to explore and evaluate studies related to the financial culture and financial attitude of women. Various studies and research papers are reviewed and studied to explore the perceptions, knowledge, and leverage of working women to manage their own personal finances. It critically studies and summarizes various studies that provide insights regarding the financial literacy, investment habits and financial knowledge of working women.

**Garima Baluja (2016)**<sup>1</sup> in her article titled “*Financial Literacy among women*” studied the problem of financial literacy among women in detail. The objective of the study was to determine factors that affect financial literacy among women in India. Measures for improving financial literacy have also been discussed. The author concluded that physical, cultural, financial and psychological factors hinder women from being financially literate. The government has introduced various schemes to improve financial knowledge, skills and understanding of women. More financial literacy programs and more universities should be set up to spread awareness among women regarding financial management. Financial literacy would not only make women financially independent but would also lead to overall growth of the nation.

**Akshita**<sup>2</sup> **Arora** in her paper titled “*Assessment of Financial Literacy among Working Indian Women*” attempts to examine the level of financial literacy among working women in the state of Rajasthan. A questionnaire was developed and distributed to 700 women out of which only 444 responded. The questionnaire attempted to assess financial knowledge, financial attitude and financial behavior of the women. The women that were chosen to be a part of the survey include teachers, professors, working with corporate, chartered accountants, government employees and freelancers. The survey results revealed that the level of financial knowledge among women is significantly low. Women did not possess basic knowledge about the money management concepts. Women belonging to the rural areas performed poorer than women in the urban areas. It was found that financial knowledge is directly related to educational level of women. Majority of the respondents displayed

---

<sup>1</sup>Garima Baluja, “Financial Literacy among Women in India : A Review,” *Pacific Business Review International* 9, no. 4 (2016): 82–88.

<sup>2</sup>Akshita Arora, “Assessment of Financial Literacy among Working Indian Women,” *Business Analyst* 36, no. March (2016): 219–37.

positive financial behavior when it comes to household finances. Women are concerned about managing their personal wealth, but they do not plan for their future. Financial behavior has also been linked to the income level of the respondents. Women belonging to the middle income category are careful about their expenses and plan for their future than women in the lower and higher income category. Women in the lower income group barely meet their day today expenses so they are less willing to plan for the financial security of their future. Similarly, women in the higher income group are negative towards undertaking investment planning since they are already living a comfortable life. Lastly, women have scored high in terms of financial attitude. Women recognize the importance of saving and planning for the security of their future. Overall, the analysis reveals that women lack financial knowledge and basic understanding of financial management concepts even in today's era. The reasons could be due to lack of basic education, lack of awareness of the various financial products available etc. However, results suggest that women have scored better in terms of financial behavior and attitude. To conclude, the researcher has suggested that government and even the private sector companies should conduct financial literacy workshops for women in rural as well as urban areas.

**V.G Jisha and Gomathi**<sup>3</sup> in their research article "*A Study on the Perception of Investment Pattern among Urban Working Women with reference to Coimbatore city*" sought to examine the relationship between income and investment pattern among working women. The respondents included women working in government as well as private sectors in the Coimbatore city. Structured questionnaires were distributed to 50 respondents. The findings suggest that women prefer to invest in securities that guarantee the safety of funds. The study further concluded that the level of income has a major impact on the saving pattern of the respondents.

**Thanvi Sebastian, Dr. Middi Appalla Raju**<sup>4</sup> in the research article "*A Study on the Financial Literacy of Professional Women in the District of Emakulums, Kerala*" studied the knowledge of working women towards

---

<sup>3</sup>V G Jisha et al., "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, no. 2 (2017): 4303–7, <http://ijesc.org/>.

<sup>4</sup> Thanvi Sebastian and Middi Appalla Raju, "A Study on the Financial Literacy of Professional Women in the District of Emakulum, Kerala" 4, no. 7 (2016): 4–8.

the investment avenues and their most preferred forms of investment. The study also aims to determining the knowledge of women towards various investment products available in the market. The sample included 30 women working in banks, colleges and professional firms within the age group of 22-40. The analysis reveals that women are not educated about the basic concepts of managing money, investment products and financial planning. The study further shows that women in the urban areas are now making investment decisions on their own. There are plenty of investment options available in the market but women are not using these to their benefit. Some respondents are aware of such investment options but due to lack of financial knowledge and less familiarity with trading, they are hesitant in investing in shares and stock markets. The authors documented the fact that a lower level of financial literacy can lead to taking financial decisions that can have negative impact on the financial health of working women. Moreover, it was found that Systematic Investment Plan (SIP) was indicated as the most preferred form of investment option by women. Women are no longer limiting themselves to fixed deposits. The author has suggested that financial planning should be started as early as possible so that women have sufficient funds for their retirement. Women should participate in training programs organized by various financial institutions and government regarding basic money management, investment planning etc. Further, the study concluded that women can take the services of professional financial consultants to help them in investing decisions. However, it is recommended that women should have some basic financial knowledge rather than blindly trusting the financial consultants. A study conducted by Insured Retirement Institute<sup>5</sup> titled “*Women’s Perspectives on Savings, Investing and Retirement Planning*” aimed to measure women’s perceptions regarding investments, financial decision making, seeking advice from financial consultants, valuation of their success and their financial knowledge in comparison to their male counterparts. The survey also attempts to review how married women view themselves as financial decision makers and how they see their spouses. In addition to this, the study measures the extent to which their investment style differs from their spouses. The small sample of men has been included only for the purpose of comparison. The survey found that

---

<sup>5</sup>O N Saving and Retirement Planning, “WOMEN’S PERSPECTIVES,” no. November (2015).

both men and women are worried about saving so that they are able to afford a decent lifestyle after their retirement. The survey results exhibited that women see investing as a shared responsibility whereas men think they take the lead in financial decisions. While taking the services of a financial expert, women consider the ability of the consultant to clearly explain concepts to them as a very important attribute. Women give more value to listening, being receptive and having a deep knowledge of investment plans than men. Women are more responsive to financial products and services available that can serve as a protection against future risks. Women tend to have less financial knowledge about investment products as compared to men. The author has suggested that developing a clear understanding of the financial concepts, explaining the concepts and commended investment plans patiently, considering the needs of the women, communicating in a way women want to be communicated and active involvement of women in spousal discussions are some of the skills that the financial advisors must incorporate to develop successful relationships with their female clients and help them achieve their goals.

#### **4. The Present Scenario**

Women are known to allow their spouses or fathers to manage their earned money. Most women don't take their own financial decisions. They don't give proper value to their own abilities and talents and show less interest in learning financial management. Although the mind-set of women is changing, now they seek advice from their male counterparts instead of asking permission for taking investment decisions. Still many women lack the requisite knowledge, inclination and leverage to take care of their personal finances and make it grow. Women are intimidated by financial matters because of lack of interest or ability to take financial decisions on their own. Being financially independent is not just about being able to bank account, using debit/ credit cards or having a full time job. It involves long term financial planning for the future. We see women earning very well for themselves but when it comes to managing their hard earned money they tend to take a step back. Most of the time women aren't even aware of the different investment options available in the market. They usually prefer to save their money in a savings account or purchase jewellery. It is a common perception that women are risk averse and they prefer those investments that guarantee fixed returns and have higher degree of liquidity. The lack of confidence to take their own

independent financial decisions stands in their way of being self-esteemed and economically empowered.

Although, it is imperative for women to acquire financial knowledge and to make financial planning, still a lot of gap persists in India as far as financial management among working women is concerned.

## **5. Conceptual Framework: Financial Perceptions**

Financial perceptions are our cognitive behavior to deal with money in our daily lives. The societal and cultural norms hold primary or exclusive responsibility on men to plan and monitor the financial resources of the family. Women participation in financial decisions is relatively low even in the most developed countries of the world. The general perception is that ideally only men require financial planning. Majority of the women including working and educated believe that managing money is primarily a man's job. This is simply because of the reason that for a long time, women have been told that money matters are not for them and they should stay away from them. Moreover, women see finance as a complex and boring area.

The truth is that women require financial planning as much as men. In fact women prove to be better money managers as they are considered to be concerned about their finances and are better savers. Women have different financial priorities when compared with those of their male counterparts. Men invest their money in lieu of earning profits, whereas women are more concerned about future financial security of their children and family.

Women manage money on a small scale very efficiently and effectively. Despite this fact, they are comfortable in leaving their personal finances and financial planning to their fathers, husbands or other male members of the family. The kind of efficiency they demonstrate in managing the day to day expenses of the homes are not translated to their personal finances. Women today face more challenges than what their mothers had faced. With the increase in income and changing lifestyle, the financial requirements have undergone a paramount change. The cost of living, education expenses, medical costs, interest rates on loans, mortgage has risen significantly. Single mothers, divorce, separation, widowhood are some other challenges faced by women putting their future financial security to risk.

Working women consider investing as a luxury and not as an essential requirement. A major portion of a women's income is spent on food,

clothing and other household expenses. They are expected to spend their income on school fees, family well – being, food etc. This leaves them with little income to invest in different financial products and services. Even if some women take the initiative of investing, they usually depend on their counterparts to take financial decisions for them. It is important to give women a positive encouragement that they can invest and they can do it well. It is necessary for women to have a control on their income as well as measure the performance of their investment plans.

How people behave in a particular situation is determined by the social roles. Social norms involve society's rules for which behaviours are considered appropriate. Therefore, women's attitudes towards investment planning are largely influenced by the societal and cultural norms. These societal pressures dictate how women should manage their finances. In many cultures, women are viewed as better budgeters rather than financial decision makers. Women's attitude towards risk is less aggressive, because they generally have less confidence in making investments. They adopt a very conservative approach to investments which in turn results in lower returns.

Women tend to have a low tolerance level for investment risk and depend on their male counterparts for their personal finance decisions. As a result, women often adopt a more conservative approach to making investment decisions, which in turn leads to lower returns on their investments. Women like to get the maximum returns and many of them create secret savings and use this secret money on gold, jewellery or silk saris. They prefer to invest more in post office schemes than buying shares and mutual funds. However, in the present scenario where women are at par with men in every field, they must start taking control of their personal wealth.

Working women generally have very little control over their savings and investment; they rather consult other family members in their savings and investment decisions. In many cases, they are not aware about how much money they would need after retirement. There have been cases where women have outlived their retirement savings to fulfill household duties. Thus, the primary explanations for such financial perception of women need to be understood by the society and the policy makers of our country. Some of the reasons for poor financial management of their personal finances are discussed below:

- **Lack of Independence**

Although several theories support the equality between men and women, yet women are deprived of the extent of independence. The basic problem is that women are not given the freedom to manage their finances independently. All major financial investment decisions are generally taken in consensus after considering the well-being of whole family. Hence, such financial decisions are not taken on their merit but are dictated by social responsibility. A woman can only spend a small part of her income on herself and in order to maintain harmony in the family, women let go of their financial freedom.

- **Culture**

Culture also comes in as a factor that acts as a hindrance in spreading financial education among women. Some cultures do not allow women to take part in financial matters of the family. It is a usual practice that men take control of financial matters whereas women are supposed to take care of domestic duties. This disrupts their confidence and restrains them in becoming financially literate. A culture's expectation influences gender roles and different attitudes towards managing finances and investments. Therefore, women focus more on short- term finances rather than engaging in investment planning.

- **Lack of Women Centric Financial Schemes**

Most of the financial institutions have generic financial services and do not develop women specific financial schemes. Also, the high and stringent requirements to access the services restrict the women to take financial decisions and learn financial jargons. Products that only focus on business and does not focus on the woman household also act as a barrier in financial literacy among women.

- **Lack of Information on Existing Financial Services**

Most of the women are unaware of the available financial services as many financial institutions advertise their services in mainstream media and billboards. Hence, the lack of awareness creates a hindrance in becoming financially aware. Lack of financial awareness and knowledge is contributing in a major way in their

dependence on investment and financial planning on spouse/ family, hampering their financial independence.

- **Lack of Basic Education**

In India, the basic literacy level of women is quite low as compared to men. Most of the sections of society do not allow women to acquire higher education. The lack of basic education and lack of computer knowledge is another reason of low financial literacy level among Indian women.

- **Lack of Financial Resources**

In India, there is a high proportion of non-working women. Since they are not working, the source of income is dependent upon their spouse or father. This also restricts them to take independent decisions on financial matters of the family.

## **6. Financial Leverage**

Financial leverage is the authority and the power to make financial decisions with one's own personal finances. It is the capacity to make independent decisions regarding the money earned by the individuals.

Indian society is largely patriarchal. The financial decisions in the families are mostly taken by men. The main responsibility of women is nurturing children and taking care of the family. In households, where women are consulted in financial decisions are normally related to purchase of property or life insurance. However, investment planning decisions are primarily taken by men only. Leave alone investment decisions, in many households women aren't even made a part of the financial planning process. Women are just informed about the decisions already taken. Women are risk averse and inclined towards safety that is why they don't take investment decisions. Women generally find it difficult to talk about money as they believe they don't know much about this field. They feel that it is a waste of time since they don't understand finances well enough to talk about it intelligently.

In bigger cities, we see women being highly educated having successful careers. Despite this modernization, women are not given the freedom to take charge of their personal wealth. Major decisions regarding finances are taken by the husbands, father or other elder male member of the family. Women would depend on them for investment planning even if they are earning on their own. Also, in cases where women earn more than their counterparts, they would still rely on their hubbies to manage

their finances. Lack of awareness leaves them with no option but to depend to select the right investment products for them. Moreover, women are risk averse and afraid of losing their money, thus making them financially dependent on their family.

A large section of the women population in our country relies on their family for their financial decisions. The financial risk faced by these women is enormously high in the event of death or injury to the principal earning member of the family. Working women adopt a very conservative approach towards investments especially if they are single mothers. Even highly educated and successful women exhibit lack of interest and confidence in investment decisions. This is because women still need their husband or father's approval before taking any financial decision. They doubt every investment decision of theirs. They depend on their family to guide regarding spending patterns or wait for their husbands to plan for the family future. They are content leaving the decision making to their male member in the family and take a back seat with their own personal wealth. There have been instances where husbands dominate the investment planning. Women are not given the autonomy or freedom to make their own financial decisions. Women who are earning well and don't face any discrimination for making financial decisions; they still don't manage their own money or investments. Men seek advice of financial advisors on for themselves and on behalf of their spouses as well. Women don't take interest in taking the advice of financial consultants for their own personal finances. The reason for this is male dominance in some families regarding investment planning. In addition to this, women lack self-confidence to see savings advice and manage their own money.

The trend is changing and working women have started doing investments gradually. But the percentage of working women taking their own independent financial decisions is still very low. There is still a section of women who don't take up investment planning out of their personal income. Either because their husbands are doing well financially or they have taken up jobs only to kill time rather than sitting idle at home. No doubt, there is a class of working women who are handling their own portfolios and getting good returns on their investments too. But the percentage of such class of women is a bit low. Women earn money independently but often give all of it up to their spouse. It's important for them to also create a basket of savings and investments in their own name to cater for contingencies if their spouse is not around in the future. Better finance handling will boost their self-

confidence; provide higher financial security and more empowerment to contribute to the socio-economic development and prosperity of the country.

## **7. Finding and Recommendations**

### **Financial Planning and Investment Decisions by Modern Age Women**

The financial decisions of women are highly influenced by their family and friend's views. Despite the fact that a lot of women handle their household finances, they delegate the investment job to their spouses. They do not take active role in personal finance matters which can be critical to their financial well-being in later life. They don't know if they are nominees in investments, if their husbands are insured and for how much, how will be their post-retirement financial life. In fact, many women don't even know where the important financial documents are stored.

This lack of interest and confidence is rooted in the social norms. From ages it has been believed that a man will bring money into the house and women will take care of the family. In India, the financial decisions are made by men. Even working women tend to choose traditional options like savings account or fixed deposits. This is prominent even in the most progressive cities and towns. Investing has always been seen as a male oriented activity. Even when a woman earns a substantial amount, her income is always used for household expenses.

Women are generally perceived to be risk averse and reluctant to invest their money in different financial products and services in the fear that they might lose their money. Women would rather prefer investing in gold or property rather than investing for their retirement. Women display low levels of confidence in investment decisions, are risk averse and thus have very lower level of satisfaction. Their belief set is to have active saving habits by keeping cash at home or depositing it in a savings bank account. Their priority has been investing in gold or comparative affordable and easily accessible financial products and services with high degree of liquidity. They associate higher levels of risk with investing in shares and mutual funds than other investment options.

Another common money trait among women is buying jewellery on a regular basis in the guise of investment. The savings and investment methods used by most women continue to be traditional. Most women have a weak asset allocation with exposure limited to Savings Bank

Account, Fixed Deposits, LIC policies and jewellery. Women tend to have a conservative risk appetite and hence they generally avoid equity shares and mutual funds.

It is imperative that women should get educated about the concept of financial planning and investment avenues to protect them from the financial challenges they may face in the future. The time has arrived for women to take stock of their financial situation and undertake a systematic financial planning and investment decisions for their own financial well-being and that of their family.

The need of the hour is to educate women on the requirement of financial planning and the innovative instruments available to undertake investments so that women are able identify the risk return trade off and investment scientifically to fulfil their financial goals. Women who possess some level of education, financial knowledge and wealth are willing to accept more investment risks than other. But still there is a long way to go.

## **References**

1. Arora Akshita, “*Assessment of Financial Literacy among working Indian Women*”, Banasthali University, Research Gate, 2016
2. Abdul Haque, Mehwish Zulfiqar, “*Women’s Economic Empowerment through Financial Literacy, Financial Attitude and Financial Wellbeing*”, COSMATS Institute of Information Technology, Lahore, Pakistan. *International Journal of Business and Social Science* Vol. 7, No.3: March 2016.
3. Swati Narula, “*Financial Literacy And Personal Investment Decisions Of Retail Investors In Delhi*”, *International Journal of Science, Technology & Management* Volume No. 04, Special Issue No.01, ISSN (online)2394-1537 (May 2015).
4. Thanvi Sebastian, Dr. Middi Appalla Raju, “*A Study On The Financial Literacy Of Professional Women In The District Of Ernakulum, Kerala*”, *International Journal Of Technology Enhancement And Emerging Engineering Research*, VOL.4, ISSUE 7, ISSN 2347-4289.

5. Dr. R. Sellappam, Gobichettipalayam, S. Jamuna and TNR Kavitha “*Investment Attitude of Women towards Different Sources of Securities- A Factor Analysis Approach*”, Volume: 2/Issue: 2/Feb 2013. ISSN No.2277-8160, Gra-Global “Research Analysis” 34.
6. Prof. Sobhesh Kumar Agarwalla, Prof Samir K. Barua, Prof. Joshy Jacob and Prof. Jayant R. Varma, “*A Survey of Financial Literacy among Students, Young Employees and the Retired in India*”, Indian Institute of Management, Ahmadabad, June 2012.
7. Agarwalla, S.K., S. Barua, J. Jacob, and J. R. Verma, “*A survey of Financial Literacy among Students, Young Employees and the Retired in India*”, Indian Institute of Management Ahmedabad. 2012.
8. Almenberg, Johan and Jenny Save-Soderbergh “*Financial Literacy and Retirement Planning in Sweden.*” *Journal of Pension Economics and Finance*, Vol. 10, 2011, pp585-598. Doi: 10.1017/S1474747-211000497.