

FINANCIAL LITERACY AND INVESTMENT BEHAVIOUR AMONG WOMEN

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Abstract

This chapter explores the critical role of financial literacy in shaping the investment behaviour of women in India. Despite growing economic participation, many women remain excluded from financial decision-making due to limited knowledge, risk aversion, and sociocultural constraints. The chapter reviews key factors influencing financial awareness, evaluates patterns in saving and investment among women, and highlights the necessity of inclusive financial education. It also suggests measures to enhance financial independence and smarter investment practices among women.

Keywords: *Financial Literacy, Investment Behaviour, Women Empowerment, Financial Inclusion, Risk Aversion, Digital Banking, Savings Behaviour, Gender Gap*

Introduction

In today's rapidly evolving economy, understanding how to manage money has become more than just a skill—it's a powerful form of self-reliance. For women in India, financial literacy opens doors to independence, confidence, and a better future. But despite growing opportunities, many still face challenges: limited access to resources, lack of time, cultural expectations, and barriers to digital platforms.

This chapter explores how financial knowledge influences the way women save and invest. It looks closely at everyday realities—how societal norms shape choices, why some women hesitate to take financial risks, and the importance of accessible education. It also highlights current government schemes and how they play a role in empowering women financially.

By the end, readers will understand not just the problems, but also the potential. Because when women are equipped with financial knowledge, they don't just change their lives—they transform their families and communities.

Concept of Financial Literacy

Financial literacy refers to the ability to understand and effectively use various financial skills, including personal financial management, budgeting, and investing. For women, this involves not only access to financial tools but also the confidence to use them.

Studies show that financially literate women are more likely to save, invest, and prepare for future expenses. They can make sound decisions about family welfare, education, health, and emergencies. However, most women in rural areas lack structured financial education. Government and NGO initiatives have tried to bridge this gap, but cultural barriers and limited exposure to financial institutions continue to restrict financial literacy levels among women. Digital education and mobile-based learning are emerging as tools to overcome these challenges.

Investment Behaviour among Women

Women tend to exhibit conservative investment behaviour compared to men, prioritising security over returns. Factors influencing their investment choices include income level, education, family responsibilities, and risk perception.

Traditional options like gold and fixed deposits are often preferred. However, urban, educated women are increasingly venturing into mutual funds, SIPs, and digital financial platforms. A SEBI study shows women investors have a higher tendency to hold long-term investments and trade less frequently.

Investment behaviour is shaped by financial goals, access to information, and cultural conditioning. Many women invest with a long-term perspective focused on family welfare. Younger women, especially those employed in IT and finance sectors, are exploring stock markets and real estate. Psychological factors such as fear of loss, lack of confidence, and past financial setbacks also impact behaviour. Financial education that addresses these fears is crucial to transforming passive savers into active investors.

Barriers to Financial Inclusion

Several barriers hinder women's financial participation:

- **Lack of Awareness:** Limited knowledge about investment options beyond savings and gold
- **Cultural Restrictions:** Financial decisions often dominated by men
- **Documentation Issues:** Informal workers often lack necessary documents like PAN cards
- **Digital Illiteracy:** Hesitancy to use mobile banking or digital tools, especially among older women
- **Time Poverty:** Limited time or energy to attend financial literacy programs

Even when women have bank accounts, usage rates are low due to male family members operating them. Lack of confidence and poor product targeting from banks also contribute to exclusion.

Role of Government and Financial Institutions

Several government schemes aim to bring women into the financial mainstream:

- **Pradhan Mantri Jan Dhan Yojana (PMJDY)** – Mass bank account opening initiative
- **Sukanya Samriddhi Yojana** – Encourages investment in the girl child's future
- **Mudra Yojana** – Provides loans to women entrepreneurs

NGOs, banks, and SHGs play a vital role. Many SHGs operate microcredit facilities, giving rural women access to finance. Digital literacy drives, awareness camps, and doorstep banking are promising strategies. However, outreach in remote areas still needs improvement.

Suggestions for Improvement

- Integrate financial education into school/college curricula
- Organise women-only literacy workshops
- Promote digital banking through local language apps
- Encourage community finance clubs
- Train local women as financial educators
- Support SHGs to form investment clubs
- Tailor financial products for homemakers

- Incentivise regular digital transactions
- Run media campaigns on Women & Finance
- Launch mobile financial literacy vans

Conclusion

India's financial ecosystem must evolve to support women's economic participation. Financial literacy is essential but insufficient by itself. A holistic approach involving education, access, policy reform, and cultural change is needed.

Financially literate women can break cycles of poverty, educate future generations, and contribute to economic development. Promoting women's role in finance is not just gender equity—it's a national growth strategy.

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