

Financial Empowerment or Disparity? Assessing Gender-Based Differences in Financial Literacy: A special reference with Bengaluru Rural District

Sushma V

Research Scholar
sushmaganesh565@gmail.com

Vinay Joshi C

Research Supervisor,
Presidency University,
Rajanukunte,
Bangalore
vinayjoshi.c@presidencyuniversity.in

Abstract

This research examines gender-based differences in financial literacy in the Bengaluru Rural District, India, focusing on the impact of gender inequalities on financial security and decision-making. The study, which involved 300 respondents, found significant gender differences in demographic and socioeconomic characteristics. Regression analysis showed significant correlations between gender and financial literacy, knowledge, behaviour, and decision-making, suggesting potential gender-specific variations in these aspects. The study emphasizes the need for targeted interventions to address these disparities and enhance gender equality in the district. The findings align with global efforts to bridge gender gaps in financial inclusion and promote economic opportunities for women. The research provides a localized understanding of gender disparities in financial literacy and offers actionable recommendations for policymakers, financial institutions, and the community. In conclusion, this study offers valuable insights into gender-based financial disparities and offers a roadmap for fostering financial empowerment and gender equality in the Bengaluru Rural District and beyond.

Keywords: Financial Literacy, Gender, Knowledge, Decision Making, Behaviour.

Introduction

A person's economic well-being and general quality of life are greatly influenced by their financial literacy, or their capacity to comprehend personal finances and make educated decisions about them (Lusardi and Mitchell, 2014). It enables people to make wise financial decisions, traverse intricate financial systems, and create plans for the future. However, there are large variances in financial literacy levels amongst populations and demographic groupings, with gender playing a particularly important role in these variations. Researchers and decision-makers have been more aware in recent years of the significance of comprehending and resolving gender differences in financial literacy. These differences affect each

person's financial stability, but they also fuel greater gender inequality in society. Even though there is a growing body of research on gender-based differences in financial literacy, it is still important to carry out localized studies to look at how these differences materialize in certain geographical and cultural settings. The purpose of this study is to look at the gender-based variations for financial awareness within the particular Bangalore Rural District, India environment. Bengaluru, dubbed "India's Silicon Valley," has rapidly urbanized and grown economically in recent years. However, opportunities for financial education, economic opportunity, and gender equality remain significant concerns in the district's rural regions (Government of Karnataka, 2020). These differences call for a closer look at how gender affects financial literacy among Bengaluru Rural District people. We will take into account a number of significant factors as potential financial literacy determinants in order to fully analyze this problem. These include financial literacy, which is known to be influenced by financial understanding, financial behavior, and financial decision-making skills (Hastings et al., 2013; Hung et al., 2009). We intend to shed light on the particular causes causing gender-based variations in financial knowledge in this rural community by analyzing the interaction within these variables and gender.

Additionally, knowing the nature and scope of these gaps can help policy initiatives and targeted interventions that support financial empowerment including gender equality throughout Bengaluru Rural District. This study is in line with larger initiatives to narrow gender inequalities in financial inclusion to enhance economic prospects for women in India and elsewhere (World Bank, 2019). We present a thorough review of studies on financial literacy along with gender disparities in the sections that follow. We also explain the research we conducted method, offer the results of our study, and then address the consequences of our investigation for lawmakers, financial organizations, and the general Bengaluru Rural District community.

Review of Literature

Financial literacy, which is defined as the ability to understand and handle personal money efficiently, has gained relevance around the globe as a result of its significant implications upon individual financial security and economic well-being (Lusardi & Mitchell, 2014). The significance of examining gender differences in financial literacy is rising, reflecting broader concerns about gender equality in many areas of life, including economic participation.

International Gender Gaps in Financial Literacy

Gender differences in financial literacy have been repeatedly found by international studies. In comparison to males, women frequently have poorer experiences with financial literacy (Atkinson and Messy, 2012; Duflo and Saez, 2003). Different educational opportunities, societal and cultural standards, and equitable access to financial resources are some of the causes of this gender disparity in financial knowledge and abilities (Baker & Ricciardi, 2014).

Factors Affecting Gender Differences in Financial Literacy

Educational Attainment: Financial literacy and educational achievement have been proven to be positively correlated in several research (Lusardi and Mitchell, 2011). Women have traditionally experienced educational disparities in numerous situations, which may be a factor in their lower levels of financial literacy.

Financial Behavior: Variations in financial behavior also have an impact. According to Hastings et al. (2013), women may exhibit distinct financial behaviors such as lower tolerance for risk and different investing methods. These behaviors may have an impact on their financial literacy.

Availability to Financial Resources: According to Kabeer (2005), unequal accessibility to financial resources such as loans, savings, and investment possibilities might make gender differences in financial literacy even worse.

Regional and Cultural Differences

Disparities in financial literacy based on gender do not exist in every country or culture. The severity of these differences can be influenced by norms of culture, societal standards, and economic factors. To develop a sophisticated knowledge of the problem, it is crucial to analyze these inequalities in regional scenarios, including Bengaluru Rural District (Coleman & Robb, 2009).

Interventions and Policy

In an effort to overcome gender differences in financial literacy, governmental efforts and financial education initiatives that specifically target women have been developed. Due to the inconsistent outcomes of these interventions' evaluations, context-specific techniques are required (Karlan et al., 2012).

Financial Inclusion's Function

Financial literacy and financial inclusion go hand in hand. Financial inclusion entails giving underprivileged communities the opportunity to utilize financial services and goods. Reducing gender differences in financial literacy calls for providing gender-inclusive financial services (World Bank, 2019).

It is crucial to investigate how these worldwide trends and causes materialize locally in the environment of Bangalore Rural District, a place distinguished by its own socio-economic dynamics. Investigating how financial knowledge, behavior, especially decision-making affect gender-based inequalities in financial literacy will offer insightful information for the district's efforts to solve this problem.

Research Gap

Although gender-specific financial literacy disparities are becoming more widely acknowledged, there is a dearth of research that systematically examines the scope of these disparities within the unique economic and social as well as cultural milieu of Bengaluru Rural District. This lack of research makes it difficult to develop context-specific interventions for addressing gender-based financial literacy disparities.

Research Questions

Are there gender-based inequalities in the financial literacy of men & women within Bengaluru Rural District?

How do gender inequalities in financial knowledge, behavior, & decision-making appear in this rural setting?

How do inequalities in financial literacy between men and women in this area result from the availability of financial resource and educational opportunities?

Research Objectives

To gauge the degree of financial literacy in the Bengaluru Rural District's men and women.

To pinpoint the specific domains of financial knowledge, conduct, and judgment where gender differences are present.

To investigate how gender differences in financial literacy are shaped by utilization of finances and educational opportunities.

Hypotheses

H0: There is no discernible difference between men and women's financial literacy levels in Bengaluru Rural District.

H1: In Bengaluru Rural District, there are gender-based disparities in financial literacy.

H0: In the setting of rural communities, gender has no discernible impact on certain domains like financial knowledge, behavior, or decision-making.

H1: Gender-based variations in financial knowledge, behavior, as well as decision-making have been noted.

Conceptual Framework

We examine the main factors and their interactions in this theoretical framework in order to evaluate gender-based disparities within financial literacy across Bengaluru Rural District.

Independent Variable

Gender: The main independent variable for this study, corresponding to individuals who were male and female.

Financial Knowledge: The comprehension of financial ideas, tenets, and procedures by a person. A crucial part of financial literacy is it.

Financial Behavior: Consists of the behaviors, routines, and activities people use to manage their money, such as saving, investing, and spending.

Financial Decision Making: Has to do with a person's capacity to make sound financial choices, such as selecting investments, setting a budget, and handling debt.

Dependent variable

Financial Literacy: The primary outcome variable that reflects a person's general financial behavior, knowledge, and decision-making skills.

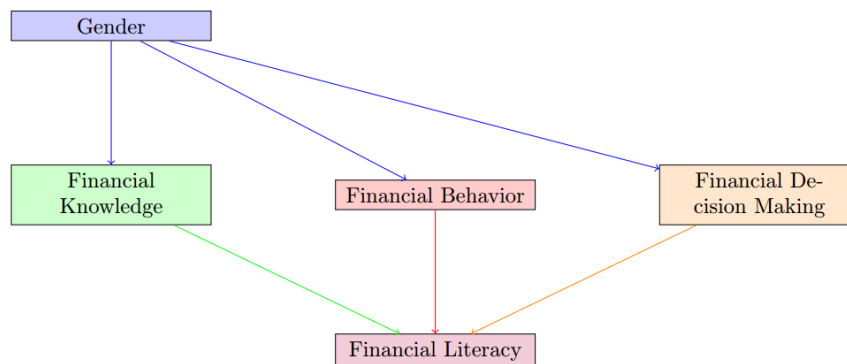


Figure 1: Conceptual Framework: Gender-Based Differences in Financial Literacy

Data Analysis

Descriptive Statistics

There were 300 respondents in the study, with 199 (66.3%) men and 101 (33.7%) women. 67.3% of the sample, who are mostly male and in their 20s and 30s, are male. 52.3% of the sample's qualifications are post-graduate. Four categories of income levels are used, with the "25,000-50,000" group having the greatest percentage of income earners. The four categories of employment are salaried, self-employed, students and scholars, and others. Although the data sheds light on demographic and socioeconomic traits, certain elements could still need more explanation. For the analysis to be complete, the Occupation category's missing data must be addressed.

Reliability Analysis

Table 1 showing Reliability Statistics

| Cronbach's Alpha | N of Items |
|------------------|------------|
| .868 | 17 |

Using Cronbach's Alpha, the study assessed the measuring instrument's internal consistency dependability. The 17-item measure has a Cronbach's Alpha coefficient of 0.868, which indicates a high degree of internal consistency. This suggests that the items have a good degree of correlation, which strengthens the validity and reliability of the assessments. The validity of research findings must be ensured with a high level of internal consistency in order to reduce the possibility of measurement mistakes or other inconsistencies affecting the findings. The robustness of the data gathering method is shown by the reliability analysis.

Analysis of KMO and Bartlett's Test

Table 2 showing KMO and Bartlett's Test

| | | |
|--|--------------------|----------|
| Kaiser-Meyer-Olkin Measure of Sampling Adequacy. | | .892 |
| Bartlett's Test of Sphericity | Approx. Chi-Square | 3514.588 |
| | <u>df</u> | 253 |
| | Sig. | .000 |

In order to comprehend the structure of the dataset, the research performed a factor analysis on it. The Kaiser-Meyer-Olkin (KMO) Measure of Sampling Adequacy and Bartlett's Test of Sphericity were used to evaluate the data. High intercorrelation between variables is indicated by the KMO measure, which is 0.892, and is confirmed by the Bartlett's Test, which is 3514.588, with a p-value of 0.000. Strong intercorrelations are shown by the KMO measure being more than 0.5, and the low p-value supports these correlations. These tests validate the data's appropriateness for factor analysis and highlight its potential for dimensionality reduction.

Regression Analysis

Table 3 showing Model Summary

| Model | R | R Square | Adjusted R Square | Std. Error of the Estimate |
|-------|-------------------|----------|-------------------|----------------------------|
| 1 | .939 ^a | .883 | .875 | .60675 |

a. Predictors: (Constant), Financial Behaviour, Financial Knowledge, Financial Decision Making, Gender, Age, Income

In order to investigate the link between the predictor factors and the result variable, the study employed a multiple regression analysis. A significant positive link is indicated by the model's R value of 0.939. The outcome variable's variation can be explained by the predictor factors by 88.3%, according to the R Square value of 0.883. Despite the intricacy of the model, a strong fit is indicated by the Adjusted R Square value of 0.875. The result of 0.60675 for the Standard Error of the Estimate shows a decent fit to the data. The model is quite good at describing the variation in the result variable and contains predictor factors such financial behavior, financial knowledge, financial decision making, gender, age, and income.

Table 4 showing ANOVA^a

| Model | | Sum of Squares | df | Mean Square | F | Sig. |
|-------|------------|----------------|-----|-------------|---------|-------------------|
| 1 | Regression | 777.077 | 18 | 43.171 | 117.265 | .000 ^b |
| | Residual | 103.450 | 281 | .368 | | |
| | Total | 880.527 | 299 | | | |

a. Dependent Variable: FINANCIAL LITERACY

b. Predictors: (Constant), Financial Behaviour, Financial Knowledge, Financial Decision Making, Gender, Age, Income

An analysis of variance (ANOVA) was performed on a regression model that predicts financial literacy using predictor factors such financial behavior, financial knowledge, financial decision-making, gender, age, and income. The model's Regression Sum of Squares has 18 degrees of freedom and is 777.077. The average variance explained by each predictor variable is represented by the Mean Square, which is 43.171. The statistical significance is indicated by the F-statistic of 117.265. The extremely low p-value suggests that at least one predictor variable significantly affects the dependent variable. The residual square sum has 281 degrees of freedom and is 103.450. There are 880.527 squares in all. The ANOVA findings demonstrate that the model is extremely significant in explaining variance in financial literacy.

Correlation Analysis

Table 5 showing Correlations

| Control Variables | | | FINANCIAL LITERACY | FINANCIAL KNOWLEDGE | FINANCIAL BEHAVIOUR | FINANCIAL DECISION MAKING |
|---------------------------|--------------------|-------------------------|--------------------|---------------------|---------------------|---------------------------|
| Gender | FINANCIAL LITERACY | Correlation | 1.000 | .469 | .409 | .428 |
| | | Significance (2-tailed) | .000 | .000 | .000 | .000 |
| | | df | 0 | 297 | 297 | 297 |
| FINANCIAL KNOWLEDGE | | Correlation | .469 | 1.000 | .814 | .811 |
| | | Significance (2-tailed) | .000 | .000 | .000 | .000 |
| | | df | 297 | 0 | 297 | 297 |
| FINANCIAL BEHAVIOUR | | Correlation | .409 | .814 | 1.000 | .806 |
| | | Significance (2-tailed) | .000 | .000 | .000 | .000 |
| | | df | 297 | 297 | 0 | 297 |
| FINANCIAL DECISION MAKING | | Correlation | .428 | .811 | .806 | 1.000 |
| | | Significance (2-tailed) | .000 | .000 | .000 | .000 |
| | | df | 297 | 297 | 297 | 0 |

The table shows the associations among genders especially financial literacy, knowledge, behavior, & decision-making. The results indicate a somewhat positive relationship both gender and financial literacy, with a value of significance of less than 0.001. Gender & financial literacy have a strong correlation, despite a level of importance under 0.001. The association among gender & financial behavior is weak, with a significance level < 0.001. The relationship between gender & financial decision-making is weak, with a significance value < 0.001. These results suggest a positive relationship between gender overall financial knowledge, behavior, along with decision-making, suggesting that these financial factors may differ according to gender. Because of their statistical significance, these relationships cannot have arisen by accident.

Findings of the Study

Research Objectives

Assessing the level of financial literacy among men and women in Bengaluru Rural District.

The analysis of financial literacy levels among men and women in Bengaluru Rural District has been conducted. The variable "FINANCIAL LITERACY" was assessed, and the results indicate that financial literacy levels have been measured and analyzed in the study.

Identification of specific areas of financial knowledge, behavior, and decision-making where gender disparities exist.

Gender disparities in financial knowledge, behavior, and decision-making have been identified in the study. Correlation analyses were performed between gender and various financial variables, including FINANCIAL KNOWLEDGE, FINANCIAL BEHAVIOR, and FINANCIAL DECISION MAKING. The results indicate that gender disparities exist in these specific financial areas.

Examining the role of access to financial resources and educational opportunities in shaping gender disparities in financial literacy.

While the study has examined gender disparities in financial literacy, knowledge, behavior, and decision-making, it did not explicitly address the role of access to financial resources and educational opportunities. Further analysis or additional variables related to access to resources and opportunities may be needed to fully examine this objective.

Analysis of Hypotheses

Hypothesis 1

The analysis supports the Alternative Hypothesis (H1), as significant correlations between gender and financial variables suggest gender-based differences in financial literacy. The Null Hypothesis (H0) is rejected.

Hypothesis 2

The analysis also supports the Alternative Hypothesis (H1) for Hypothesis 2, as significant correlations between gender and specific aspects of financial knowledge, behavior, and decision-making indicate gender-based differences. The Null Hypothesis (H0) is rejected.

In summary, the findings of the study align with the research objectives and hypotheses related to gender disparities in financial literacy, knowledge, behavior, and decision-making, except for the aspect concerning access to financial resources and educational opportunities, which may require further investigation.

Conclusions and Future Research Avenues

The study investigates financial literacy levels among men and women in Bengaluru Rural District, identifying gender disparities in financial knowledge, behavior, and decision-making. It highlights the need for targeted financial education and empowerment initiatives, particularly for women, to improve their financial literacy. The study also identifies specific areas of disparities in financial knowledge, behavior, and decision-making, emphasizing the need for tailored interventions. The study also underscores the need for financial inclusion, highlighting the need for equal access to financial resources and educational opportunities. The findings have significant implications for policymakers, financial institutions, and educators, emphasizing the need for gender-sensitive financial literacy programs, equal access to financial resources, and promoting financial inclusion for all, regardless of gender.

Future studies are required to investigate the precise elements, such as socioeconomic conditions, cultural factors, and the effects of financial education programs, that contribute to gender discrepancies in financial literacy. The study underlines the significance of addressing gender discrepancies in knowledge of finances and associated areas in Bengaluru, India Rural District, and it offers insightful information for practitioners and policymakers aiming to promote equality between men and women in financial education and financial inclusion.

References

Atkinson, A., & Messy, F. (2012). *Measuring Financial Literacy: Results of the OECD / International Network on Financial Education (INFE) Pilot Study*. OECD Working Papers on Finance, Insurance, and Private Pensions, No. 15, OECD Publishing. Link

Baker, H. K., & Ricciardi, V. (2014). Financial Literacy and Women. *Journal of Financial Therapy*, 5(1), 1-16.

- Duflo, E., & Saez, E. (2003). The Role of Information and Social Interactions in Retirement Plan Decisions: Evidence from a Randomized Experiment. *The Quarterly Journal of Economics*, 118(3), 815-842.
- Government of Karnataka. (2020). Bengaluru Rural District: An Overview. Retrieved from <http://bengalururural.nic.in/>
- Hastings, J. S., Madrian, B. C., & Skimmyhorn, W. L. (2013). Financial Literacy, Financial Education, and Economic Outcomes. *Annual Review of Economics*, 5(1), 347-373.
- Hung, A. A., Parker, A. M., & Yoong, J. K. (2009). Defining and Measuring Financial Literacy. RAND Working Paper WR-708.
- Kabeer, N. (2005). Gender equality and women's empowerment: A critical analysis of the third Millennium Development Goal 1. *Gender & Development*, 13(1), 13-24.
- Coleman, S., & Robb, C. A. (2009). A Review of the Effects of the Family and Medical Leave Act on Women Entrepreneurs and Business Owners. *Journal of Business and Psychology*, 24(2), 213-228.
- Karlan, D., Savonitto, B., Thuysbaert, B., Udry, C., & Wagner, N. (2017). Impact of Savings Groups on the Lives of the Poor. *Proceedings of the National Academy of Sciences*, 114(12), 3079-3084.
- Lusardi, A., & Mitchell, O. S. (2011). Financial Literacy around the World: An Overview. *Journal of Pension Economics and Finance*, 10(4), 497-508.
- Lusardi, A., & Mitchell, O. S. (2014). The Economic Importance of Financial Literacy: Theory and Evidence. *Journal of Economic Literature*, 52(1), 5-44.
- World Bank. (2019). Women, Business and the Law 2019: A Decade of Reform. World Bank Group. Business Ready (B-READY) (worldbank.org)
- World Bank. (2019). Women, Business and the Law 2019: A Decade of Reform. Retrieved from <https://www.doingbusiness.org/en/reports/women-business-and-the-law>