



Financial Literacy and Attitude of Women towards Financial Planning and Investment: A Case Study in Dhubri District of Assam

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ABSTRACT

Financial literacy being an important element of economic and financial growth of an economy, an increasing number of financial education programmes have been initiated in most of the countries. In the aftermath of global financial crisis, the President's Advisory Council on Financial Literacy was set up by United States Government in January 2008 aimed at improving financial education in the country. The researcher aims to study about financial literacy and attitude of women towards financial planning and investment. The researcher undertakes the study in the district of Dhubri with the help of a well designed and a well structured questionnaire among 200 respondents. The data were collected from both primary as well as secondary sources and were analyzed with the help of simple percentage, Mean score and standard deviation and to be tested the hypothesis with the help of t- test. The outcomes of the research study will surely help to know about the literacy of financial knowledge as well as their attitude towards financial planning and investment.

Keyword: Financial Literacy, Investment, Risk management, financial products, financial attitude.

INTRODUCTION

The importance of financial education is globally acknowledged as a key subject for financial well-being of individuals as well as for financial stability of a nation. Nowadays, the consumers are entering into risky marketplace where they are confronted with wide varieties of financial products and services. The baffling choices in these products and the clever advertising often mislead the consumers to understand the fine prints from the complex information and the downside risk associated therein. This increases the responsibility and risk of households in making financial decisions. The need arises to equip the financial consumers with

basic financial knowledge and skills which enables them to navigate the complex range of products and services and selecting those that best suits their needs and resources.

In simple words, financial literacy is the ability to manage money. Broadly, it refers to the knowledge and understanding of financial concepts; the ability to apply it confidently and behaving in a responsible manner to make informed decisions for the financial well-being of the individual the shifting of defined pension scheme to contributory pension plans reallocates the investment risk from the government and employers to the individuals. Consequently, the individuals are made

more responsible for deciding the fund contribution, investment planning and risk management for their retirement security.

Financial education can broadly be defined as "the capacity to have familiarity with and understanding of the financial market products, especially rewards and risks in order to make informed choices. Viewed from this standpoint, financial education primarily relates to personal financial education to enable individuals to take effective actions to improve overall well-being and avoid distress in financial matters.

REVIEW OF LITERATURE

1. Master Card Financial Literacy Survey (2014)¹ was conducted between July 2014 and August 2014 on 8,087 respondents aged 18-64 in 16 countries across Asia Pacific. The survey was conducted using a structured well designed questionnaire, Basic money management, financial planning and investment. A slight decline was observed in financial planning knowhow of the respondents across the region in comparison with the results of the last survey (2013). In Investment component, Asia Pacific showed weakest progress among the 3 components of Financial Literacy Index. Consumers who were working or belonging to high income class possessed more superior levels of financial literacy than others.

2. Another one study conducted by Chen and Volpe (1998)² to examine the financial literacy of 924 college students from 13 campuses in USA revealed that college students had insufficient knowledge about personal finance that served as a hindrance in effective financial decision making. Little financial knowledgeable people hold wrong opinions about financial concepts with respect to savings, investments and borrowings. The study also showed that the students who were business majors, in higher class, men, age above 30 years, had good work experience had comparatively high financial knowledge.

3. Suwanaphan (2013)³ carried out a study in Thailand to measure the financial literacy level of academic

support-employees by taking a sample of 400 employees from Chiang Mai University. The study was conducted with the help of well designed and well structured questionnaire covering the aspects of financial literacy, financial attitude and financial behaviour. The study concluded that participants had insufficient knowledge and skills about personal finance issues which served as a hindrance in informed decisions making.

OBJECTIVES OF THE STUDY

1. To know about financial literacy among women section of respondents in the district of Dhubri.
2. To study about attitude of the women towards financial planning and investment.

RESEARCH METHODOLOGY

The researcher used both primary as well secondary sources for the purpose of collection of data. Regarding primary data the data were collected using a well structured questionnaire. Most of the data has taken from the primary sources and few data has taken from the various journals and books. The researcher undertakes the present study using simple convenience sampling technique. For the purpose of the study the area is selected in the Dhubri district of Assam having the total sample size of 200 respondents. The data were analyzed using simple percentage formula, mean score and standard deviation and for the purpose of testing of hypothesis t-test was done.

ANALYSIS AND DISCUSSION

Table: 1
Demographic Profile

Demographic Variables	Category	Frequency	Percentage
Age	Less than 20 years	30	15%
	20-40 years	80	40%
	40-60 years	70	35%
	More than 60 years	20	10%
	Total	200	100%
Marital status	Married	160	80%
	Unmarried	40	20%
	Total	200	100%
Residential	Rural	40	20%

¹ MasterCard, (2014). Mastercard Index of Financial Literacy Index Report 2014.

² Chen H. & Volpe, R.P. (1998). An analysis of personal financial literacy among college students. *Financial Service review*, 7(2), 107-128

³ Suwanaphan, S. (2013, June). Personal Financial Literacy of Academic Support- Employee in Chiang Mai University. In proceedings from Management- Knowledge and Learning International Conference, Pp. 1061-1065.

status	Urban	90	45%
	Semi urban	70	35%
	Total	200	100%
No of family members	Less than 3 no's	50	25%
	3-6 no's	85	43%
	More than 6 no's	65	32%
	Total	200	100%
Educational Qualification	Up to HS	60	30%
	Graduate	80	40%
	Post Graduate	40	20%
	Others	20	10%
	Total	200	100%
House hold income (P/M)	Less than 20000	30	15%
	20000-40000	80	40%
	40000-60000	60	30%
	More than 60000	30	15%
	Total	200	100%
Occupation	Service	40	20%
	Professional	20	10%
	Housewife	60	30%
	Business	70	35%
	Student	10	5%
	Total	200	100%

(Compiled from field survey)

From the table 1 the researcher found that regarding age profile 15% of the respondents were in the age group of less than 20 years, 40% of the respondents were in the age group of 20-40 years, 35% of the respondents were in the age group of 40-60 years and rest 10% of the respondents were in the age group of more than 60 years.

Regarding marital status profile 80% of the respondents were married and 20% of the respondents were unmarried.

Regarding residential status profile 20% of the respondents were rural habitants, 45% of the respondents were urban habitants and rest 35% of the respondents were semi urban habitants.

Regarding no of family members 25% of the respondents have less than 3 no's, 43% of the respondents have 3-6 no's of members and rest 32% of

the respondents have more than 6 no's of family members.

Regarding educational qualification profile the researcher had been found 30% of the respondents were up to HS, 40% of the respondents were graduate, 20% of the respondents were post graduate and rest 10% of the respondents had diploma, certificate course etc.

Regarding household income 15% of the respondents have less than 20000 incomes, 40% of the respondents have income between the ranges of 20000-40000, 30% of the respondents have income between the income ranges of 40000-60000 and rest 15% of the respondents has income between the income ranges of more than 60000.

Regarding occupation profile 20% of the respondents were service holders, 10% of the respondents were professional, 30% were housewives, 35% were businessman and 5% of the respondents were students.

FINANCIAL LITERACY:

Table 2
Family used to keeping records of income and expenditure

Sl. No	Particulars	Frequency	Percentage
1	Yes, we keep records of everything	60	30%
2	Yes, but not all revenue and expenditure	70	35%
3	No, but have an idea	30	15%
4	No and have no idea	40	20%
	Total	200	100%

(Compiled from field survey)

From the table 2 the researcher found regarding used to keeping records of income and expenditure that 30% of the respondents kept records of all income and expenditure, 35% of the respondents were kept records but not all revenues and expenditures, 15% of the respondents have not kept records of income and expenditures but they have an idea, and rest 20% of the

respondents were not keeping records as well as they don't have any idea of that.

Table 3
Having bank Account

Particulars	Frequency	Percentage
Yes	160	80%
No	40	20%
Total	200	100%

(Compiled from field survey)

From the table 3 regarding having bank account of the respondents it is found that 80% of the respondents have at least one bank account and rest 20% of the respondents don't have any bank account.

Table 4
Relationship with the bank

Particulars	Frequency	Percentage
Less than 3 years	60	30%
3-6 years	90	45%
More than 6 years	50	25%
Total	200	100%

(Compiled from field survey)

From the table 4 it is found regarding tenures of relationship with the bank that 30% of the respondents have relation less than 3 years, 45% of the respondents have 3-6 years relationship with the bank and rest 25% of the respondents have relationship with the bank more than 6 years.

Table 5
Did you know about options available for investment?

Particulars	Frequency	Percentage
Yes	80	40%
Somehow	100	50%
No	20	10%
Total	200	100%

(Compiled from field survey)

From the table 5 the researcher has been found regarding knowing about options available for investment that 40% of the respondents were know about different options available for investment, about 50% of the respondents were somehow know about options available for investment and rest 10% of the

respondents were not knowing about options available for investment.

Table 6
Source of information that influence in the investment decision

Particulars	Frequency	Percentage
Product specific information	44	22%
Best buy guidance	36	18%
General advice	40	20%
Media coverage	30	15%
General advertisement	40	20%
Own previous experience	10	5%
Total	200	100%

(Compiled from field survey)

From the above table 6 regarding sources of information that influence in the investment decision of the respondents the researcher found that almost 22% of the respondents were influenced by product specific information, 18% of the respondents were influenced by best buy guidance, 20% of the respondents influenced by general advice and general advertisement each, 15% of the respondents were influenced by media coverage and 5% of the respondents were influenced by their own previous experience.

Table 7
Type of financial instruments/product you currently have

Particulars	Frequency	Percentage
Pension fund	30	15%
Mutual fund	40	20%
Credit card	20	10%
Current a/c	50	25%
Saving A/c	160	80%
Insurance	170	85%
PPF	60	30%
NSC	46	23%

(Compiled from field survey)

From the above table 7 the researcher found regarding types of financial instruments that they have about most of the respondents have insurance about 85% of the respondents, followed by savings A/c about

of the respondents, followed by PPF about 30%, followed by current A/c about 25% of the respondents, followed by NSC about 23% of the respondents, followed by Mutual Fund about 20% of the respondents, followed by Pension fund about 15% of the respondents and about 10% of the respondents have Credit card.

Table 8

Influence you about your financial investment

Particulars	Frequency	Percentage
Spouse	120	60%
Parents	60	30%
Children	80	40%
Relatives	40	20%
Friends	50	25%
Financial advisor	60	30%
Colleagues	46	23%
My own experience	36	18%

(Compiled from field survey)

From the table 8 the researcher found regarding influence about financial investment in case of 60% of the respondents generally spouse influences, in case of 30% of the respondents generally parents influences about financial investment, in case of 40% of the respondents children influences, in case 20% of the respondents relatives influences about financial investment, in case 25% of the respondents friends influences in financial investment, in case of 30% of the respondents financial advisor influences, 23% of the respondents got influences from colleagues and 18% of the respondents got influences from their own experiences.

Table 9

Levels of financial knowledge

Particulars	Frequency	Percentage
Not at all knowledgeable	40	20%
A little knowledgeable	60	30%
Knowledgeable	50	25%
Sufficient knowledgeable	30	15%
Very knowledgeable	20	10%
Total	200	100%

(Compiled from field survey)

From the table 9 the researcher found regarding levels of financial knowledge that 20% of the respondents were not at all knowledgeable, 30% of the respondents were a little knowledgeable, 25% of the respondents were knowledgeable, 15% of the respondents were have sufficient knowledgeable and rest 10% of the respondents were very knowledgeable.

Table 10

Mean score and Standard Deviation of attitude on Financial planning and investment

Sl. No	Particulars	N	Mean	Std. Deviation	Minimum	Maximum
1	Money is there only to be spent	200	4.0824	.81715	2.00	5.00
2	I tend to live for today and let tomorrow take care of itself	200	3.7353	.80343	2.00	5.00
3	I find it more satisfying to spend money than to save it for the long term	200	3.8294	.93598	2.00	5.00
4	I have got a clear idea of the sorts of financial product or services that I need without consulting a financial adviser	200	4.5941	.96686	2.00	5.00

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Table 10

Mean score and Standard Deviation of attitude on Financial planning and investment

Sl. No	Particulars	N	Mean	Std. Deviation	Minimum	Maximum
1	Money is there only to be spent	2004	4.082	.81715	2.00	5.00
2	I tend to live for today and let tomorrow take care of itself	2003	3.735	.80343	2.00	5.00
3	I find it more satisfying to spend money than to save it for the long term	2004	3.829	.93598	2.00	5.00
4	I have got a clear idea of the sorts of financial product or services that I need without consulting a financial adviser	2001	4.594	.96686	2.00	5.00

I always research my choices thoroughly before making any decisions about financial product or services	20 0	3.382 4	1.09755	1.00	5.00
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(Compiled from field study)

Interpretation: Table no 10 shows overall mean score and standard deviation of attitude of respondents towards financial planning and investment. **Statement 4** (I have got a clear idea of the sorts of financial product or services that I need without consulting a financial adviser) having highest mean score of 4.5941 (S.D. 0.96686) indicates about high levels of attitude followed by statement 1 having mean score of 4.0824 with S.D. of 0.81715. **Statement 5** (I always research my choices thoroughly before making any decisions about financial product or services) has the lowest mean score of 3.3824 with S.D. of 1.09755.

H₀= the attitude towards financial planning and Investment is unfavorable.

Table 11						
t- test for attitude of Respondents Towards financial planning and investment						
	t-test	df	Sig. (2-tailed)	Mean Difference	95% Confidence Interval of the Difference	
					Lower	Upper
Money is there only to be spent	79.11 9	19 9	.000	4.04404	3.943 5	4.144 5
I tend to live for today and let tomorrow take care of itself	90.04 9	19 9	.000	4.09445	3.953 2	4.129 7

I find it more satisfying to spend money than to save it for the long term	66.40 4	19 9	.000	3.76425	3.652 8	3.875 7
I have got a clear idea of the sorts of financial product or services that I need without consulting a financial adviser	75.33 3	19 9	.000	3.78497	3.686 2	3.883 8
I always research my choices thoroughly before making any decisions about financial product or services	69.57 0	19 9	.000	3.65803	3.554 7	3.761 4

(Compiled from field study)

Table no 11 shows that the t value for the statement 2 (I tend to live for today and let tomorrow take care of itself) is found to be highest (90.049) having highest mean difference of 4.09445, followed by the statement 1 (Money is there only to be spent) for which t- value is (79.119) having mean difference of 4.04404. Regarding statement 3 (I find it more satisfying to spend money than to save it for the long term); it is to be found to be lowest t-value 66.404.

This indicates that in case of I tend to live for today and let tomorrow take care of itself the attitude level is

mostly high, but in case of the statement *I find it more satisfying to spend money than to save it for the long term* the attitude level is low.

Inference to hypothesis: The Null hypothesis is rejected as the P- value is less than 0.05 in all statements. This means the attitude towards financial planning and investment is favourable.

MAJOR FINDINGS

1. Most of the respondents were among 20-40 age groups.
2. Maximum respondents were married.
3. Most of the respondents reside in urban areas.
4. Most of the respondents have 3-6 no's of members in a family.
5. Most of the respondents were graduated.
6. Regarding household income most of the respondents have income "between" 20000-40000.
7. Most of the respondents were engaged in business occupation.
8. Regarding family used to keeping records of all incomes and expenditure it was found that most of the respondents keep records but not all incomes and expenditure.
9. Most of the respondents have at least one bank account about 80% of the respondents.
10. Regarding relationship with the bank it was found that most of the respondents have 3-6 years of relationship with the respective bank where they have account.
11. Regarding aware about various options available for investment the researcher had found that most of the respondents were not fully aware but they somehow aware.
12. Most of the respondents were getting information regarding influencing about the investment that the researcher get it to know that most of the respondents were getting their information from product specific.
13. Regarding financial product they had, the researcher found most of the respondents have insurance policies followed by saving account as a financial product.
14. Regarding who influences about investment the researcher had found in most cases spouse

influences followed by children of the respondent's influences them.

15. Regarding financial knowledge that respondents have, the researcher found most of the respondents have a little numbers of financial knowledge.
16. Regarding is the attitude of the respondents towards financial planning and investment is favourable, the researcher had found that the attitude towards financial planning and investment is favorable.

RECOMMENDATIONS:

1. It was observed that the financial knowledge of the respondents were very less, so the Govt. NGO, and SHGs should take necessary steps for the awareness of the financial knowledge as well as make them conscious about the correct options that they should invest their money.
2. It was also observed that the respondents were not maintaining proper records of their financial matters. It is recommended that proper training as well as workshop among the rural as well as semi urban area should be conducted about how to maintain their household accounts for better management of finance.
3. Regarding financial product respondents had it was observed that insurance is a common financial product among respondents. There are some other most beneficial financial product like mutual fund, KVP, post office saving scheme etc. should make aware among the respondents, so that basically the rural folk of the respondents make profits.

LIMITATIONS OF THE STUDY

1. The first and foremost limitation is that this study undertook for women category of the public.
2. The sample size is also limited to 200 numbers only.
3. The time period for the study was also limited to 6 months.
4. The researcher focuses on financial literacy and attitude towards financial planning and investment. There may be missing some other aspects of financial behaviour of respondent.

CONCLUSION

Due to information technology era everyone has access a lot of information in different field of education which in turn has empowered individuals in improving

their quality of life. In these developing countries the education and empowerment of women has gained a prominence in recent years. Financial inclusion and financial literacy are like two sides of a coin, which in turn result in economic growth of a nation. Through the understanding of financial knowledge and positive attitude towards financial planning and investment the growth rate of economy will boost up.

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