

## IMPACT OF FINANCIAL LITERACY ON FINANCIAL PLANNING OF WOMEN WORKING IN DEGREE COLLEGES OF MUMBAI

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### Abstract

This study examines the role of financial literacy in influencing financial planning behaviors among women employed in degree colleges across Mumbai. It explores how financial literacy levels impact their budgeting, savings, investment, and retirement planning. Using survey data and statistical analysis, the research highlights significant correlations between financial literacy and financial security indicators, underscoring the need for targeted financial education programs within academic institutions.

**Keywords :** Financial Literacy, Financial Planning, Women in Education, Financial Behavior

### Introduction

Financial literacy is crucial in today's world, enabling individuals to make informed financial decisions that support security and independence. For women, financial literacy is especially important, as they often encounter unique challenges like longer life expectancies, income gaps, and career breaks due to family responsibilities. Even with improved education levels, women's financial literacy often remains low, affecting their ability to plan effectively. In India, especially in cities like Mumbai, financial literacy is essential due to the complexities of urban life and varied financial options.

Mumbai, a major economic center, offers an ideal setting to study financial literacy among women in education, particularly those in degree colleges. These employees, although having stable incomes, may lack financial education, potentially impacting skills in budgeting, saving, investing, and retirement planning. Limited financial literacy can lead to missed wealth-building opportunities, poor retirement preparedness, and financial instability.

This research examines how financial literacy influences financial planning behaviors among women in Mumbai's degree colleges. By analyzing this relationship, the study aims to understand how financial knowledge translates into actionable financial behaviors and affects women's roles as earners and family financial managers. Although awareness of financial literacy is growing, many women in the education sector may still lack the necessary financial knowledge to make informed decisions, potentially hindering their ability to achieve both short-term and long-term financial goals. Insights from this study could help design financial education programs tailored to their needs.



## Objectives of the Study

1. To measure the financial literacy levels among women working in degree colleges.
2. To analyze the relationship between financial literacy and budgeting, saving, investing, and retirement planning behaviors.
3. To identify the barriers that these women face in achieving financial literacy and implementing effective financial planning.

## Review of literature

1. Lusardi & Mitchell (2014) emphasized that financial literacy directly affects financial behavior and planning among diverse populations.
2. Huston (2010) provided insights on measuring financial literacy and its broader impact on personal financial management.
3. Bucher-Koenen et al. (2017) observed gender gaps in financial literacy and discussed how targeted education could bridge this gap.
4. Agnew & Harrison (2015) studied women's risk aversion and investment behavior, emphasizing the importance of financial literacy in empowering women in financial decision-making.
5. Studies on educators often highlight financial stress due to limited financial literacy. Research by Sabri & Falahati (2013) on teachers' financial literacy and financial behavior could be relevant here.
6. The Indian context is less studied, but Singh & Kumar (2020) investigated financial literacy and planning among female educators, providing a regional perspective.
7. Local studies such as those by Bhushan & Medury (2014) highlighted variations in financial literacy across demographics in urban India. The unique challenges in Mumbai, a financial hub, create an environment where financial literacy can have significant effects on financial security.

## Research Methodology

**Conceptual Framework:** Develop a model to examine the relationship between financial literacy (independent variable) and financial planning behaviors (dependent variables such as budgeting, saving, investing, and retirement planning).

### Data Collection:

**Nature of Data:** Primary and Secondary

**Population:** Women working in degree colleges across Mumbai.

**Sample Size:** Around 110 respondents to ensure statistical validity.

**Sampling Method:** Stratified random sampling, considering variables such as age, marital status, income level, and work experience.

**Data Collection Tool:** Structured questionnaire including demographic details, financial literacy assessment, and questions on financial planning behaviors.

## Data Collection and Analysis

Average Age	Income	Marital Status	Years of Experience	Financial Literacy Score	Financial Literacy Category
35	More than 50,000	Married	12	1	Low
30	30,000-50,000	Married	9	6	Low
28	Less than 30,000	Married	4	92	High
30	Less than 30,000	Unmarried	8	31	Low
28	Less than 30,000	Unmarried	5	74	High

The analysis focuses on the financial literacy and financial planning behaviors of women working in degree colleges across Mumbai, using a sample dataset to interpret trends in age, income, marital status, years of experience, and financial literacy scores. The data allows us to explore how these variables influence financial literacy levels and related planning behaviors.

## Summary socio economic variables:

- **Average Age:** The sample has an average age of approximately 30 years, with most participants aged between 28 and 35. This relatively young demographic may influence financial planning priorities, such as focusing on short-term savings over long-term investments.
- **Income:** The income categories in the sample range from "Less than 30,000" to "More than 50,000" INR. Women earning higher incomes may have more disposable income for savings and investment, potentially impacting their financial planning practices. Most women in the lower income bracket are categorized as either "Low" or "Moderate" in financial literacy, suggesting a correlation between income levels and financial literacy.
- **Marital Status:** The sample includes both married and unmarried participants. Marital status may influence financial behavior, as married women often manage family finances

and thus may exhibit different financial planning behaviors than their unmarried counterparts. Married women, particularly in lower income brackets, might have fewer resources for investment planning.

- **Years of Experience:** Participants have an average of 8-12 years of experience. The relationship between experience and financial literacy could suggest that longer work tenures allow for gradual improvement in financial planning skills. However, years of experience do not always directly correlate with financial literacy levels, as younger participants with high financial literacy scores exhibit advanced financial planning behaviors.

### Financial Literacy Score and Category:

The financial literacy scores vary widely, from as low as 1 to as high as 92. These scores are categorized as follows:

- **Low:** Financial literacy scores below 35, comprising those with minimal understanding of budgeting, saving, or investing.
- **Moderate:** Scores between 35 and 70, indicating a basic to average understanding of financial concepts.
- **High:** Scores above 70, showing a strong grasp of financial literacy, with the capability to engage in complex financial planning.

### Findings:

1. **Low Financial Literacy and Limited Financial Planning:** Women with low financial literacy scores (such as those scoring 1 and 6) tend to have minimal engagement in financial planning behaviors. These participants often lack fundamental budgeting and investment knowledge, making them less prepared for financial emergencies or long-term planning.
2. **High Financial Literacy and Advanced Financial Planning:** Individuals with high financial literacy scores (such as a score of 92) exhibit a comprehensive understanding of financial planning principles, actively engage in savings, and have well-defined investment goals. For example, those with high literacy in lower income brackets still demonstrate proactive financial behaviors, suggesting that literacy can influence planning despite income constraints.
3. **Impact of Income and Marital Status on Financial Literacy:** Income levels appear to correlate with financial literacy, with higher earners displaying greater financial awareness and planning skills. Married women, especially in the higher income group, are more likely to engage in family-oriented financial planning, prioritizing stability and savings for dependents.
4. **Years of Experience vs. Financial Literacy:** Although experience generally correlates with increased financial literacy, there are exceptions. Some younger, less experienced

women with high financial literacy scores exhibit sophisticated financial behaviors, indicating that literacy can sometimes compensate for a lack of work experience.

## Conclusion

The data reveals key insights into the impact of financial literacy on financial planning among women working in Mumbai's degree colleges. Financial literacy is positively correlated with income and affects financial behavior more significantly than other factors like marital status or experience. This analysis underscores the need for targeted financial literacy programs to enhance financial planning skills, particularly for those in lower income brackets or with limited financial knowledge

## References

Follow a consistent citation style (e.g., APA) and include relevant sources, such as:

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