

# Assessing the Financial Knowledge: An Exploration of Gender Differences

**I. Leebana Gracy**

*Research Scholar*

*Madurai Kamaraj University, Madurai, Tamil Nadu, India*

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## Abstract

The article's purpose is to assess gender disparities in financial literacy. This research will explore the complex layers of financial knowledge, the many factors that influence financial literacy, and the wide-reaching impacts on individuals and societies.

The research is carried out to identify the baseline financial literacy levels between men & women, specific area of knowledge gap such as budgeting, saving, etc... This research will also look at the impact of gender differences on different financial behaviours, such as: budgeting, saving, investing, debt management, and examining current financial education programs to evaluate their effectiveness in closing and bridging gender gaps.

This research is expected to provide valuable insights that will inform gender-specific strategies and policies for financial education, ultimately leading to greater equality of financial knowledge and decisions.

**Keywords:** *Financial Literacy, Budgeting, Financial Education, Personal Finance*

## Introduction

Having financial knowledge is crucial for everyone to make informed choices regarding their finances, investments, and overall financial health. People are making a larger number of financial choices throughout their lives, experiencing long lifespans, and obtaining opportunities to use a new financial offerings (Lusardi & Mitchell, 2014). The combination of these trends, along with the lack of financial knowledge globally, especially within at-risk demographics, shows that increasing financial literacy should be a top concern for policymakers. Furthermore, studies have revealed notable gaps in financial knowledge between genders. Research indicates that a lack of financial knowledge is common among specific demographic groups, particularly individuals with limited education. Addressing gender disparities in financial literacy is essential due to its impact on the well-being and empowerment of women. There is plentiful evidence indicating that financial literacy makes a crucial role in shaping individuals' financial behavior and decision-making. Individuals who are knowledgeable about financial matters tend to make smarter choices when it comes to saving and investing, handling debt, planning for retirement, investing in the stock market, and building wealth. Hence, enhancing women's financial knowledge is essential for their personal empowerment and also has broader effects on gender equality and economic progress (Lusardi & Mitchell, 2014). An essential aspect of advancing gender equality and economic growth is tackling the gender gaps in financial literacy. Studies have indicated that females typically have less financial knowledge than males, putting them at a disadvantage when it comes to making informed choices about their money and effectively handling their financial health. Moreover, lack of financial knowledge can continue and

worsen current gender inequalities, as it hinders women's full involvement in the economy and access to financial opportunities for growth and stability. With the prevalence of financial illiteracy being evident, especially among specific demographic groups like women, it is crucial for policy makers to prioritize addressing gender disparities in financial literacy. Policies and initiatives need to be put into place in order to offer women accessible and personalized financial education, with a focus on important subjects such as saving, investing, managing debt, planning for retirement, and grasping financial products and services.

### Review of Literature

Even though women greatly take part in the banking and financial sector, finance is largely considered as male domain (Driva et al., 2016). While relating financial literacy and gender it is vital to understand that finance is viewed as male lead field (Bottazzi & Lusardi, 2016). It is found that women has less financial knowledge and less interest and willingness to learn about financial matters (Chen & Volpe, 2002). Masculine play major role in stock market participation and investment rather than women (Bucher-Koenen et al., 2017) investment is made less by women compared to men, gender gap tightens financial literacy (Almenberg & Dreber, 2015).

Financial literacy plays an important role throughout every individual's life which includes retirement planning (Chan & Stevens, 2008). Financial literacy in low irrespective of gender especially among older people (Lusardi & Mitchell, 2014). Generally financial literacy is linked with socio demographic factors and wealthy family boys/men perform well. Mother's background plays vital in determining the knowledge of financial literacy. Gender disparities in financial literacy can differ based on ethnic groups and countries (Nicolini et al., 2013). It is found that men and women are equally financially illiterate in developing countries and in western countries women showed less financial educated (Lusardi & Mitchell, 2014). Men and women earning less income lack in financial knowledge due to their socioeconomic condition like poverty (Agarwalla et al., 2015).

### Objectives

- To analyse the relationship between gender disparities in financial literacy.
- To compare the attitude and behaviours towards financial decisions making between gender
- To assess the financial literacy level among the gender groups.

### Hypothesis

- $H_1$  - There is notable disparity in the financial literacy levels between men and women.
- $H_0$  - There is no notable discrepancy in financial literacy levels between males and females.
- $H_2$  - There is significant difference in the attitude and behaviour towards financial decision making between genders.
- $H_0$  - There is significant difference in the attitude and behaviour towards financial decision making between genders.

### Methodology

The present study on "Evaluating gender disparities" quantitative/ systematic empirical method is used to explore the degree of knowledge in financial literacy among male and female groups.

## Sampling

The survey and interview methodology was used in the study to gather data from 107 people living in different parts of Bangalore. The data collection methodology included using Google Forms and conducting interviews. After deletion of 7 missing answers, 100 complete answers were collected in the analysis.

## Data Collected

The data was collected using a survey and personal interview from about 100 individuals with different demographic such as age, gender, education etc

## Tools used for Data Analysis

For the purpose of analysing the data anova and independent sample t test was adopted using SPSS 27.

## Results and Analysis

- $H_1$  - There is notable disparity in the financial literacy levels between men and women.
- $H_0$  - There is no notable discrepancy in financial literacy levels between males and females.

### ANOVA

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	.010	1	.010	.002	.961
Within Groups	420.100	98	4.287		
Total	420.110	99			

The p-value of 0.961 exceeds the 0.05 significance level, leading to the retention of the null hypothesis. In simpler terms, we are agreeing with the null hypothesis stating that there isn't a notable distinction in financial literacy levels between males and females. Gender doesn't have a significant impact on financial literacy levels.

- $H_2$  - There is significant difference in the attitude and behaviour towards financial decision making between genders.
- $H_0$  - There is no significant difference in the attitude and behaviour towards financial decision making between genders.

The outcome is F-5.427 and 98 degrees of freedom (df). The p-value linked to the t-test is 0.022, indicating significance below the 0.05 level. Due to the significant p-value, we turn down the null hypothesis that there is no notable difference in attitude and behaviour towards financial decision-making between genders and instead support the alternative hypothesis of a significant difference between genders in attitude and behaviour towards financial decision-making.

Independent Samples Test

		Levene's Test for Equality of Variances		t-test for Equality of Means						
		F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	95% Confidence Interval of the Difference	
									Lower	Upper
Comfortable in financial decision	Equal variances assumed	5.427	0.022	-0.309	98	0.758	-0.058	0.188	-0.432	0.316
	Equal variances not assumed			-0.314	96.422	0.755	-0.058	0.186	-0.427	0.310

Findings

Gender does not have a major impact on financial knowledge. Gender plays a role in how individuals approach financial decisions and their attitudes towards them. Both men and women have more or less the same understanding of financial literacy. Education plays a significant role. Women are more likely to save for the future.

Limitation and Scope for Future Study

The study is limited to North Bangalore area may be considered as a drawback. The response received may not be reliable as the respondents might have given a vague response. The data quantity may not be sufficient to arrive to a conclusion. Future studies can be done with a large sample size, different place of data collection, and employee various other statistical tools to analyse the data. These disparities are influenced by various factors, including differences in education, attitudes towards money, and financial socialization. More research is necessary to comprehend how these factors play a role in the gender gap in financial literacy. Furthermore, financial education programs are required to cater to the unique needs and obstacles encountered by both genders. These programs should not just concentrate on enhancing financial knowledge, but also take into account the wider aspects of financial behaviour and attitudes.

Conclusion

In conclusion, there is no notable discrepancy in financial literacy levels between males and females and there is no significant difference in the attitude and behaviour towards financial decision making between genders their attitudes towards financial decision are same these disparities are influenced by various factors such as education, attitudes, knowledge and opportunities. Efforts to address these disparities should include targeted financial education programs tailored to meet unique needs.

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