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# THE ROLE OF FINANCIAL LITERACY IN SHAPING SAVINGS AND INVESTMENT BEHAVIOUR AMONG WORKING WOMEN IN ERNAKULAM DISTRICT

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*Abstract:* **Financial literacy has emerged as a critical factor influencing individuals' financial decision-making, particularly in the areas of savings and investment. In the context of increasing financial inclusion and economic participation of women, understanding the role of financial literacy in shaping financial behaviour has become highly relevant. This study examines the influence of financial literacy on the savings and investment behaviour of working women in Ernakulam District, Kerala. The research aims to assess the level of financial literacy among working women and analyze its impact on their financial decisions related to saving and investing. The study evaluates key dimensions of financial literacy, including knowledge of financial concepts, budgeting practices, awareness of financial products, and examines their relationship with savings and investment behaviour.**

*Keywords:* **Financial literacy, Financial behaviour, Financial decisions, Financial stability, Financial well-being.**

## 1. INTRODUCTION

In the modern economic environment, effective financial management has become essential for achieving financial security and long-term prosperity. Financial literacy refers to the knowledge and understanding of financial concepts that help individuals make informed decisions regarding saving, investing, budgeting, and managing money. In today's complex financial environment, financial literacy has become essential for achieving financial security and improving overall well-being. Savings and investments are two fundamental aspects of personal finance that help individuals meet future financial needs, manage uncertainties, and build wealth over time. Savings refer to the portion of income that is set aside for future use, while investments involve allocating funds to various financial instruments with the expectation of generating returns. Together, they play a vital role in enhancing an individual's financial well-being and economic stability.

Working women play an important role in the economic development of society through their contribution to household income and financial decision-making. As their financial responsibilities increase, the ability to manage money effectively becomes crucial. Financial literacy helps women develop better saving habits, evaluate investment opportunities, and make sound financial decisions for their future. With greater access to education, employment, and financial literacy programs, women are now actively participating in financial planning, saving, and investing for their future. Financial independence has become a priority for many women, as they seek to secure their own future, contribute to family financial well-being, and plan for emergencies. Despite many advancements, traditional mindsets, risk aversion, and lack of investment awareness still pose significant barriers for better investment decisions. This study examines the influence of financial literacy on the savings and investment behaviour of working women in Ernakulam District, Kerala. The research aims to assess the level of financial literacy among working women and analyze its impact on their financial decisions related to saving and investing. The study evaluates key dimensions of financial literacy, including knowledge of financial concepts, budgeting practices, awareness of financial products, and examines their relationship with savings and investment behaviour.

## 2. REVIEW OF LITERATURE

**(Tilak et al., 2023)** This study investigates the financial literacy of working women in India. The study investigates the level of financial literacy among Indian women in areas like investments, savings, and insurance. The study's findings show that working women in India have a low level of financial literacy, with only a tiny percentage having sufficient awareness of money-related topics. The study also shows that several variables, including age, income, education, and work experience, have an impact on women's financial literacy.

**(Afiqah et al., 2023)**The aim of this study is to highlight the state of financial literacy among working women in government. The outcomes of this research revealed six themes related to the women's experiences with financial literacy that leads to their financial well-being: financial independence, knowledge of financial products, high-risk investment commitment, freedom from financial commitment, financial goals, and ability to seek information and save money. This study put forward two strategies to increase financial literacy, including incorporating financial education as a core component of early-age curriculum and expanding promotional campaigns and social media awareness.

**(Mishra, 2024)**It was mentioned that empowering girls to take charge of their finances is crucial to achieving gender equality and financial independence. By overcoming gender disparities, building monetary self-belief, and breaking stereotypes, girls can ease their destinies, protect against uncertainties, and promote equal partnerships. Ladies can pave the way for a brighter economic future and encourage generations to return through training, goal-placing, budgeting, saving, and investing accurately. It’s time for ladies to embody their financial budget and take control of their futures.

**Yogesh, Patel, Charul, Patel., & Somaiya (2012)** conducted a study about the saving pattern of salaried employees in the private sector. Their findings assert that youngsters are more risk-takers and senior citizens are risk-averse. They claim that youngsters look for investment avenues which are providing higher returns and tax benefits. Investment alternatives like fixed deposits, post office schemes, etc. are preferred by a senior citizen only, due to the low risks attached to them.

## 3. OBJECTIVES OF THE STUDY

To examine the influence of financial literacy on the savings and investment behaviour of working women in Ernakulam District

## 4. RESEARCH METHODOLOGY

The study adopts a **descriptive research design** to examine the influence of financial literacy on savings and investment behaviour of working women in Ernakulam District. It is conducted in **Ernakulam District** focusing on working women employed in various sectors. The study used both primary and secondary data. Primary data are collected directly from working women through a structured questionnaire. A sample of **153 working women** is selected for the study. The study uses **Convenience Sampling**, a non-probability sampling technique.

**Hypothesis**

**Null Hypothesis ($H_0$):** Financial literacy has no significant influence on the savings and investment behaviour of working women in Ernakulam District.

**Alternative Hypothesis ($H_1$):** Financial literacy has a significant influence on the savings and investment behaviour of working women in Ernakulam District.

## 5. STATEMENT OF THE PROBLEM

Financial literacy is widely recognized as a key factor influencing individuals' financial decisions, particularly in the areas of saving and investing. As financial products and services become increasingly complex, individuals require adequate financial knowledge and skills to manage their finances effectively. Financial literacy enables people to understand financial concepts, evaluate available alternatives, and make informed decisions that contribute to their financial well-being.

Working women today contribute significantly to household income and economic development. With increasing financial responsibilities, they are expected to make important decisions regarding savings, investments, retirement planning, and wealth management. However, despite their growing participation in the workforce, many women may lack sufficient financial knowledge to make optimal financial decisions. Limited financial literacy can lead to inadequate savings, poor investment choices, and reduced financial security in the long run. In this context, the present study seeks to examine the role of financial literacy in shaping the savings and investment behaviour of working women in Ernakulam District.

## 6. SIGNIFICANCE OF THE STUDY

The present study is significant as it provides valuable insights into the financial literacy of women and their influence on savings and investment behaviour in Ernakulam district. Understanding women's financial literacy is essential for assessing how they make financial decisions, manage savings, and choose investment avenues. The study helps identify the factors that shape financial behaviour and highlights the challenges women face in achieving financial security and independence.

## 7. DATA ANALYSIS & INTERPRETATION

### 7.1 Demographic profile of the respondents

In order to understand the demographic profile of the consumers, percentage analysis was used. The personal information like Gender, Age, marital status, Educational Qualification, Occupation, and monthly income are analysed.

**Table 7.1: Demographic Profile of Respondents (N = 153)**

| Demographic Variable | Category | Frequency | Percentage (%) |
|---|---|---|---|
| Age | Below 25 years | 18 | 11.76 |
| | 25–35 years | 72 | 47.06 |
| | 36–45 years | 54 | 35.29 |
| | 46–55 years | 9 | 5.88 |
| | Above 55 years | 0 | 0.00 |
| | **Total** | **153** | **100** |
| **Marital Status** | Married | 135 | 88.24 |
| | Single/Others | 18 | 11.76 |
| | **Total** | **153** | **100** |
| **Educational Qualification** | SSLC | 9 | 5.88 |
| | Undergraduate | 27 | 17.65 |
| | Postgraduate | 99 | 64.71 |
| | Others | 18 | 11.76 |
| | **Total** | **153** | **100** |
| **Occupation** | Government Employee | 45 | 29.41 |
| | Private Sector Employee | 99 | 64.71 |
| | Others | 9 | 5.88 |
| | **Total** | **153** | **100** |
| **Monthly Income** | Below ₹25,000 | 36 | 23.53 |
| | ₹25,001–₹50,000 | 54 | 35.29 |
| | ₹50,001–₹1,00,000 | 27 | 17.65 |
| | Above ₹1,00,000 | 36 | 23.53 |
| | **Total** | **153** | **100** |
| **Participation in Financial Literacy Programme** | Yes | 63 | 41.18 |
| | No | 90 | 58.82 |
| | **Total** | **153** | **100** |

Source – Primary Data

**Age -** The majority of the respondents (47.06%) belong to the age group of 25–35 years, followed by 35.29% in the 36–45 years category. Only 11.76% of the respondents are below 25 years, and 5.88% belong to the 46–55 years category. The findings indicate that the study mainly represents working women in their prime earning and saving years, who are more likely to engage in financial planning and investment activities.

**Marital Status** - A large majority (88.24%) of the respondents are married, while only 11.76% are single or belong to other categories. This suggests that family responsibilities and future financial commitments may significantly influence the saving and investment decisions of the respondents.

**Educational Qualification -** Most respondents (64.71%) are postgraduates, indicating a highly educated sample. About 17.65% are undergraduates, while only 5.88% have an SSLC qualification. Higher educational attainment is generally associated with better financial awareness and informed investment decisions.

**Occupation -** Nearly two-thirds (64.71%) of the respondents are employed in the private sector, whereas 29.41% work in the government sector. The predominance of private-sector employees suggests that the respondents may have varying income patterns and financial planning needs, thereby influencing their saving and investment behaviour.

**Income** - The highest proportion of respondents (35.29%) earn between ₹25,001 and ₹50,000 per month. Equal proportions (23.53%) earn below ₹25,000 and above ₹1,00,000. Income is an important determinant of savings and investment behaviour, as individuals with higher incomes generally possess greater capacity to save and invest.

**Participation in Financial Literacy Programme -** Only 41.18% of the respondents have attended a financial literacy programme, workshop, or training, while 58.82% have never participated in any such programme. This indicates a significant gap in formal financial education among working women and highlights the need for more financial awareness initiatives to improve savings and investment behaviour.

**Descriptive Statistics of Variables**

| **Variable** | **Mean** | **Standard Deviation** |
|---|---|---|
| Financial Literacy | **4.06** | **0.88** |
| Savings and Investment Behaviour | **3.58** | **0.80** |

Source – Primary Data

Interpretation - The average financial literacy score of 4.06 indicates that respondents possess a relatively high level of financial awareness and financial planning behaviour. The mean score of savings and investment behaviour (3.58) suggests a moderate to high tendency towards savings and investment activities.

**Relationship between Financial Literacy and Savings and Investment Behaviour**

**Pearson Correlation Analysis**

| Variables | Correlation Coefficient (r) | p-value |
|---|---|---|
| Financial Literacy and Savings & Investment Behaviour | 0.820 | 0.000 |

Source – Primary Data

Interpretation - The Pearson correlation coefficient ($r = 0.820$) indicates a **strong positive relationship** between financial literacy and savings and investment behaviour among working women. The relationship is statistically significant at the 1% level ($p < 0.001$). This implies that higher levels of financial literacy are associated with better savings habits and more informed investment decisions.

**Hypothesis Testing**

**Null Hypothesis ($H_0$):** Financial literacy has no significant influence on the savings and investment behaviour of working women in Ernakulam District.

**Alternative Hypothesis ($H_1$):** Financial literacy has a significant influence on the savings and investment behaviour of working women in Ernakulam District.

**Decision:** Since the p-value is less than 0.05, **$H_0$ is rejected and $H_1$ is accepted**.

**Interpretation:** Financial literacy has a **significant and positive influence** on the savings and investment behaviour of working women in Ernakulam District. Higher financial literacy is associated with better savings habits and more informed investment decisions.

## 8. FINDINGS OF THE STUDY

1. The majority of the respondents (47.1%) belonged to the age group of 25–35 years, indicating that young and middle-aged working women constitute the major segment of the study population and are actively involved in financial decision-making.
2. Most of the respondents were married (88.2%) and highly educated, with 64.7% possessing postgraduate qualifications. This suggests that the sample consisted largely of educated women with the potential to understand and adopt financial management practices.
3. A considerable proportion of the respondents (58.8%) had not attended any financial literacy programme or training, indicating the need for greater financial education initiatives among working women.
4. The overall mean score of financial literacy was high (Mean = 4.06 out of 5), which indicates that the respondents generally possess good knowledge regarding financial planning, budgeting, savings, and insurance.
5. The mean score for savings and investment behaviour was also favourable (Mean = 3.58 out of 5), showing that most respondents regularly save, maintain financial goals, and participate in investment activities.
6. The analysis revealed a strong positive relationship between financial literacy and savings and investment behaviour (r = 0.82). This indicates that higher levels of financial literacy significantly improve savings habits and encourage informed investment decisions among working women.

## 9. CONCLUSION

The study comes to the conclusion that working women in Ernakulam District's saving and investing habits are significantly influenced by their level of financial literacy. Women with stronger financial awareness display more disciplined saving practices, greater financial planning, and increased engagement in investing activities. Although the respondents demonstrated a satisfactory level of financial literacy, the low participation in formal financial literacy programmes highlights the need for government agencies, financial institutions, and educational organisations to conduct more awareness programmes and training initiatives. Enhancing financial literacy among working women can contribute significantly to improved financial well-being, better investment decisions, and long-term financial security.

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