

A STUDY OF PERSONAL FINANCE DECISIONS OF WOMEN

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ABSTRACT

Financial literacy is a keyword that is used to denote the understanding of financial matters. This includes majorly the area of personal finance. In order to manage financial resources effectively & efficiently, appropriate knowledge and skills are required. This includes making personal financial decisions in the areas of investing, insurance, retirement, tax planning etc. Financial decisions are influenced by many factors but the prime ones happen to be the extent of knowledge possessed, the attitude on various matters, and the resultant behavioral outcomes. The level of financial literacy in the country is still inadequate and the preference for certain investments adds to the chaos. Various independent organizations and government departments are striving to raise the level of financial literacy in the country. The problem is compounded by the fact that majority of the population live in non-urban territory and are illiterate. Basic financial literacy helps women become self-sufficient and achieve financial stability. This includes being able to save money, distinguish the difference between wants and needs, manage a budget, pay their bills, buy a home, pay for college, and plan for retirement. Literacy helps them create a realistic roadmap that will take them through their daily lives making good financial decisions.

Keywords-financial decision, literacy, women, investment, self-sufficient, personal finance, stability.

INTRODUCTION

Personal finance is a term that covers managing your money as well as saving and investing. It encompasses budgeting, banking, insurance, mortgages, investments, retirement planning, and tax and estate planning. It often refers to the entire industry that provides financial services to individuals and households and advises them about financial and investment opportunities.

Personal finance is about meeting personal financial goals, whether it's having enough for short-term financial needs, planning for retirement, or saving for your child's education. It all depends on your income, expenses, living requirements, and individual goals and desires—and coming up with a plan to fulfill those needs within your financial constraints. But to make the most of your income and savings it's important to become financially literate, so you can distinguish between good and bad advice and make savvy decisions.

Personal finance is the process of planning and managing personal financial activities such as income generation, spending, saving, investing, and protection. The process of managing one's personal finances can be summarized in a budget or financial plan. This study will analyze the most common and important aspects of individual financial management by women.

Areas of Personal Finance

- ✓ **Income**
 - Salaries
 - Bonuses
 - Hourly wages
 - Pensions
 - Dividends
- ✓ **Spending**
 - Rent
 - Mortgage payments
 - Taxes
 - Food
 - Entertainment
 - Travel
 - Credit card payments
- ✓ **Saving**
 - Physical cash
 - Savings bank account
 - Checking bank account
 - Money market securities
- ✓ **Investing**
 - Stocks
 - Bonds
 - Mutual funds
 - Real estate
 - Private companies
 - Commodities
- ✓ **Protection**
 - Life insurance
 - Health insurance
 - Estate planning

OBJECTIVE OF STUDY

- ✓ To evaluate the level of financial Literacy in women.
- ✓ To understand the popular and the most preferred investment instruments.
- ✓ To examine the literacy among the individuals who believe to have high financial literacy.
- ✓ To find if they are taking any professional

help for financial planning and the extent of this help in moneymanagement&Investment knowledge.

- ✓ To find if they use the SMART decision making process to make decisions
- ✓ To evaluate savings and investment options to meet short- and long-term goals
- ✓ Evaluate services provided by financial institutions
- ✓ To analyze insurance options available for protection against risk and financial loss

SCOPE OF STUDY

The scope of this research is to know the knowledge of women about various financial instruments,

LIMITATIONS OF STUDY

- ✓ There is a possibility of getting varied / poor responses depending on the respondent's level of conceptualization and transparency to accept the literacy and awareness level
- ✓ The reactions and responses of the investors can be prejudiced as they might be reluctant in disclosing the real response.
- ✓ The sample size is small for the accurate study of the customer.
- ✓ Some respondents might have given biased answers which might have an impact on the findings of the studies.

RESEARCH METHODOLOGY

1. Research Problem: To know how women

take their personal finance decisions based on knowledge about financial instruments and financial literacy.

2. Research Question:

- ✓ How will you describe your knowledge about personal finances?
- ✓ Does your spouse influence your investment decisions?
- ✓ Do you have separate savings/financial assets from your husband?
- ✓ Have you set any financial goals?
- ✓ Have you taken any professional advice on managing finances?
- ✓ Are you saving for your financial goals?
- ✓ What would you like to learn about to improve your personal finance?
- ✓ Do you have 5 year saving/budget plan?
- ✓ In which instrument do you invest in?
- ✓ Which of the factor influence your choice of investments?
- ✓ Have you undertaken any retirement planning?
- ✓ What is the biggest concern related to your personal finances?

3. Research Objectives:

- ✓ To analyze the knowledge of women about financial instrument.
- ✓ To analyze the financial literacy.
- ✓ To analyze the most used instrument for investment.
- ✓ To analyze the concern about personal finance.
- ✓ To analyze whether they about professional finance expert or not.

4. Type of Research:

- ✓ Exploratory

✓ Descriptive

5. Data & Data Sources:

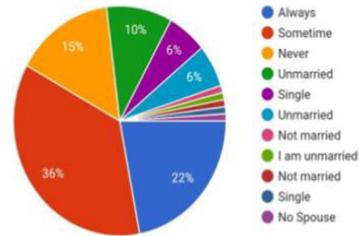
- ✓ Primary (questionnaire from respondent of various regions.)
- ✓ Secondary (collected from journals, books, internet)

6. Tools:

- ✓ Questionnaire

Does your spouse influence your investment decisions?

100 responses



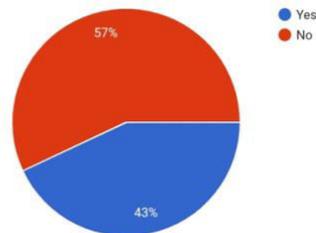
DATA INTERPRETATION

The purpose of this study was to find out the knowledge of various financial instruments, personal financial decision of women. The data was obtained from responses to the questionnaire and analyzed. The data for this purpose was collected with the help of Google form. Interest of individual was necessary to find out the answer for the questions.

PROFESSIONAL ADVICE-

Have you taken any professional advice on managing finance?

100 responses



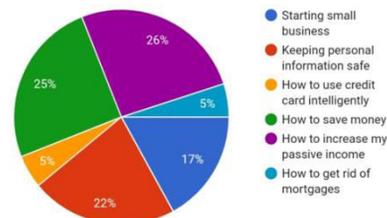
KNOWLEDGE ABOUT PERSONAL FINANCE-



FOR IMPROVING KNOWLEDGE-

What would you like to learn about to improve your personal finance?

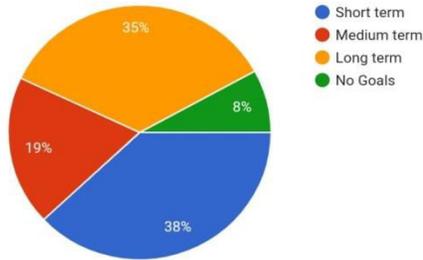
100 responses



INVESTMENT DECISION-

Have you set any financial goals?

100 responses

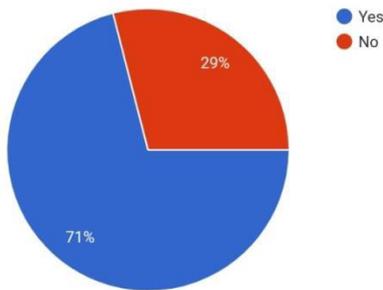


According to the survey out of 100

- Short term 38%
- Medium term 19%
- Long term 35%
- No goals 8%

Are you saving for your financial goals?

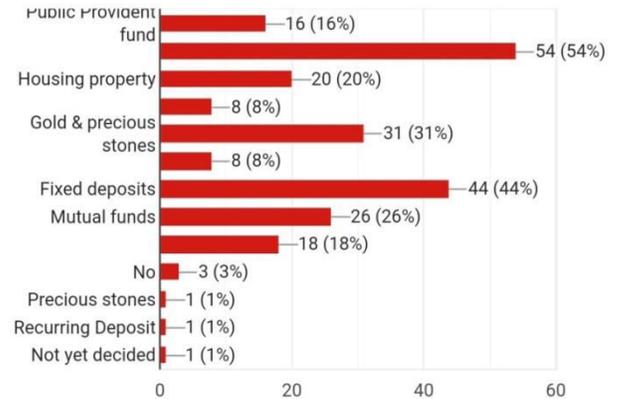
100 responses



- According to the survey out of 100 responses 71% are saving for their financial goals and 29% are not saving.

Which of the following instrument do you invest in?

100 responses



Findings-

1. According to the survey out of 100 responses knowledge about personal finance-

- ✓ Fundamental/basic 60%
- ✓ Novice 12%
- ✓ Intermediate 17%
- ✓ Advance 8%
- ✓ Expert 3%
- ✓

2. According to the survey out of 100 responses decision influences by spouse-

- ✓ Always 22%
- ✓ Sometime 36%
- ✓ Never 15%
- ✓ Other(unmarried) 27%

3. According to the survey out of 100 responses 57% have taken advice from professionals and 43% have not taken any advices.

4. According to the survey out of 100 responses -

- ✓ 26% want to learn how to increase my passive income
- ✓ 25% want to save money
- ✓ 22% wants to keep their personal information safe
- ✓ 17% want to learn how to start small business
- ✓ And rest 5-5% want to learn other to options

credit, interest rates, or investments is intimidating and leaves individuals at a disadvantage. Knowing how interest rates work, the difference between stocks and bonds, and the factors that impact credit rating, for example, motivate consumers to ask questions and seek out their best options.

CONCLUSIONS

- ✓ Understanding finances helps reduce the risk of becoming a victim of fraud. Some tactics are easy to believe, especially when they're coming from someone who seems to be knowledgeable and well-intended
- ✓ A basic level of financial education will help people recognize the red flags and, at the very least, talk with a trusted advisor before making any commitment.
- ✓ Financial literacy also empowers people. With any lack of financial education, anything that resembles
 - ✓ Decreases their stress level. When people are well versed in the state of their finances, they have the information they need to take action, modify their investment portfolio, or continue with their current strategy.
 - ✓ Basic financial literacy helps people become self-sufficient and achieve financial stability. This includes being able to save money, distinguish the difference between wants and needs, manage a budget, pay their bills, buy a home, pay for college, and plan for retirement. Literacy helps them create a realistic roadmap that will take them through their daily lives making good financial decisions.

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