

A Study on Awareness Level of Financial Literacy and Factors Influencing the Investment Decision among Employed Women in Vatakara City

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Abstract: In today's digital era, financial literacy is vital for enabling individuals to make well-informed financial choices. As more women enter the workforce and the significance of digital financial services rises, it becomes crucial to assess the digital financial literacy levels among working women. In India, where women make up 46 percent of the population, many face limitations in opportunities and rights due to financial dependency. This research investigates the financial literacy and awareness of financial services among women in Vatakara city. Utilizing a descriptive research design, primary data was gathered from 120 working women, revealing that the majority of participants are young, educated, and have a moderate understanding of financial tasks and products. The findings indicate a positive correlation between age and income with financial literacy awareness among employed women, as younger women in the active age group demonstrate a strong interest in learning about new financial services and products. Income significantly impacts financial literacy, affecting investment choices. Overall, women show a favourable understanding of financial products, suggesting that while there is room for improvement, respondents have a satisfactory grasp of these financial offerings.

Keywords: Financial Inclusion, Financial Literacy, Women Empowerment, Investment Decision, Financial Awareness, Financial Products.

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I. INTRODUCTION

Financial literacy is a vital skill that empowers individuals to make informed financial decisions, effectively manage their resources and secure long-term economic stability. For women, financial literacy has far-reaching implications, influencing not only their personal financial well-being but also their ability to contribute to household and community economic growth. Financial literacy encompasses a range of skills and knowledge that enable people to make informed financial decisions. Financial literacy has become a significant topic in the global economy, affecting an individual's abilities to make mindful decisions about savings, investment, fund management and long-term financial planning. One of them is being aware of financial principles such as budgeting, investing, saving and debt

management. Women benefit greatly from financial literacy since it equips them with the knowledge and abilities needed to manage their money, whether it is for running their own businesses or creating household budgets.

The article from the Economic & Political Weekly titled 'Deciphering Financial Literacy in India' highlights significant disparities in financial literacy across different states in India. A comprehensive national dataset, which includes an index measuring financial knowledge, behaviour, and attitudes, reveals a variation exceeding 60 percentage points between the state with the highest financial literacy and the one with the lowest. Statistical evaluations indicate that these discrepancies in fundamental financial planning are linked to factors such as gender, educational qualifications, geographical location (rural, urban, or metropolitan),

employment status, technological proficiency, and existing debt levels. While women excel in budgeting and managing household finances, they often defer to male family members for major financial decisions, perceiving them as more knowledgeable. This reliance stems from a fear that their decisions could adversely impact the family. Women generally possess less experience with essential financial matters. Therefore, achieving a foundational level of financial literacy is crucial for women, enabling them to make independent choices regarding their savings and investments, ultimately fostering a healthier and more prosperous family life.

Understanding financial literacy is essential for successfully navigating the complexities of the modern financial environment. It empowers individuals with the knowledge necessary to make informed and effective financial decisions. This important process promotes financial inclusion by enabling individuals to cultivate skills and insights related to managing, spending, and saving money. Financial literacy includes the awareness, knowledge, skills, and behaviours that are crucial for achieving financial well-being, which ultimately contributes to financial stability. By enhancing their financial literacy, individuals can more effectively manage their finances and prevent financial crises.

With the increasing involvement of women in financial planning, their higher employment rates are contributing to enhanced productivity growth (World Bank, 2011). Additionally, the rise in female employment has played a crucial role in sustaining Asia's robust economic growth rates (Klasen and Lamanna, 2009), thereby amplifying the necessity for financial knowledge to support ongoing development. Financial education for women is essential for their empowerment. The correlation between women's higher education and a decrease in labour force participation is evident. Women's economic independence is closely linked to their employment, which is a vital factor in determining their overall societal status (Mammen and Paxson, 2008). Given this context, the study examines the level of financial literacy awareness and the factors affecting the investment decision-making process among employed women in Vatakara city.

➤ *Objectives of the Study*

- To know about the socio-economic profile of the selected employed women
- To study the awareness level of respondents of financial products and services
- To find out the factors influencing employed women's investment decision

➤ *Hypotheses*

- H_0 : There is no significant impact of socio-economic variables and financial literacy of employed women.
- H_a : There is a significant impact of socio-economic variables and financial literacy of employed women

II. REVIEW OF LITERATURE

Sinija et.al (2024) finds a significant relationship between age and financial literacy but no significant correlation between education or income levels and financial literacy awareness. The findings underscore the need for targeted financial education programs to enhance financial literacy among rural women, addressing identified barriers and focusing on age-specific strategies to improve their economic participation and contribute to national economic development. Kresphulin (2024) discovered that many women lack knowledge about how to open and manage a bank account, which restricts their access to formal financial systems. Additionally, none of the women utilized mobile banking, indicating that their access to digital tools is limited due to insufficient mobile technology, internet connectivity, or financial services. Anusha et al. (2024) reported that financial literacy among women in Pondicherry is low, with a small percentage demonstrating awareness. The study also highlights that various factors, including age, income, and education, affect financial literacy. Kanika and Das (2022) emphasized the importance of financial and savings literacy in investment decisions. Understanding concepts such as EMI, ROI, and FDI, as well as the ability to prioritize future consumption over present needs and set savings objectives (like funding children's education, purchasing homes, or arranging marriages), significantly influences investment and saving choices among working women in West Bengal. Koti (2019) noted that 30percent of women felt comfortable with investments, while mutual funds and their returns remained a grey area. The gold market and bank deposits were identified as crucial investment options. Women approached investing cautiously and were aware of market risks and volatility, successfully setting and achieving their financial goals. Garima Baluja (2016) pointed out that the absence of women-centric financial schemes, limited access to financial services, lack of basic education, and dependence are key factors affecting women's financial literacy in India. Shobha and Shalini (2015) found that Indian women prioritize their family's and children's needs over their own financial security. Additionally, persuading spouses and family members poses a challenge for women in formulating their financial plans. The study also indicated that women continue to view gold, real estate, bank deposits, insurance products, and other traditional avenues as significant investment options.

➤ *Statement of the Problem*

Women around the world often experience neglect and are frequently denied fundamental rights, including access to education. Society is structured in a way that predominantly favours men in positions of power and authority. In numerous households, men receive preferential treatment and have control over assets, which poses challenges for women entrepreneurs seeking credit due to collateral demands. Understanding financial literacy, which includes knowledge of risk management, interest rates, and investment diversification, plays a crucial role in shaping investment choices. Studies show that women generally have lower financial literacy levels compared to men, which affects their ability to make informed investment decisions. This lack of

knowledge often results in women opting for safer savings options rather than exploring higher-yield investment opportunities. It is crucial for women to achieve a level of financial literacy that allows them to make informed financial choices, manage household resources effectively, and participate economically for the benefit of both present and future generations. Women are instrumental in fostering financial habits in the next generation. Thus, improving financial literacy among women is essential; it not only enhances their ability to manage personal and household finances but also empowers them to access appropriate financial services and products, as well as to create and manage their own economic initiatives.

➤ *Significance of the Study*

A considerable number of women are facing significant challenges due to a patriarchal society. The low literacy rates among women create a major barrier to their personal development and that of society at large. Women's progress is essential for societal advancement, as they are key figures in child-rearing and influencing future generations. Although the percentage of working women has increased recently, many still lack the autonomy to make decisions regarding investments or manage their finances. Financially literate women are empowered to make informed decisions and understand the significance of financial independence. Investments are vital for women's financial security, and the rise of women-owned businesses can enhance societal progress. Additionally, financial literacy is crucial for the successful operation and management of these enterprises. Thus, this research is of great significance.

III. METHODOLOGY OF THE STUDY

A research design serves as a structured framework encompassing various research methods and techniques employed by researchers. It outlines the types of data to be collected, the sample selection process, and the analysis phase of the research. Primary data was gathered through a structured questionnaire administered to employed women in the Vatakara area during January 2025. Secondary data was sourced from journals, articles, books, magazines, newspapers, government reports, and other published materials. A convenience sampling method was utilized to select participants. Essential information was collected from 120 randomly chosen employed women working as teachers, tailors, beauticians, shopkeepers, and business owners. Data was obtained from willing and eligible participants using a systematically designed, interviewer-administered questionnaire that underwent pre-testing. The questionnaire gathered socio-demographic information, including age, gender, occupation, education, marital status, and socioeconomic status. Additionally, it assessed respondents' awareness and evaluated their financial knowledge and the factors influencing women's financial literacy. In addition to averages and percentages, techniques such as Cronbach's alpha, factor analysis, and regression method were applied using SPSS 26.

IV. FINDINGS OF THE STUDY

Socio-economic factors significantly influence an individual's personality and traits. In contemporary society, women are recognized as a vital asset, with many actively participating in national development initiatives. These socio-economic elements are increasingly important in promoting financial literacy and guiding investment choices. Table 1 presents information on the socio-economic conditions of the selected employed women in the study.

Table-1 Socio-Economic Conditions of the Selected Employed Women

Particulars		Number of Respondents	Percentage
Age	Below 20-30 years	31	25.8
	30-45 years	59	49.2
	Above 45 years	30	25.0
Education	Upto Higher secondary	39	32.5
	Under graduate	58	48.3
	Post graduate	23	19.2
Marital status	Married	79	65.0
	Unmarried	15	13.0
	Widow	15	13.0
	Divorce/separated	11	9.0
Occupation	Daily wage	29	24.2
	Shop keepers	27	22.5
	Beautician	19	15.8
	Teachers	29	24.2
	Tailors	16	13.3
Monthly income	Below 10000	38	31.7
	10000-15000	61	50.8

	Above 15000	21	17.5
Total		120	100

Source: Field Survey, 2025

The above table 1 provides socio-economic data of the selected employed women, focusing on age, marital status, education, occupation, and income. The majority of the respondents (49percent) are aged between 30-40 years meanwhile 26percent of the respondents fall within the 20-30 years age group. The remaining 20percent are aged above 40 years. A significant portion of respondents (48 percent) have completed their graduation and 32 percent have an education level up to Higher Secondary and 19 percent have attained post-graduate qualifications. Nearly 65percent of the respondents are married, 13percent of the respondents are unmarried and widowed. A small portion of the sample consists of divorced (9 percent).

The occupation status of the women workers depicted that 24 percent of them were teachers and daily wages followed by 23 percent of the women workers were shop keepers, 15 percent of them were beautician, 13 percent of them are tailors. The majority of respondents (51percent) have earned income between 10,000 and 15,000 INR. The income distribution shows that 32 percent of them earn below 10,000 INR, indicating a lower-income demographic and 18 percent of them only earn income above 15000 INR. The income of women is a crucial factor of household expenditure development. Women's living standards are mostly determined by their socioeconomic situations. The demographic profile suggests that the sample consists mainly of educated women, with a considerable proportion fully integrated into the workforce.

Table 2 Awareness Level about Financial Product and Services

Particulars	Number of Respondents	Percentage
Knowledge about financial matters		
Filling form at bank	40	33.3
Understanding bank statements	51	42.5
Tracking account balance	29	24.2
Knowledge about money withdrawal methods		
ATM	41	34.2
Withdrawal slip	15	21.7
Mobile app	27	22.5
Online banking	26	12.5
Cheque	11	9.1
Knowledge level in financial products		
Bonds	11	15.8
Shares	18	15.0
Public provident fund	17	14.2
Bank fixed deposit	19	17.5
Insurance	11	9.1
Gold	21	19.2
Real estate	23	9.1
Total	120	100

Field survey, 2025

Table 2 illustrates the awareness and understanding of employed women regarding specific financial products and services. In financial matters, 43 percent of these women tend to comprehend bank statements, although their understanding of filling out forms is greater. It can be noted that 33 percent of them are engaged in completing bank forms, while 24 percent demonstrate a strong awareness of monitoring their account balances.

Women exhibit a solid understanding of various money withdrawal methods, with 34 percent demonstrating strong familiarity with ATMs, while 23 percent are relatively comfortable using mobile applications. Additionally, 22 percent possess a good level of knowledge in completing withdrawal slips, albeit not as proficiently as with other

methods. Furthermore, 13 percent have a moderate familiarity with online banking, and only 9 percent utilize cheques for money withdrawal. Overall, this indicates that women have a commendable grasp of different money withdrawal techniques, underscoring their expertise in this domain.

Gold (19 percent) and bank fixed deposits (18 percent) indicate that respondents have the highest level of knowledge about these financial products. Women demonstrate some awareness of other financial instruments such as bonds (16 percent), shares (15 percent), and PPF (14 percent), while only 9 percent are familiar with insurance and real estate. The overall women generally exhibit a positive level of understanding regarding financial products. This implies that

although there are opportunities for enhancement, respondents possess a satisfactory comprehension of these financial offerings.

➤ *Factors Influencing Employed Women's Investment Decision*

The financial decision-making process is crucial, impacting both individual and organizational outcomes. As economic conditions grow more complex, it is essential to make well-informed financial decisions. This essay delves into the complexities of financial decision-making by analyzing the strategies utilized, the factors that affect these decisions, and the psychological elements that influence financial behaviour. The decisions made can result in significant profits or harmful losses in various domains, such as capital allocation, risk management, investment strategies, and budgeting practices. Grasping the fundamentals of

financial decision-making is critical for achieving personal financial objectives and ensuring the sustainability and growth of organizations. Table 3 illustrates the factors that affect the investment decisions of employed women.

The Cronbach's alpha to test the reliability or internal consistency of the scale, gave a value of 0.963 greater than the norm of 0.70 indicating good scale reliability. To determine the appropriateness of applying factor analysis, the KMO and Bartlett's test measure were computed and the results are presented in table 3.. KMO statistics is .853 which is signifying higher than acceptable adequacy of sampling. The Bartlett's test of Sphericity was also found to be significant at one percent level providing evidence of the presence of relationship between variables to apply factor analysis.

Table-3= KMO and Bartlett's Test Measures

KMO and Bartlett's Test	
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.	.915
Bartlett's Test of Sphericity Approx. Chi-Square	1969.624
Degrees of freedom	78
Significance level	.000

Source: Estimation based on Field Survey, 2025

The communalities for each variable were assessed to determine the amount of variance accounted by the variable to be included in the factor rotations. All the variables had value greater than 0.50 signifying substantial portions of the variance accounted by the factors. Table 4 enlists the Eigen values, their relative explanatory powers and factor loadings for 13 linear components identified within the data set.

Table- 4 Rotated Component Matrix

Factors	Components	
	1	2
Access to financial advisors and credit resources		.795
Tax-saving investment options for women		.980
Availability of income	.936	
Traditional gender roles in financial choices	.919	
Clarity and ease of investment products	.895	
Peer pressure and social networks	.942	
Family influence on financial decisions	.910	
Impact of investment marketing		.870
Cultural attitudes towards women's investment	.907	
Job stability and security	.863	
Government schemes and tax incentives	.855	
Concerns about financial loss and market fluctuations	.911	
Risk tolerance and perception of financial risks	.926	
Eigen value	9.351	1.069
Percentage of variance	71.927	8.220
Cumulative percentage	71.927	80.148

Source: Estimation based on Field Survey, 2025

V. EXTRACTION METHOD: PRINCIPAL COMPONENT ANALYSIS

➤ *Rotation Method: Varimax with Kaiser Normalization, Rotation Converged in 2 Iterations*

The component matrix from the Kaiser rotation displayed in Table 4 indicates that the first factor exhibited significant loadings across ten dimensions, which include income availability, traditional gender roles in financial decision-making, clarity and simplicity of investment products, familial influence on financial choices, peer pressure and social networks, cultural perceptions regarding women's investments, government initiatives and tax benefits, risk tolerance and financial risk perception, as well as concerns regarding financial losses and market volatility. Collectively, these dimensions accounted for nearly 72 percent of the variance. The second factor showed significant loadings for three dimensions: access to financial advisors and credit resources, the influence of investment marketing, and tax-saving investment options tailored for women, which together explained approximately 8 percent of the variance. Consequently, these factors significantly impact the investment decisions of employed women. Similar conclusions were drawn by Khalid Ullah (2020) and Mehta et al. (2025), who found that improving financial literacy, addressing socio cultural influences, promoting digital adoption, and enhancing access to financial products, along

with increasing financial education and advocating for gender-specific investment options and inclusive financial regulations, can help reduce investment disparities and strengthen women's long-term economic stability, thereby having a substantial effect on their investment decisions.

➤ *Correlation between Socio-Demographic Factors and the Financial Literacy Awareness of Employed Women*

In contemporary society, the roles of women and their financial involvement are crucial to both personal and economic spheres. It is essential for women to have authority over their finances and a voice in household financial decisions. The equal engagement of both men and women is vital for enhancing women's status in society and for achieving sustainable development goals. Although women occupy high-ranking positions and contribute significantly to the economy, their financial decisions at the household and investment levels often go unrecognized. By improving women's financial literacy and fostering their financial independence, not only will their status be elevated, but it will also positively impact their personal well-being and the overall economic landscape (Aulakh & Saluja 2017). Socio-demographic factors significantly influence women's awareness of financial literacy. Table 5 illustrates the relationship between these socio-demographic factors and the financial literacy awareness among employed women.

Table-5 Correlation Between Socio-Demographic Factors and the Financial Literacy Awareness of Employed Women

Variables	Regression co-efficient	Standard error	t ratio	Level of Significance
Age	.220	.397	8.005	.000*
Marital status	.196	.217	5.326	.083
Education	.146	.279	2.228	.027
Occupation	.289	.108	3.044	.045
Income	.271	.298	3.613	.001*
Constant	.314	.217	10.665	.000
R²	.781			
F ratio	2.918			

Source: Estimation based on field survey, 2025

*significant at one percent level

The R² value, which assesses the model's goodness of fit, was found to be 0.781, indicating that approximately 78 percent of the variance in the dependent variable can be accounted for by independent variables such as age, marital status, income, occupation, and education. The F ratio was significant at the one percent level, suggesting that the model demonstrates a good fit. Age and income are positively correlated with financial literacy awareness among employed women, as younger women in the active age group show a keen interest in learning about new financial services and products. Income plays a statistically significant role in financial literacy, influencing investment decisions. Education significantly impacts financial literacy, as educated individuals are more likely to recognize the importance of financial products and services. Additionally, occupation and marital status also significantly affect women's financial literacy awareness. Similar findings were reported by Mbarire et al. (2014) and Gupta (2018) indicating that age, gender, education, wealth characteristics, information sources, and financial guidance all influence financial literacy levels;

however, personal income and the type and position of one's work do not have such effects.

VI. CONCLUSION

The study found that age and income are positively correlated with financial literacy awareness among employed women, as younger women in the active age group show a keen interest in learning about new financial services and products. Income plays a statistically significant role in financial literacy, influencing investment decisions. Education significantly impacts financial literacy, as educated individuals are more likely to recognize the importance of financial products and services. Women's living standards are mostly determined by their socioeconomic situations. The demographic profile suggests that the sample consists mainly of educated women, with a considerable proportion fully integrated into the workforce. In the study it was found that women are looking forward to some help which can empower them in taking secured financial decisions. Financial firms

and advisors need to draw some education plans for women depending on their age, income, education and employment status so that they become financially aware of the various investment avenues and can take their investment decisions judiciously. Almost all the respondents have agreed to that. In financial matters, these women tend to comprehend bank statements; although their understanding of filling out forms is greater. The overall women generally exhibit a positive level of understanding regarding financial products. This implies that although there are opportunities for enhancement, respondents possess a satisfactory comprehension of these financial offerings.

SUGGESTION

- Financial authorities might also endeavour to streamline investing procedures to enhance accessibility and transparency for women.
- Awareness initiatives and community involvement programs may effectively contest conventional gender norms and promote women's autonomy in financial decision-making.
- Financial counselling and peer mentorship initiatives can enhance women's confidence in investment management
- Government-sponsored investment initiatives aimed at working women, like specific tax-advantaged investment plans or pension schemes, have to be extensively pushed.

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