"An analytical study on gender wise financial literacy among the retail investors in Pune city"

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Abstract:

Risk comes from not knowing what you're doing-Warren Buffet. Hence it is very important for investor to know where they are investing. This study focuses on understanding financial literacy of stock market securities among the investors in Pune city. In this research paper researcher had attempted to know the financial literacy of the respondents' gender wise. This paper will analyse whether there is any significant statistical relationship between gender and financial literacy

Introduction:

Risk comes from not knowing what you're doing-Warren Buffet. Subsequently it is critical for financial specialist to know where they are contributing.This study concentrates on understanding financial literacy of stock exchange securities among the investors in Pune city. In this research paper researcher had attempted to know the financial literacy of the respondents' gender wise. This paper will analyse whether there is any significant statistical relationship between gender and financial literacy.

Financial literacy is defined as "the ability to use knowledge and skills to manage financial resources effectively for a lifetime of financial well-beingFor a nation like India, it assumes a greater part, as it is viewed as an essential extra for the advancement of financial inclusion and eventually financial stability. In the present study researcher wants to know the financial literacy level of the retail investor who invest in stock market either on BSE or NSE.As per a survey conducted by Standard & Poor's Financial Services LLC (S&P) only 25% of adults or less are financially literate in South Asian countries. For an average Indian, financial literacy

is yet to become a priority. India is home to 17.5% of the world's population and nearly 76% of its adult population does not understand even the basic financial concepts.

The main objective of this research paper is to find out the financial literacy level of the retail investor of pune city and compare it with the gender.

Hypothesis:

H0: There is no statistical relationship between gender and financial literacy level

H1: There is a statistical relationship between gender and financial literacy level.

Review of literature:

SumitAgarwal(2010)[1], inspected investment behavior, obligation decision, risk tolerance and use of insurance of 1,694 Hyderabad respondents who are keen on personal finance. Information for examination is given by Investment Yogi Financial Advisory Services. Greater parts of respondents are financial literate. It is also found that lion's share of guys with advanced education level and aggressive investors are more literate than females.

The above study helps to understand the relationship between gender and financial literacy level.

K N Narendra (2014)[2],In this study the role of Financial Planner is discussed. Thisresearch suggested that the determined and prolonged efforts by all stake holders to educate and bring down revolution in India.

LavanyaRekhaBahadur (2015)[3], In this research paper analysis of financial literacy and financial inclusion and its current scenario as well as common people perspective about financial instruments is studied. Data is collected from 202 respondents belonging to thane district. It is found that level of financial literacy is very low and suggested to encourage financial literacy.

RatnaAchutaPaluri (2016)[4], analysed factors influencing financial attitudes of Indian women to classify Indian women based on attitude with 9 variables: anxiety, interest in financial issues, intuitive decisions, precautionary savings, free spending, materialistic and fatalistic attitude, propensity to plan for long and short term financial goals.

Research Methodology:

Research design: Descriptive research

Sample size: 700 Respondents

Sampling technique: Purposive sampling

Researcher had used the following criteria while selecting the respondents:

1. Respondents who are having D-mat account

2. Monthly income is less than ₹1, 00,000.

3. Respondents belonging to Pune city.

Data analysis and interpretation:

Respondents were asked 40 questions which will test their financial literacy. Each correct question was given 1 marks and wrong answer was given 0 marks.The financial literacy of the respondents is calculated- total score of the respondents is calculated as the percentage of correct answers, by attempting the total 40 questions.The median percentage of correct answers of the sample respondents is considered to find out financial literacy level and to further segregate them into subgroups. The respondents having scores above median are considered as respondents with higher financial literacy and hence classified as respondents with high financial literacy and respondents with scores equal to or less than median are considered as with relatively low financial literacy and hence classified as lower financially literate respondents.

Following table shows the values of mean and median percentage of correct scores scored by the respondents for the whole survey:

Table no 1.1 Central tendency for the financial literacy:

Central Tendency	Value
Mean	48.54
Median	45
Mode	45
Standard deviation	15.259
Minimum	25
Maximum	88

Source: Primary data

From the above table it can be seen that the median percentage of financial literacy is 45%. Hence respondents having score of more than 45% is said to be high financial literate and respondents scoring equal to or less than 45% is said to be low financial literate. Further after analyzing the data out of 700 respondents 298 respondents having high financial literacy and 402 respondents are having low financial literacy.

Hypothesis testing:

H0: There is no statistical relationship between gender and financial literacy level

H1: There is a statistical relationship between gender and financial literacy level.

Statistical test: Chi square test

Table no 1.2 Case Processing Summary

	Cases					
	Valid		Missing		Total	
	N	Percent	N	Percent	N	Percent
Gender * Financialliteracy	700	100.0%	0	.0%	700	100.0%

Table no 1.3 Gender * Financial literacy Cross tabulation

			Financial literacy		Total
			Low	High	
Gender	Female	Count	125	47	172
		Expected Count	98.8	73.2	172.0
	Male	Count	277	251	528
		Expected Count	303.2	224.8	528.0
Total		Count	402	298	700
		Expected Count	402.0	298.0	700.0

Table no 1.4 Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)	Exact Sig. (2-sided)	Exact Sig. (1-sided)
Pearson Chi-Square	21.680[a]	1	.000		
Continuity Correction[b]	20.861	1	.000		
Likelihood Ratio	22.469	1	.000		
Fisher's Exact Test				.000	.000
Linear-by-Linear Association	21.649	1	.000		
N of Valid Cases[b]	700				

a. 0 cells (.0%) have expected count less than 5. The minimum expected count is 73.22.

b. Computed only for a 2x2 table

Table no 1.5 Symmetric Measures

		Value	Approx. Sig.
Nominal by Nominal	Phi	.176	.000
	Cramer's V	.176	.000
N of Valid Cases		700	

From table no 1.4 it can be seen that p<0.05, and hence it can be concluded that there is a statistical relationship between gender and financial literacy level. Hence we reject the null hypothesis and accept the alternative hypothesis.

Conclusion:

It can be concluded that there is a statistical relationship between the gender and financial literacy level. From table no 1.3 it can be concluded that male are high financial liberate than female.

References:

1.Sumit Agarwal, Gene Amromin, Douglas D Evan off, Financial Literacy and Financial Planning: Evidence from India, SSRN Electronic Journal · December 2010.

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3. LavanyaRekhaBahadur, Financial Literacy: The Indian Story, World Journal of Social Sciences, Vol – 5, Issue-3, September 2015, PP. 45-57.

4. RatnaAchutaPaluri ,SaloniMehra, Financial attitude based segmentation of women in India: an exploratory study, Vol. 34 Issue 5, January 2016, PP. 670 – 689.