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Research Paper

Impact of financial literacy on financial decisions- A study on selected working women in Kalaburagi city

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Abstract:
Financial literacy has emerged as a crucial skill in today's complex economic environment, especially for working women who actively contribute to household and personal financial decisions. This study explores the level of financial literacy among working women and examines how it influences their financial decision-making. The study is based on primary data collected through structured questionnaires from selected working women in Kalaburagi city. It evaluates how financial awareness influences decisions related to investment, savings, credit usage, and long-term financial planning. The findings indicate that higher financial literacy leads to more informed and rational financial decisions, including better investment choices, improved savings habits, and reduced financial risk.
However, the study also identifies gaps in financial knowledge, particularly in areas like advanced investment instruments and retirement planning. Factors such as education level, income, and access to financial information significantly affect financial literacy levels.The research highlights the need for targeted financial education programs and awareness initiatives to empower working women.Enhancing financial literacy can improve their financial independence, economic security, and overall quality of life. The study concludes that financial literacy significantly influences the ability of working women to make informed and effective financial decisions.

Keywords: *Financial Literacy, Financial Decision-Making, Working Women, Investment Behaviour, Financial Decisions*

I. Introduction

Financial literacy has become an important factor influencing the investment decisions of working women, especially in developing economies where financial choices are becoming more diverse and complex.The study examines the influence of financial literacy on the financial decisions of working women, with special reference to Kalaburagi city of Karnataka. The study aims to assess the level of financial literacy, analyse the financial well-being status of working women.The study adopted a descriptive research design and is based on primary data collecting through a structured questionnaire. The respondents include working women actively involved in financial decision-making.

The findings of the study revealed that the level of financial literacy and financial decisions among working women in Kalaburagi city. The study emphasize the need for targeted financial literacy programmes, particularly in rural areas, women-centric financial education initiatives, and early financial education for youth.The results are expected to provide valuable inputs for policymakers, financial institutions, and educational agencies in designing effective financial literacy and financial inclusion programmes to enhance working women financial decisions in Kalaburagi city.Financial literacy has become a key determinant of economic stability and working women financial decision making, as it enables individuals to effectively manage income, savings, investments, credit, and financial risks. In India, it plays a vital role in promoting financial inclusion, responsible financial behaviour, and sustainable financial management. However, despite increased access to formal banking services, many working women, particularly in semi-urban and rural areas such as Kalaburagi city, continue to face financial challenges due to limited financial awareness, dependence on informal financial practices, inadequate savings, and costly borrowing. Although institutions such as the Reserve Bank of India, the National Centre for Financial Education, and the National Sample Survey Office have conducted nationwide assessments of financial literacy and inclusion, district-level evidence remains limited. Similarly, while Karnataka's socio-economic surveys provide broad information on household conditions, they offer little insight into financial literacy at the district level. Existing academic studies indicate moderate to low financial awareness among residents of Kalaburagi, highlighting the need for focused research and awareness programmes to improve financial literacy and support informed financial decision-making.

II. Objectives of the study

1. To assess the level of financial literacy among working women in Kalaburagi City.
2. To examine the impact of financial literacy on the financial decision-making behaviourof working women in Kalaburagi City.
3. To suggest appropriate measures for improving financial literacy and strengthening the financial decision-making capabilities of working women

III. Research methodology

The present study adopts a descriptive research design. The research data were obtained from a combination of primary and secondary. Primary data were obtained through a structured questionnaire designed and distributed among the selected respondents. Secondary data were gathered from official reports, and relevant websites.

Sample size

All the working women who are working in private education institutions are the population for the present study. The study is based on a sample size of 200 respondents. A convenience sampling technique was employed for selecting the respondents.

Statistical tools

Appropriate statistical techniques were applied to analyze and interpret the collected data. To analyze the data tools of descriptive statistics of SPSS (Statistical Package of Social Sciences) was used. Statistical tests such as Chi- square and correlations have been used for testing the hypotheses**.**

IV. Hypotheses

- **H01:** There is no significant association between the demographic characteristics (age, education, and income) of working women and their level of financial literacy.
- **H02:** There is no significant relationship between financial literacy and the financial decision-making behavior of working women in Kalaburagi City.
- **H03:** There is no significant association between financial literacy and the financial practices (savings, investment, budgeting, and insurance) of working women in Kalaburagi City.

V. Literature review

Grohmann, Klus, and Menkhoff (2021) analysed financial literacy in emerging economies and observed that financial knowledge significantly improves participation in formal financial systems. Their findings indicated improved saving behaviour and reduced reliance on informal credit among financially literate households.

Xiao, Chen, and Chen (2021) concluded that financial literacy directly influences financial well-being and indirectly affects it through responsible financial behaviour such as budgeting, disciplined saving, and informed credit usage.

Sarpong-Danquah et al. (2022) found that income alone does not guarantee financial security. Instead, financial knowledge and planning ability significantly determine households' capacity to cope with financial shocks, reinforcing financial literacy as an important factor for financial stability.

Kaur and Vohra (2023) examined financial literacy among Indian households and reported a strong positive relationship between financial literacy and financial well-being. Their research indicated lower financial stress, better debt management, and greater financial confidence among financially literate households.

Garg and Agarwal (2024) analysed the impact of financial literacy programmes on household financial outcomes in India. Their findings showed that structured financial education initiatives significantly improved budgeting behaviour, saving habits, and awareness of formal financial products, thereby enhancing financial well-being.

Table: 1 Hypotheses results

Hypothesis	Statistical Test	Result	Decision
H01: There is no significant association between the demographic characteristics (age, education, and income) of working women and their level of financial literacy.	Chi-square	$p < 0.05$	Rejected
H02: There is no significant relationship between financial literacy and the financial decision-making behavior of working women in Kalaburagi City.	Pearson Correlation	($r = 0.721$, $p < 0.001$)	Rejected
H03: There is no significant association between financial literacy and the financial practices (savings, investment, budgeting, and insurance) of working women in Kalaburagi City.	Chi-square	$p < 0.05$	Rejected

Sourse: Field survey

VI. Findings of the study

The study reveals that working women generally possess a moderate level of financial literacy, with most having basic knowledge related to savings, budgeting, and traditional financial instruments. However, their understanding of advanced financial products such as mutual funds, stock markets, and retirement planning remains limited. Thefindings clearly indicate that financial literacy has a significant positive impact on financial decision-making. Women with a better understanding of financial concepts are more likely to make informed decisions about saving, investing, and managing financial risks. It was also observed that a majority of working women prefer safe and low-risk investment options like fixed deposits and insurance, reflecting a cautious financial approach. Factors such as education level and income play an important role in influencing financial literacy, as women with higher education and income levels demonstrate better financial understanding and decision-making abilities. Additionally, while most respondents show a strong inclination towards regular savings, many lack of proper financial planning and diversification strategies. The study further highlights that some working women rely on family members or financial advisors when making financial decisions due to a lack of confidence or insufficient knowledge. Overall, the findings emphasize the need for effective financial education and awareness programs to enhance financial literacy, which in turn can improve financial independence and decision-making capabilities among working women.

Suggestions

- Enhance Financial Education Programs
- Organizeworkshops,seminars,andtrainingsessionstoimprovefinancialknowledgeamongworkingwomen.
- Promote Awareness of Investment Options
- Encourageawarenessaboutdiversifiedinvestmentavenueslikemutualfunds,SIPs,andpensionplans. Encourage Risk Understanding
- Provideguidancetoreducefearofriskandhelpwomenmakeinformedinvestmentdecisions. Improve Access to Financial Service
- Ensureeasyaccesstobanking,digitalfinance,andadvisoryservices,especiallyforallincomegroups.
- Time-Friendly Financial Tools
- Encourage the use of simple digital financial planning tools that enable women to manage their finances effectively, even with busy work and personal schedules.

CONCLUSION

The study clearly indicates that working women possess a high level of awareness regard the importance of financial education, as most respondents agree that it is essential for effective financial management. This positive perception reflects a growing recognition of the need for financial knowledge in today's dynamic economic environment. However, despite this awareness, the actual usage of financial products shows a strong preference for traditional and low-risk investment options, particularly fixed deposits and recurring deposits. Limited participation in market-linked instruments such as mutual funds suggests moderate financial literacy,riskaversion,andlackofconfidenceinhandling complex financial products.

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