



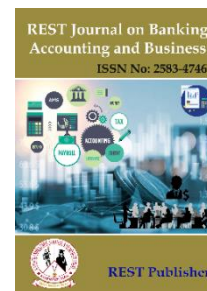
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# A study of Rural women's financial literacy and awareness level towards financial products and services in Kerala perspective with Special reference to Malappuram District

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**Abstract:** Financial literacy is crucial in empowering individuals, particularly rural women, to make informed financial decisions and achieve economic well-being. This study explores the financial literacy and awareness levels of rural women in the Malappuram district, focusing on the relationship between socio-demographic factors and financial literacy. The research, conducted through a cross-sectional descriptive study among 100 women, reveals that most respondents are young, educated, and possess a moderate level of awareness and knowledge of financial tasks and products. The study highlights significant barriers to financial literacy, including social and cultural issues, lack of education, income constraints, and gender discrimination. Despite these challenges, the penetration of financial products like bank accounts, debit cards, and mobile banking is relatively high among the participants. The study 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.

**Keywords:** Financial literacy, rural women, financial awareness, socio-demographic factors, financial products, barriers to financial literacy, economic empowerment, financial education.

## 1. INTRODUCTION

Financial literacy has become a crucial skill in navigating the complexities of today's financial landscape. It equips individuals with the knowledge to make informed and effective decisions concerning their finances. Financial literacy is a vital process that fosters financial inclusion by helping individuals develop skills and understanding in managing, spending, and saving money. It encompasses awareness, knowledge, skills, and behaviours essential for financial well-being, ultimately leading to financial stability. By improving financial literacy, individuals can better manage their finances and avoid financial crises. Financial literacy means the possession of knowledge and understanding of financial matters. Financial literacy involves understanding and applying financial knowledge, skills, attitudes, and behaviours to make sound financial decisions and achieve well-being. It covers areas such as real estate, insurance, investing, saving, tax planning, and retirement. Financial literacy is a combination of skills and knowledge that make you take sound financial decisions that impact your financial well-being. Financial literacy as defined by Organization for Economic Cooperation and Development (OECD)2011 is "A combination of awareness, knowledge, skill, attitude and behaviour necessary to make sound financial decisions and ultimately achieve individual financial wellbeing."

As per reports, it is stated that India only consists of 27% of the population that falls into the category of "financially literate". According to this, one out of every five Indians is capable of addressing one of the most critical aspects of human well-being. Often, it is believed that financial literacy only lacking within the marginalised or economically impoverished sections of the society. However, it is not completely true. This is a challenge that upper & majorly middle-class people face. The lack of financial literacy, however, contributes to

social inequality for the economically backward. For individuals to access and effectively use financial services, it may be necessary to have a basic understanding of financial concepts. In rural areas, financial literacy is often lower than in urban area.

For rural women, basic financial literacy is crucial for effective money management and decision-making. Improving access to financial education in these communities can empower individuals and enhance overall financial stability. A certain level of financial literacy is needed by the women to decide the financial products. Designing appropriate financial products for women to be able to save, borrow, and insure is essential to strengthening women's role as producers and widening the economic opportunities available to them. For this purpose, it is essential to understand how family responsibilities and women's access to and control over other resources. Hence strategies should be formulated to bring the rural women into the access of financial services. In the information era, access to knowledge has improved many lives, but rural women often lack adequate financial education. This gap limits their economic activities and overall impact. Educating rural women about financial institutions, products, and activities can enhance their economic contributions and raise their standard of living. This study focuses on the financial literacy of rural women in Malappuram district, exploring how socio-demographic factors influence their financial knowledge and identifying barriers to acquiring it. Improving financial literacy among rural women is crucial for their empowerment and national economic development.

## **2. SIGNIFICANCE OF THE STUDY**

The women will require a minimum level of financial knowledge to help them in choosing the right financial products. This is aimed at helping design suitable financial products that can enable women to save, borrow or even insure themselves to enhance their role as producers and broaden the scope of economic opportunities available to them. To do this, it is important to recognize how family duties and other resources influence women's access rights and control over these resources. The purpose of this research study is to determine whether socio-demographic characteristics are related with financial literacy among rural women. This research will benefit the backward-class women in Malappuram district. This research paper helps understand their knowledge of finance and provides ways through which they can improve it further

## **3. OBJECTIVES OF THE STUDY**

- To identify the relationship between socio-demographic characteristics and rural women's financial literacy awareness.
- To identify the knowledge level of respondents in different financial products
- To know the awareness level of respondents in financial products and services
- To identify the barriers to acquiring financial literacy for rural women

## **4. RESEARCH DESIGN**

A cross-sectional descriptive study was conducted within a community in the Malappuram district of Kerala. The sample included all adult women in Malappuram District who were familiar with financial products. Information was gathered from eligible and willing participants using a systematically designed, interviewer-administered questionnaire that had been pre-tested. The questionnaire collected socio-demographic data, including age, gender, occupation, education, marital status, and socioeconomic status. The second section of the questionnaire assessed respondents' awareness and satisfaction with financial products, while the third section evaluated their level of financial knowledge. Responses were measured using a 3-point scale. The questionnaire content was reviewed for validity, and necessary modifications were made before it was administered to the public. The collected data was analysed using SPSS Software version 25.0.

## **5. RESULTS**

The results of study of Rural women's financial literacy and awareness level towards financial products and services is conducted among 100 participants of women in Malappuram district is presented in tables and figures.

**TABLE 1.** Socio Demographic Profile of Respondents

Demographic variables	Category	Percentage
Age	20-30	60%
	30-40	22%
	Above 40	18%
	Total	100%
Marital status	Married	53%
	Unmarried	35%
	Divorce	6%
	Widow	6%
	Total	100%
Qualification	Up to Higher Secondary	26%
	Graduation	56%
	Post-Graduation	18%
	Total	100%
Occupation	House wife	25%
	Daily wages	6%
	Agriculture	4%
	Salaried	13%
	Profession	3%
	Student	49%
	Total	100%
Income Level	Below 5000	56%
	5000-10000	22%
	Above 10000	22%
	Total	100%

**Interpretation:** The table provides demographic data on the study participants, focusing on age, marital status, education, occupation, and income. The majority of the respondents (60%) are aged between 20-30 years. 22% of the respondents fall within the 30-40 years age group. The remaining 18% are aged above 40 years. More than half of the respondents (53%) are married. 35% of the respondents are unmarried. A small portion of the sample consists of divorced (6%) and widowed (6%) individuals. A significant portion of respondents (56%) have completed their graduation. 26% have an education level up to Higher Secondary. 18% have attained post-graduate qualifications. Nearly half of the respondents (49%) are students, making it the largest occupational category. 25% are housewives. The majority of respondents (56%) have an income below 5,000 INR. 22% earn between 5,000 and 10,000 INR. The majority of the study participants are young, predominantly in the age group of 20-30 years, and a significant portion is still pursuing education (49% students). Most of them are either married or unmarried, with a considerable number being graduates. The income distribution shows that more than half of the respondents earn below 5,000 INR, indicating a lower-income demographic. The demographic profile suggests that the sample consists mainly of young, educated women, with a considerable proportion not yet fully integrated into the workforce.

**TABLE 2.** Awareness level of respondents in financial matters

Statement	Mean score
Filling forms at bank	3.02
Understanding bank statement	2.81
Keeping track of account balance	2.9
Planning your spending with consideration of current financial situation	2.69
<b>Average mean score</b>	<b>2.84</b>

**Interpretation:** The mean scores based on which the respondents demonstrate their awareness and knowledge of performing specific financial tasks are presented in the table: With an average score of 2.78, people feel moderately sure when it comes to making monetary transactions. It can be said that the task with the highest average (mean) score of 3.02 was filling out bank forms since the participants' familiarity with this activity was high. Based on a mean score of 2.81, participants tend to understand bank statements albeit not as much as they do about fill forms. Averaging 2.90 respondent's awareness in keeping track of account balances is quite strong

enough. Respondents may have less self-assurance regarding planning their spending depending on their current financial position since this task has the lowest average (mean) score 2.69.

**TABLE 3.** Knowledge of money withdrawal methods

Methods	Mean score
Use an ATM	3.86
By cheques	3.27
Fill out a withdrawal slip	3.63
Online banking	3.17
Mobile apps	3.92
<b>Average mean score</b>	<b>3.57</b>

**Interpretation:** The table presents the mean scores for respondents' knowledge of various money withdrawal methods, with an overall average mean score of 3.57. Since the average mean score exceeds 3.00, this indicates a generally positive response from the respondents. The respondents have a strong familiarity with using ATMs, as indicated by the high mean score of 3.86. The mean score of 3.27 suggests that respondents are relatively comfortable with using cheques, although not as proficient as with other methods. A mean score of 3.63 shows that respondents have a good level of knowledge in filling out withdrawal slips. The mean score of 3.17 reflects a moderate level of familiarity with online banking, indicating that while respondents are knowledgeable, there is room for improvement. The highest mean score of 3.92 indicates that respondents are very well-versed in using mobile apps for money withdrawal. Overall, the respondents display a good understanding of various money withdrawal methods, with the average mean score of 3.57 confirming their strong knowledge in this area.

**TABLE 4.** Penetration of Financial Products

Statement	Options	Percentage
An Account with a bank	Yes	100%
	No	0%
	I don't know what it is	0%
	Total	100%
A debit card	Yes	75%
	No	21%
	I don't know what it is	4%
	Total	100%
A mobile app to access your account	Yes	69%
	No	25%
	I don't know what it is	6%
	Total	100%

**Interpretation:** The table illustrates the penetration of various financial products among the respondents, including bank accounts, debit cards, and mobile apps for accessing accounts. The data is presented as the number and percentage of respondents who have access to or are aware of these financial products. The data indicates full penetration of bank accounts among the respondents, with every individual having access to a bank account. This suggests a high level of financial inclusion within the group, with no gaps in basic banking access. While a significant majority (75%) of respondents have a debit card, there is still a portion of the population (21%) that does not use or possess one. Additionally, 4% of respondents are unaware of debit cards, indicating a need for further financial education to ensure all individuals are fully informed and able to utilize this financial tool. The penetration of mobile apps for banking is relatively high, with 69% of respondents using them to access their accounts. However, a quarter of the respondents (25%) do not use mobile apps, and 6% are not aware of them. This suggests that while mobile banking is becoming increasingly popular, there is still a segment of the population that either does not have access to or is not aware of this technology. This gap may be due to factors such as limited access to smartphones, lack of digital literacy, or a preference for traditional banking methods.

**TABLE 5.** Knowledge level in financial products

Category	Mean score
Shares	2.75
Public provident fund	2.59
Bond	2.75
Gold	4.28
Bank fixed deposit	3.93
Real estate investing	3.36
Unit linked insurance plan	2.74
<b>Average Mean Score</b>	<b>3.145</b>

**Interpretation:** Gold (4.28) and Bank fixed deposit (3.93) have the highest mean scores, showing that respondents are most knowledgeable about these products. Real estate investing also has a positive score of 3.36. The other financial products - Mutual fund, Shares, Public provident fund, Bond, and Unit linked insurance plan - have mean scores below 3.00, indicating that respondents are less knowledgeable in these areas. With an overall average mean score of 3.145, the table suggests a generally positive level of knowledge among respondents regarding financial products. This indicates that while there are areas for improvement, respondents generally possess a reasonable understanding of these financial products.

**TABLE 6.** Barriers affecting financial literacy

Barriers	Mean score
Social & cultural issues	3.93
Physical problems	3.24
Lack of education	3.97
Lack of income	3.82
Gender discrimination	3.66
<b>Average mean score</b>	<b>3.724</b>

**Interpretation:** The average mean score for all of these barriers is 3.724, which is much higher than the cut-off point of 3.00. This indicates that in general, respondents believe that the factors such as social and cultural issues, physical problems, lack of education, poverty and gender discrimination are significant threats to financial learning. With high mean scores across the different barriers being suggested as important obstacles to better financial literacy, it becomes vivid that lack of education (3.97) and social & cultural issues (3.93) are some of their most highlighted aspects.

**TABLE 7.** Awareness on the basis of age

Age	Unaware	Moderately aware	Aware	Total
20-30	7	20	33	60
30-40	8	8	6	22
Above 40	7	6	5	18
<b>Total</b>	<b>22</b>	<b>34</b>	<b>44</b>	<b>100</b>

**Interpretation:** In the lights of Pearson chi-square, we reject the null hypothesis. The calculated value (11.4844) is more than table value (9.488). So, the null hypothesis is rejected at 5% of level of significance. It can be concluded that there is a significant relationship between age and awareness on financial literacy among rural women.

**TABLE 8.** Awareness on the basis of education

Educational qualification	Unaware	Moderately aware	Aware	Total
Up to Higher Secondary	8	10	8	26
Graduation	8	18	30	56
Post-graduation	6	6	6	18
<b>Total</b>	<b>22</b>	<b>34</b>	<b>44</b>	<b>100</b>

**Interpretation:** The calculated value (6.3515) is less than table value (9.488). So, the null hypothesis is accepted at 5% of level of significance. It can be concluded that there is no significant relationship between educational qualification and awareness on financial literacy among rural women.

**TABLE 9.** Awareness on the basis of income

Monthly income	Unaware	Moderately aware	Aware	Total
Below 5000	8	20	28	56
5000-10000	7	8	7	22
Above 10000	7	6	9	22
<b>Total</b>	<b>22</b>	<b>34</b>	<b>44</b>	<b>100</b>

**Interpretation:** The calculated value (5.0676) is less than table value (9.488). So, the null hypothesis is accepted at 5% of level of significance. It can be concluded that there is no significant relationship between Monthly income and awareness on financial literacy among rural women.

## 6. CONCLUSION

The study on rural women's financial literacy and awareness towards financial products and services in the Malappuram district reveals several key findings. The demographic analysis shows that the majority of the respondents are young, educated women, with a significant portion still pursuing education and earning a low income. The study found that respondents generally have a moderate level of awareness and knowledge of financial tasks such as making transactions, filling out bank forms, and understanding bank statements, with filling out bank forms being the most familiar task. However, planning spending based on current financial situations is an area where respondents feel less confident. In terms of knowledge of money withdrawal methods, respondents showed strong familiarity with using ATMs and mobile apps, indicating a growing adoption of digital banking tools. The penetration of financial products among the respondents is high, with every participant having a bank account and a majority using debit cards and mobile apps. The study also identified significant barriers to financial literacy, including social and cultural issues, lack of education, income constraints, and gender discrimination. These barriers are seen as substantial obstacles to improving financial literacy among rural women. In terms of awareness, the study found a significant relationship between age and financial literacy, with younger women being more aware. However, no significant relationship was found between educational qualifications or income levels and financial literacy awareness, suggesting that other factors may play a more crucial role in determining financial literacy in this population. Overall, the study underscores the importance of targeted financial education programs to improve financial literacy among rural women, which in turn could enhance their economic participation and contribute to broader (Pranati , Murgai, & Jyoti , 2023) national economic development. Addressing the identified barriers and focusing on age-specific strategies could be key in achieving these goals.

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