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Financial Investment by Women: Reluctance to Take Risks Into Investing Their Own Money

A case study focusing on Indian urban educated working women in particular and how this situation can be changed and addressed effectively for substantial & sustainable economic impact in society

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Abstract

This research paper aims to explore the perception of educated Indian working women regarding money investment and propose a solution based on the research findings to address this societal issue. To achieve this research objective, an online survey was conducted involving more than 100 educated working women. Additionally, a qualitative focus interview was conducted with five educated working women to gain deeper insights into their perception of money investment matters, considering emotional and cultural factors. The paper not only examines the perception of Indian women from emotional and cultural perspectives but also offers solutions to this issue. The study collected relevant data from research journals, articles, and online resources to support its findings.

Keywords: *women in finance, empowerment, financial literacy, investment behaviour, financial education, educated working women, financial independence, investment strategies, risk aversion, financial inclusion, financial planning*

1.0 Introduction

Given the vital role of money in our lives, investing has become a paramount concern for individuals. The savings we accumulate today serve as a financial resource for future expenses, making investment an essential consideration for everyone (Ganapathi & Madhavan, 2021). Money plays a crucial role in leading a fulfilling life. Our personal growth and accomplishments revolve around the goal of acquiring knowledge and skills to enhance our earning potential, ensuring a prosperous life for ourselves and our families. Regardless of the income level, the decisions we make regarding our finances profoundly impact our future. In economies like India, where saving outweighs spending (n.d.-b), one's ability to manage their finances effectively becomes the deciding factor between attaining peace of mind or perpetually experiencing anxiety throughout their life.

2.0 Research Objective

The objective of this research is to examine the perception of educated Indian working women regarding money investment matters and offer a solution to address this societal problem based on the research findings.

3.0 Review of Literature/Theoretical Background

In India, where people tend to be more inclined towards saving rather than investing ("Indians Are Wise Savers but Poor Investors: Survey," n.d.), it is noteworthy that many women possess the knowledge and capability to earn and save money but lack the know-how or independence to invest for further growth. Financial planning for most women often revolves around managing their monthly budget (October 12, 2022). Despite the dependent lifestyle imposed by societal and cultural norms, along with associated risks, it is crucial for all women, regardless of age, education, income level, socio-cultural background, or family status, to engage in financial planning (CA & Dr., n.d). It is ironic that financial planning is considered obligatory for men while being viewed as less important for women, even when they earn their own money. In fact, women have a greater need to actively manage their finances and carefully consider investment opportunities (n.d.). This paper aims to delve into the reasons why Indian working women often perceive themselves as unable or not needing to invest their hard-earned money.

Promoting financial inclusion is crucial for fostering economic growth and development of a nation (n.d). It is imperative for the government to not only strive towards providing accessible financial inclusion avenues for all citizens but also to ensure that women, in particular, possess the knowledge and capability to comprehend the diverse schemes and investment opportunities made available to them. This enables them to make informed decisions regarding their finances. Surveys on financial awareness among women indicate that 59% of women do not make independent financial decisions. However, 44% of women express a willingness to make their own financial choices if given the opportunity. The survey further reveals that 89% of married women rely on their spouses for financial advice (Statista, 2022). The same survey findings highlight that a woman's financial decisions are primarily controlled by her father before marriage and subsequently by her husband. This lack of financial autonomy is particularly evident once women get married, as decisions regarding their finances are predominantly made by their fathers before marriage and then taken over by their husbands. The survey underscores that women have limited control over their finances, given that the average age of marriage is around 20-22 years. Consequently, marriage emerges as a significant factor impeding women's financial independence.

Based on previous literature, it is evident that the savings rate in India is notably high, largely attributable to the savings habits of women. Factors such as risk aversion, conservative mindset, limited financial knowledge, lack of confidence, excessive reliance on external guidance, reluctance to disrupt the status quo, health concerns, and religious beliefs contribute to their hesitancy when it comes to investing money (Vohra & Kaur, 2017). Based on previous literature, it is evident that the savings rate in India is notably high, largely attributable to the savings habits of women. Factors such as risk aversion, conservative mindset, limited financial knowledge, lack of confidence, excessive reliance on external guidance, reluctance to disrupt the status quo, health concerns, and religious beliefs contribute to their hesitancy when it comes to investing money (Vohra & Kaur, 2017).

As per a study conducted by DSP BlackRock, the primary reason behind women's hesitation in making investment decisions is their inclination towards safety and reluctance to take risks (Padiyath, 2013). Another research conducted by Nielson, which encompassed investors from 56 countries, revealed that women are 25% more likely than men to rely on advice from friends and family regarding personal finance matters (Nielsen.com, 2012). In a US-based study conducted by Market Strategies International, it was found that 38% of millennial women seek knowledge and understanding of investments from friends, family, and colleagues (Guzior, 2018). Additionally, a study conducted in three small cities in the suburbs of Mumbai, India, involving over 100 married working women, discovered that 75% of the women have their own personal investments; however, they are still dependent on their husbands, in-laws, and others for making investment decisions. Approximately 49% of the women consult their husbands, in-laws, family, and children, while the remaining 51% seek advice from siblings, colleagues, friends, or other acquaintances (Dusseja, 2016).

Research findings indicate that among investors, the highest percentage of individuals with education up to the undergraduate level stands at 46.80%. Moreover, the study reveals that investors with more than three years of experience in stock investment constitute the largest group, accounting for 36.00% of participants. Interestingly, the study suggests that there is no direct significant relationship between education level, investment experience, and investment

decision-making at a 5% alpha level. However, it highlights the importance of financial literacy in strengthening the connection between education, experience, and making informed investment decisions. Therefore, financial literacy emerges as a crucial factor for women, regardless of their educational background and employment status, as it helps overcome their reservations and enables them to invest their hard-earned money wisely (Fachrudin, Khaira & Amalia Fachrudin, Khaira, 2016).

The aforementioned literature review highlights the need to explore the challenges faced by educated Indian women that hinder their investment participation. Additionally, it emphasizes the importance of identifying practical and effective solutions to address these issues.

4.0 Survey Design & Questionnaire

To gain insights into the mindset of women regarding money matters, a research study employed both quantitative and qualitative methods. Face-to-face focus group discussions were conducted as part of a qualitative study, involving Indian women aged 18 to 64.

It is important to note that this research specifically focused on educated working women and excluded non-educated working women who earn for their families. While non-educated working women may also require basic financial literacy, it is recognized that this alone may not empower them to independently engage in investments. Similar to educated working women, they may still require assistance in processing and executing financial product purchases in the market.

A typical research respondent is an educated working woman based in India

4.1 Demographics of Survey Respondents

Average Age	36
Marital status	Married
Education	Graduate/Higher education degree

Occupation	White collar job
Personality	Strong-willed Committed Open to learning Independent Hardworking Adapt to change
Frustrations	Has no idea how to invest her own money and grow it further to achieve life goals for herself and her family.
Skills	Educated Critical thinking Decision-making
Goals	Having financial independence and security. Respect and dignity for yourself.
Motivations	Take control of Money & Investments Self-worth/dignity Financial independence Wealth creation
Bio	An educated Indian working woman willing to invest at least 30%-50% of her income on a monthly/annual basis but inclined to learn and take control of her own investments rather than rely on external agencies that charge fixed annual fees for advisory services.

Following are the six questions we asked each of the 5 participants in our focus group qualitative survey:

Market research - Women & Money Matters qualitative Survey!

Sample Size - 5

Questions Asked - 6

Questions	Answer Gist
Q1: How important is the idea of women taking control of their own money to you?	This is an excellent idea but women in India are not ready yet to take risks with their money and investments. Women generally take zero risks when it comes to their earnings.
Q2: What made you realize you need to be in control of your finances & investments?	Losing my father/husband last year made me realize till last year I was completely dependent on my father for my investments and how incompetent I was at it!
Q3.What factors are important to you while taking advisory services from outsiders/companies?	Trust is the most important factor we are sceptical even when our husbands bring in an advisor to help us plan
Q4:What if your husband or family is not there to support you with your husband due to any unfortunate happening? How do you plan to manage that situation?	Haven't planned or thought of that kind of extremity ever to date. More than fear it is the lack of interest in numbers & money that make us keep ourselves away from understanding the financial jargon. In India, we do rely a lot on family support traditionally as usual.

<p>Q5: What do you think about the idea of paying for investment advisory services for taking guidance with your annual investment planning?</p>	<p>I would not be that open to paying for advisory services that quickly but would like to be educated about the entire investment process end to end instead of paying an external agency for their advisory services. There will be a trust issue that will still bother us after paying.</p>
<p>Q6: How do you see the approach of self-learning and trying to play with your own investment decisions?</p>	<p>I have always invested in traditional ways till 2018. Rigour to learn & succeed made me put my money in different buckets and see how it grows. I do study, research, fail and then succeed. But Financial advisory is always helpful.</p>

Based on the findings from the qualitative survey, a subsequent quantitative study was conducted involving 100+ women in India and abroad. This study aimed to uncover valuable insights regarding women and their investment behaviours. The data for the study was collected using structured questionnaires. The online survey consisted of 10 questions that covered various aspects such as demographics, money management, and investment habits.

4.2 Market Research - Women & Money Matters Quantitative Survey!

In this brief survey, we aim to investigate the financial management practices of educated working women and their inclination towards independently managing their investments, provided they receive appropriate guidance from experts. The initial 4-5 questions primarily focus on gathering general demographic information, which will help in segmenting the responses effectively. To ensure a representative sample encompassing Indian urban women, a diverse range of responses from major cities across the country was collected. Subsequently, the following four to five questions delve into specific inquiries regarding money-related matters, aiming to gain insights into how working women perceive and approach such topics.

Q1: Name

Q2: Age

1. 65+
2. 55-64
3. 45-54
4. 35-44
5. 25-34
6. 18-24

Q3: Email

Q4: Are you a working woman?

1. Yes
2. No

Q5: Do you want to take control of your money & investments yourself?

1. Strongly agree
2. Agree
3. Neither agree nor disagree
4. Disagree
5. Strongly disagree

Q6: Where do you stay?

1. North India
2. East India
3. West India
4. South India
5. Abroad, outside India

Q7: City:

Q8: Do you invest your money?

1. Yes, I do it by myself on random advice from family & friends
2. No, My husband/Father/Family handles my investments for me
3. No, I do not invest but would like to start if there is some company to support & guide me

4. Yes, I do invest but do not follow a goal-based plan formally & consistently

Q9: How much %age of the money do you save or invest for the future on a monthly/yearly basis?

1. 10%
2. 20%
3. 30%
4. 40%
5. Over 50%
6. 0%

Q10: If there was a company that specifically helps women by advising them on how & where to invest their money, would you like to take its services?

1. Definitely would
2. Probably would
3. Probably would not
4. Definitely would not

Q11: How much would you like to pay for such services?

1. 1% of the total amount of money the company would be managing for you annually
2. 2% of the profits you earn with the investments made on the Company's annual investment plan made for you
3. Would like to be charged a fixed fee annually irrespective of the amount of money handed by the agency
4. I would not like to pay for any investment advisory services at all

5.0 Research and Results

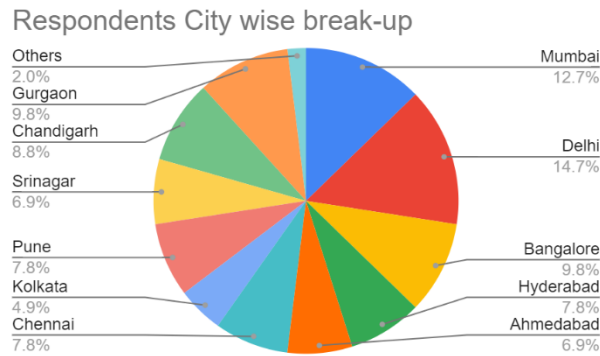
Our research findings indicate that women's behaviour with money matters is influenced by four key factors. One significant aspect is their preferred approach to managing their money, which is shaped by traditional dependency on their male counterparts. Additionally, factors such as fraudulent selling practices prevalent in the financial sector contribute to women's mindset regarding investments. Furthermore, the abundance of options available in the market when selecting suitable financial instruments often leads to confusion among educated women.

Moreover, the high cost associated with advisory services, coupled with a lack of customer experience and empathy specifically tailored for women investors, acts as a deterrent for them to take charge of their finances. In this industry, the majority of advisors and agents are men who may not be adequately trained to address the unique investment needs and concerns of women.

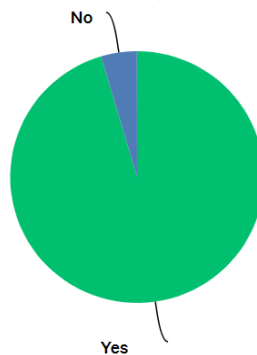
Due to the combined influence of these factors, women often tend to isolate themselves and delegate financial investment decisions and tasks to their male counterparts.

5.1 Outcome of Quantitative Survey with Respondent Sample Size of 102

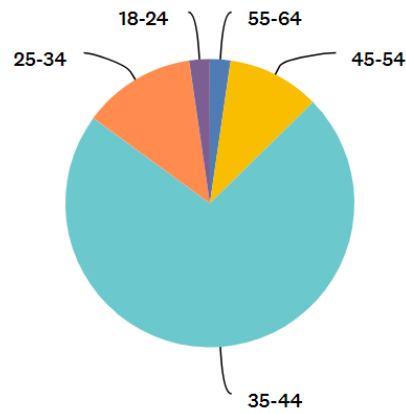
All the diagrams have been computed by the Author.



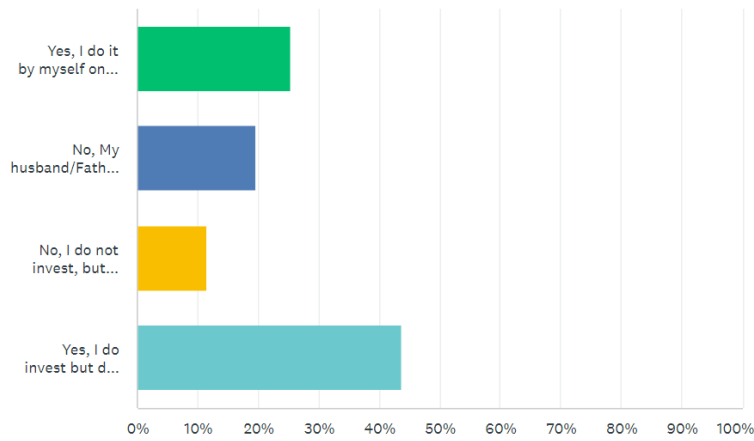
1. City



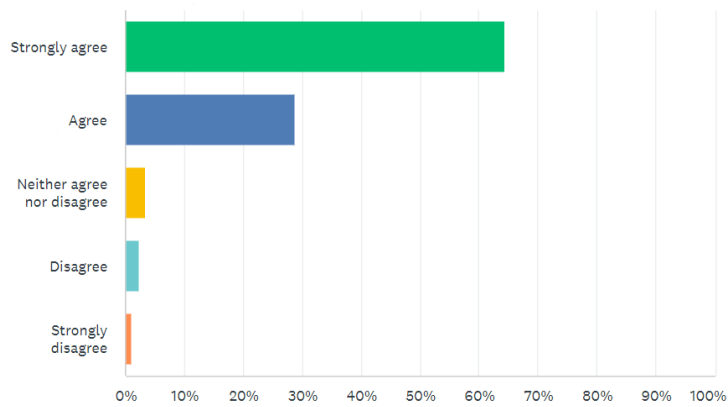
2. Working/Non-Working



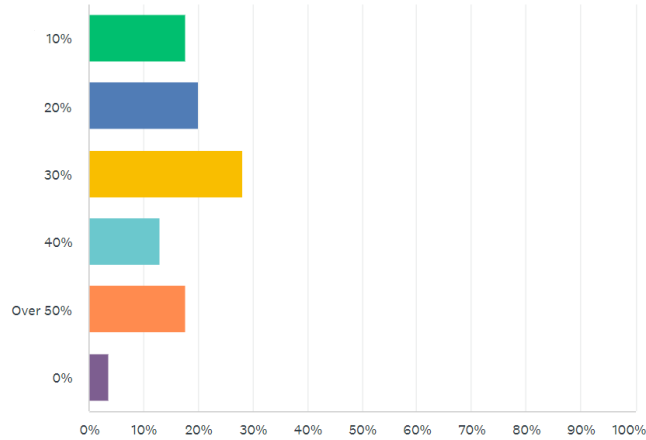
3. Age



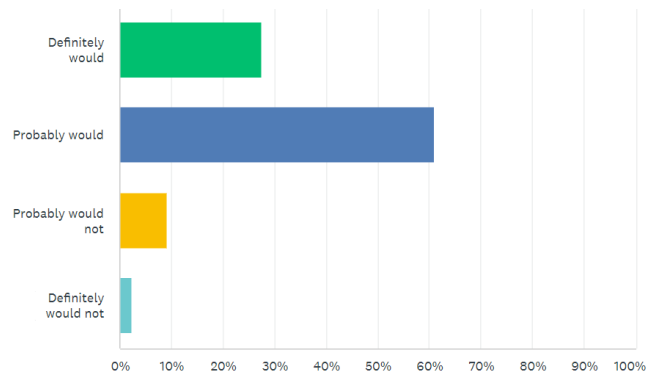
4. Do you invest your money?



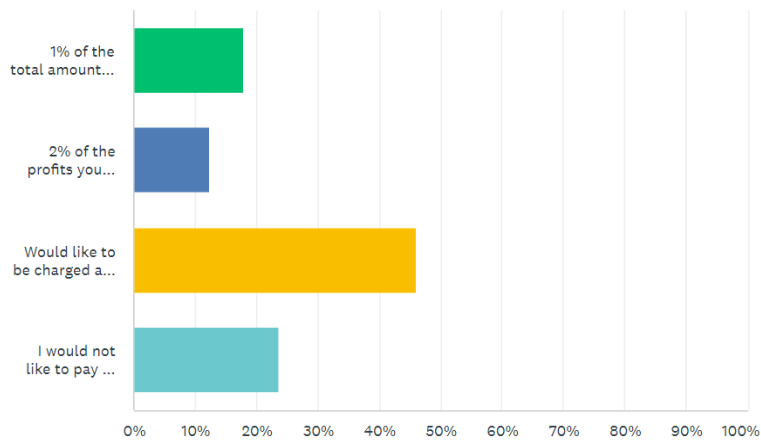
5. Do you want to take control of your money & investments yourself?



6. How much %age of the money do you save or invest for the future on a monthly/yearly basis?



7. If there was a company that specifically helps women by advising them on how & where to invest their money, would you like to take its services?



8. How much would you like to pay for such services?

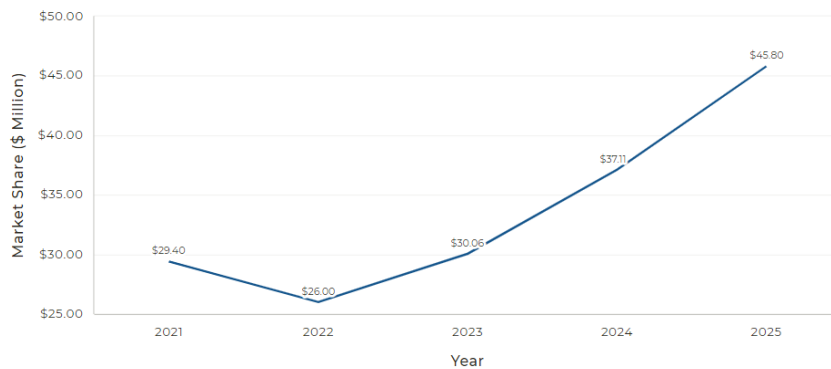
6.0 Conclusion

In our study, we discovered that educated Indian female workers are eager to break free from financial insecurities and a dependent lifestyle, desiring to attain financial independence and wisdom. They aspire to take control of their family's future, avoid falling victim to misleading financial products, and live a life of honour and respect. Rather than relying on financial services, these women prefer to empower themselves by acquiring financial knowledge and actively managing their money.

The research highlights that both educated and non-educated women require financial literacy, as lack of financial resources affects their decision-making regarding family finances. Therefore, it is crucial to provide financial education to women, enabling them to make informed investment decisions. The study indicates a clear preference among educated women for financial education rather than paid advisory services.

Considering the survey results, businesses aiming to cater to women investors should focus on offering financial education programs instead of costly advisory services. The research underscores the significant business opportunity in educating working women on financial investments. Estimated market share projections for the years 2021-2025 indicate potential growth, with an average projected revenue per customer of \$9.80 per year.

No of white collar working women in india = 22% = 3 million	Y1(\$)	Y2(\$)	Y3(\$)	Y4(\$)	Y5(\$)	Y6(\$)
Avg white collar women annual salary = \$3,268.92	3000000	3030000	3060300	3090903	3121812	3153030
Avg annual investment per customer = 30% = \$ 980.68	3268.92	3432.366	3638.308	4002.139	4402.353	4842.588
Estimated Annual avg business Rev per customer = \$9.80	980.68	858.0915	982.3431	1200.642	1320.706	1452.776
Market share (SAM) = 3 m X \$9.80 = \$29.42 m	9.8	8.580915	9.823431	12.00642	13.20706	14.52776
	29400000	26000172	30062647	37110668	41229952	45806477



9. Forecasted SAM at a CAGR of 8.8%

Source: Statista, 2022, Estimates for Calculation

The aforementioned projections are further reinforced by India's favourable position in the financial services industry. The country benefits from economic factors such as growing demand for financial services, strong innovation and policy support, and increasing market penetration. These factors create a conducive environment for the implementation of women-specific financial education businesses in India. The financial service sector in India is well-positioned to support and facilitate the growth of such initiatives.

7.0 Implications for the Future

To understand potential global trends, educated women in India can be compared to their counterparts in other countries. Additionally, working women can be segmented into sub-groups based on their interest in learning about financial investments, allowing educational companies to address these sub-groups separately. Conducting a detailed analysis of the educational needs of educated working women within specific industries would be particularly intriguing. For instance, women employed in the banking industry might already have a higher inclination towards investment and may require comparatively less educational awareness. Similarly, women working in sectors such as education or insurance may exhibit higher investment tendencies, warranting a different approach to educational initiatives.

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