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Financial Knowledge and Investment Behavior in Women: An Analytical Perspective

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Abstract:
This study examines the difference between economic knowledge, risk preference and investment behavior among women in India. Using a structured questionnaire, data was collected from 515 respondents of different ages, educational and employment segments through stratified random samples. Descriptive and subordinate statistical analysis was performed using SPSS - including the ratio and regression.

Conclusions show that women demonstrate moderate economic knowledge, with strong awareness in basic savings, but limited knowledge of mutual funds and digital tools. A significant positive correlation was observed between economic knowledge and investment behavior ($R = 0.528$, $p < 0.01$), while risk preference was also found to predict investment activity significantly ($\beta = 0.492$, $p < 0.001$). Large ambassadors include financial literacy and stable income, while obstacles include the benefit of risk and lack of advisory accessories.

This study emphasizes the importance of economic education to increase the investment results of women. The results provide action -rich insights for decision makers, financial institutions and teachers to strengthen women through inclusive economic strategies.

Keywords: Financial Literacy, Women Investors, Investment Behavior, Enablers and Barriers, Financial Decision-Making, Gender and Finance

1. Introduction:

Financial inclusion and investment behavior of women has become a central subject in the discovery of gender equity and economic development. However, despite the level of education and the participation of the labor force, inequalities remain in the busyness of financial decisions and investment among women. Financial literacy is an important promoter in reducing this difference, which empowers women to make informed investment options. The study examines the intersection of financial knowledge and investment behavior among women, which identify competent factors and challenges that affect their financial engagement. Financial inclusion and literacy have emerged as important elements in empowering individuals that contribute to informed financial decisions and economic development. Of these, the financial engagement of women has attracted global attention due to its transformative ability to promote gender equity, increase domestic welfare and strengthen national economies (OECD, 2022). Despite notable progress in education and participation of the workforce, women often lag behind men in terms of investment activity and long -term financial planning (Klapper, Lusardi, & van Oudheusden, 2022). Financial literacy, which has been defined as the ability to understand and implement financial concepts in decision making, plays an important role in planning, saving and effectively investing women (Lusardi & Mitchell, 2020). However, various studies highlight that in both developed and developing both countries, women constantly report lower levels of financial knowledge and believe in management of financing (OECD, 2022; Stolper & Walter, 2021). This knowledge difference has been carried forward by socio-cultural obstacles, limited access to financial services, and lack of sewn financial education. (Bucher-Koenen et al., 2021).

In India, gender differences in financial inclusion are a matter of concern despite digital progress and Jan Dhan Yojana and government initiatives like India. Financial behavior of women is affected not only by their level of knowledge but also psychological factors such as risk tolerance, autonomy in decision making and confidence in financial institutions (Chakravarti and Sanyal, 2023). In addition, while more women are entering the workforce and earning independently, their investment behavior is largely conservative and savings-oriented (Agrawal & Goel, 2021). Enabers such as digital finance, colleague network, and access to targeted financial products have shown positive effects on women's investment behavior. In contrast, obstacles such as financial jargon, taking advantage of risk, patriarchal norms and lack of institutional support obstruct active financial engagement (Deshpande and Korgaonkar, 2023). It is important to understand these enablers and obstacles to design inclusive financial policies and educational programs. This study tries to bridge the research interval by analyzing how financial knowledge shapes the investment behavior in women, in which special attention is paid to identifying the major competent factors and obstacles. Through a structured quantitative analysis of 515 female respondents, the purpose of this research is to contribute to the actionable insight towards promoting gender-sensitive financial inclusion strategies.

Financial Literacy and Gender Gap

Despite the global progress, a significant gender difference remains in financial literacy. Women, in both developed and developing nations, generally score less than men in financial knowledge and demonstrate less confidence in financial decision making (OECD, 2022; Lusardi & Mitchell, 2020). This difference is also affected by limited access to not only education, but also from social norms, rising risk and sewn financial resources (Clapper, Luperdi, and van Odhusden, 2022). In India, cultural and institutional obstacles further restrict women's engagement in investment activities. Even with access to bank accounts and digital platforms, many women remain inactive users due to low financial confidence and autonomy (Chakravarti and Sanyal, 2023). Gender-sensitive financial education and inclusive policy measures are required to reduce this difference (Deshpande & Korgaonkar, 2023).

Emerging Investment Trends Among Women

In recent years, women's participation in financial markets has increased, inspired by rising financial literacy, increased income levels and improved access to digital investment platforms. Women are shifting rapidly from traditional funds such as mutual funds, systematic investment schemes (SIPs), equity markets and even digital assets (Gupta & Jain, 2022; SEBI, 2023) and traditional savings equipment such as fixed deposits and gold. Digital fintech platforms and mobile-based investment apps have specifically contributed to this trend, which equipped for female investors, offers low entry barriers and individual financial equipment (RBI, 2022; Sharma and Mehta, 2023). According to a 2023 report by Grove, more than 28% of new retail investors on digital platforms in India were women - in 2019 only 16% noticeable growth. In addition, small women especially are showing a growing preference for a target-oriented investment of 25 to 40 years of age, such as education, entrepreneurship and retirement plan (Joshi and Mukherjee, 2024). However, despite this progress, most women still prefer low-risk equipment, which reflect the benefits of underlying risk and lack of confidence in equity-based investments (Lusardi and Hasler, 2022). While urban and educated women are at the forefront of this change, rural and semi-urban areas are lagging behind due to limited awareness, financial autonomy and infrastructure gaps (Chakravarti and Sanyal, 2023).

Enablers and Barriers in Women’s Financial Engagement

Financial connectivity of women has been improved due to increased digital access, financial literacy programs and an increase in supporting government schemes like PMJDY (RBI, 2022; World Bank, 2022). Fintech platforms and self-help groups have also empowered women to start savings and investment (Deshpande and Korgaonkar, 2023). However, obstacles such as low financial confidence, lack of autonomy, social norms and digital illiteracy continue to ban widespread participation (Hamler & Luperdi, 2021; OECD, 2022). Many women still avoid high -risk investments due to the risk of risk and limited risk for financial planning (Gupta & Jain, 2022). To bridge these intervals requires inclusive financial education, gender-sensitive product design and policy intervention.

2. Review of Literature:

Recent studies have detected the difference between rapid financial literacy and investment behavior of women, which exposes both progress and frequent gender inequalities.

Lusardi and Mitchell (2020) established that women globally demonstrate lower financial literacy than men, which negatively affect their long -term financial plan. Their findings are reinforced by Hasler and Lusardi (2021), who saw that women are less confident in financial decisions, even when their real knowledge is comparable to men.

In the Indian context, Gupta and Jain (2022) found that digital platforms have encouraged a new wave of female investors, especially in urban areas. However, preference remains towards low -risk devices such as fixed deposits, gold and insurance on equity or mutual funds.

Chakrabarti and Sanyal (2023) studied microfinance-linked self-help groups and observed that community-based financial literacy significantly improves savings and small-scale investment behaviors among rural women. Similarly, Joshi and Mukherjee (2024) highlighted how goal-specific financial planning, such as saving for children's education or retirement, motivates younger urban women to invest more proactively.

Deshpande and Korgaonkar (2023) emphasized that women face unique barriers such as time poverty, gendered risk aversion, and limited access to formal financial advice. These factors hinder consistent investment practices, even when financial access exists.

According to the OECD (2022), customized financial education for women leads to better financial outcomes and investment confidence. Complementing this, the SEBI (2023) investor report revealed a steady increase in women's participation in stock markets and SIPs, especially through mobile apps. Overall, the literature suggests that while women's financial engagement is rising, especially through digital tools, systemic issues such as gender norms, confidence gaps, and limited formal financial advice continue to restrict their full participation in high-return investment avenues.

A substantial body of literature supports the view that financial literacy positively influences investment decisions (Lusardi & Mitchell, 2014; Hung et al., 2009). Women display less financial beliefs than men, despite an average, equal or high savings capacity (OECD, 2020). Lack of risk, lack of confidence in financial institutions, and insufficient targeted education materials are usually cited for obstacles (Bucher-Koenen et al., 2017). Studies emphasize the role of education, income and digital financial services to increase women's investment activity (Klapper et al., 2015; Agarwal et al., 2021).

3. Objectives of the Study:

1. To assess the level of financial knowledge among women across different age groups and educational backgrounds.
2. To examine the investment behavior patterns of women in terms of risk preference, asset selection, and investment frequency.
3. To analyze the relationship between financial knowledge and investment behavior in women.
4. To identify the enablers and barriers of women's investment behaviour.
5. To recommend strategies for enhancing financial literacy among women to improve their investment outcomes.

4. Hypotheses:

Null Hypotheses (H_0):

- H_{01}: There is no significant relationship between financial knowledge and investment behavior in women.
- H_{02}: Financial knowledge does not significantly differ across different age groups and education levels among women.
- H_{03}: There is no significant influence of risk preference on women's investment behavior.

Alternative Hypotheses (H_1):

- H_{11}: There is a significant relationship between financial knowledge and investment behavior in women.
- H_{12}: Financial knowledge significantly differs across different age groups and education levels among women.
- H_{13}: Risk preference significantly influences women's investment behavior.

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5. Research Methodology

This study adopts a quantitative, cross-sectional research design to check for women's financial knowledge and investment behavior. A structured questionnaire involving 70 questions was developed and administered to a sample of 515 female respondents drawn from diverse socio-economic background. The instrument included demographic information, financial literacy indicators, investment behavior patterns, and liquid-scal items, which measured obstacles for alleged ambitions and investment. A stratification random sampling technique was employed to ensure proportional representation at various age groups, income cells and educational levels. The purpose of sampling framework is to hold the overall approach to women's financial engagement in socio-genitals.

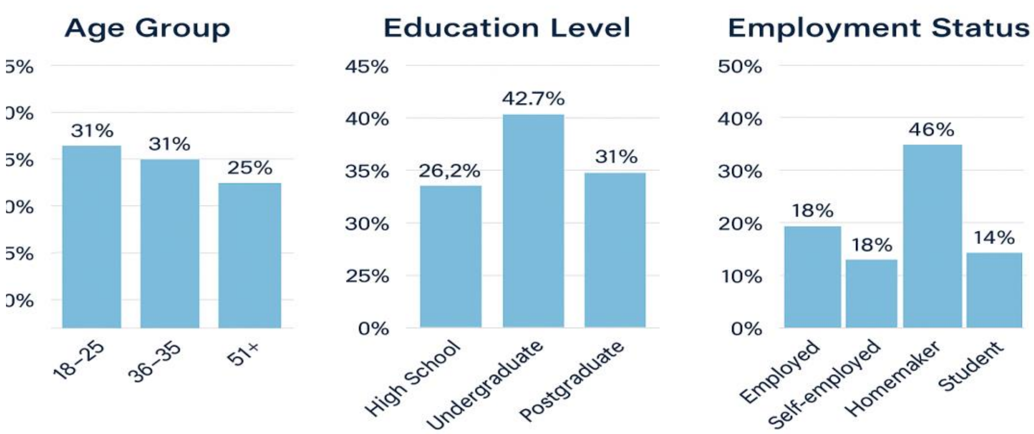
The collected data were analysed using IBM SPSS Statistics (Version 26). The following statistical techniques were applied:

- Descriptive Statistics to summarize demographic and key variable distributions.
- Chi-Square Tests to assess associations between categorical variables.
- Pearson's Correlation to examine relationships between financial knowledge, risk preference, and investment behavior.
- Linear Regression Analysis to test the predictive influence of independent variables on investment behavior.
- Reliability Testing using Cronbach's Alpha, with all relevant scales achieving reliability scores greater than 0.70, indicating acceptable internal consistency.

6. Results and Discussion:

Descriptive Statistics

The demographic analysis of 515 respondents revealed a balanced distribution across age groups and educational backgrounds. The majority of participants were between **26–35 years (31%)**, followed by **36–50 years (25%)**. Educationally, **42.7%** held undergraduate degrees, and **31%** had postgraduate qualifications. Most respondents were either **employed (46%)** or **self-employed (22%)**, indicating a financially active segment.



Financial Knowledge

The analysis of financial knowledge among 515 women respondents revealed a moderate level of awareness. Overall, the financial knowledge score was 3.42 on the 5-point leaking scale, with a standard deviation of 0.81, indicating proper understanding of basic financial concepts. Participants demonstrated strong awareness about traditional financial disciplines such as savings accounts, interest rates and inflation. However, their knowledge has declined significantly in more advanced areas including mutual funds, SIPs (systematic investment schemes), ETFs and digital investment platforms.

Table 1: Descriptive Statistics of Financial Knowledge Components (N = 515)

Financial Concept	Mean Score (out of 5)	Standard Deviation	Knowledge Level
Savings and Budgeting	4.10	0.69	High
Interest Rates and Inflation	3.85	0.73	High
Banking and Credit Card Awareness	3.70	0.80	Moderate-High
Insurance (Life/Health) Understanding	3.55	0.85	Moderate
Mutual Funds & SIPs	2.95	0.88	Low
Digital Investment Tools (e.g., UPI, apps)	2.80	0.91	Low
Stock Market Basics	2.75	0.95	Low

Overall Average Score: 3.42 (SD = 0.81)

Investment Behavior

The respondents reported an average investment behavioral score of 3.09 (SD = 0.75) on the 5-point leaking scale, reflecting moderate investment engagement. Data revealed a strong priority for low -risk investment devices, such as fixed deposits, recurring deposits and savings accounts. In contrast, participation in the high-risk route-including mutual funds, equity, and real estate-was low-luxurious. Additionally, investment frequency was limited. A notable 68% of the respondents suggested to invest sometimes or rarely, irregular financial planning or lack of confidence in advanced equipment.

Table 2: Descriptive Statistics of Investment Behavior (N = 515)

Investment Parameter	Mean Score (out of 5)	Standard Deviation	Trend Observed
Preference for Fixed Deposits/Savings	4.10	0.70	High
Use of Insurance as Investment	3.65	0.80	Moderate-High
Mutual Fund Participation	2.85	0.85	Low
Equity and Stock Market Involvement	2.50	0.95	Low
Investment in Real Estate or Gold	3.10	0.82	Moderate
Use of Digital Platforms for Investment	2.70	0.87	Low
Investment Frequency	2.80	0.91	Occasionally/Rarely

Overall Mean Investment Behavior Score: 3.09 (SD = 0.75)

Risk Preference

Risk preference was assessed using a set of Likert-scale statements focused on attitudes toward risk in financial decision-making. Respondents rated their agreement with statements such as willingness to invest in high-return, high-risk instruments, and preference for secure, low-return options.

Key Findings:

- The mean risk preference score was 3.01 (SD = 0.77), indicating a neutral to low-risk appetite.

- Majority of women preferred secure investments (e.g., fixed deposits, gold).
- Only 18% of respondents were willing to invest in volatile instruments like stocks or cryptocurrency.
- Risk preference tended to increase with financial literacy and income level, showing a positive association.

Table 3: Risk Preference Assessment

Statement	Mean Score (out of 5)
I prefer secure investments over high returns	4.1
I am comfortable taking financial risks for higher returns	2.6
I invest in stock markets or mutual funds	2.9
I avoid investing if there's a chance of losing money	3.7
I would consider investing in cryptocurrency or new tech-based assets	2.3

Table 4: Correlation Matrix

Variables	**Financial Knowledge**	**Investment Behavior**	**Risk Preference**
Financial Knowledge	1.00	**0.528** ($p<.01$)	0.331 ($p<.01$)
Investment Behavior	—	1.00	**0.482** ($p<.01$)
Risk Preference	—	—	1.00

Interpretation: A moderate positive correlation exists between financial knowledge and investment behavior (**$r = .528$, $p < .01$**).

- A moderate positive correlation exists between financial knowledge and investment behavior ($r = 0.528$, $p < .01$), supporting H_{11}.
- Financial knowledge is also positively correlated with risk preference ($r = 0.331$, $p < .01$), suggesting that better-informed women are more open to risk.
- A strong correlation exists between investment behavior and risk preference ($r = 0.482$, $p < .01$), indicating that women with higher risk tolerance are more likely to engage in diverse or active investment behaviors.

Table 5: ANOVA – Financial Knowledge across Age Groups

Source	**SS**	**df**	**MS**	**F**	**Sig.**
Between Groups	12.45	3	4.15	6.72	.001
Within Groups	310.67	511	0.61		
Total	323.12	514			

The regression analysis indicates that risk preference significantly predicts investment behavior among women respondents ($\beta = 0.492$, $p < .001$), validating Hypothesis H_{13}. The model explains 24.2% of the variance in investment behavior ($R^2 = 0.242$), suggesting that risk tolerance is a moderately strong determinant of women's financial decision-making.

Table 6: Regression – Risk Preference → Investment Behavior

Predictor	β	t	Sig.
Risk Preference	0.492	9.83	.000

$R^2 = 0.242$, $F(1,513) = 96.68$, $p < .001$

The regression results indicate that risk preference is a significant predictor of investment behavior among women. The standardized beta coefficient ($\beta = 0.492$) demonstrates a moderately strong, positive influence, and the result is statistically significant ($p < .001$).

The coefficient of determination ($R^2 = 0.242$) implies that approximately 24.2% of the variance in women's investment behavior can be explained by their risk preference. The F-statistic ($F(1, 513) = 96.68$) further confirms the model's overall significance. These findings support Hypothesis H_{13} and highlight the critical role of risk tolerance in shaping financial decision-making patterns among women.

Findings and Discussion

The study, depending on the reactions of 515 women, detect practical patterns in financial knowledge, risk preference and investment behavior. Demographic analysis indicated a well-distributed sample, with a graduate or postgraduate degree in the age between 26–35 years of age and a significant proportion. Most of the respondents were employed, employed or self-employed, indicating financial freedom and decision-making ability. An analysis of financial knowledge revealed a medium level of awareness, with an average score of 3.42 (SD = 0.81) on the 5-point scale. The respondents showed strong understanding of basic financial concepts such as savings and interest rates, but lacking familiarity with more advanced equipment such as mutual funds, SIPs and digital investment. This suggests that while basic financial literacy is relatively broad, knowledge intervals remain in important areas for long -term wealth creation. This discovery is in line with previous literature that indicates low risk among women for formal financial education and advanced investment options. Investment behavior also reflected moderate engagement, which had an average score of 3.09 (SD = 0.75). Women preferred low -risk devices such as fixed deposits and insurance, while participation in high -risk paths such as mutual funds and equity was limited. With the average risk preference score of 3.01 (SD = 0.77), the benefit of risk was prominent. These findings suggest that despite the high academic background, many women remain orthodox investors, potentially insufficient risk, lack of confidence, or due to cultural conditioning that discourage risks.

Correlation analysis showed a moderate positive relationship between financial knowledge and investment behavior (R = 0.528, P <.01), which supports an increase in financial literacy, enhances active investment practices. Financial knowledge was also positively correlated with risk preference (R = 0.331, P <.01), showing that women who are more informed are more comfortable with risk. In addition, investment behavior was positively associated with risk preference (R = 0.482, p The results of ANOVA revealed significant differences in financial knowledge in age groups (F = 6.72, p = .001), with young women (especially 26–35 years of age) with high scoring, possibly due to access to more digital exposure and financial education platforms. This indicates the need for financial literacy initiative targeted for older women, which may not have equal performance. The regression analysis further confirmed that risk preference is an important prophet of investment behavior ($\beta = 0.492$, $p <.001$), which explains 24.2% (ric = 0.242) of variance. This supports this hypothesis that women's desire to take financial risk directly affects their investment engagement. Overall, the conclusions underline that financial literacy and risk tolerance plays an important role in shaping women's investment decisions. Increasing both through targeted education and awareness programs can lead to greater financial inclusion and better investment results for women.

Hypothesis Testing

Hypothesis	**Statement**	**Test**	**Result**	**Status**
H_{11}	Financial knowledge → Investment behavior	Correlation (r = 0.528)	p < .01	Supported

Hypothesis	Statement	Test	Result	Status
H_{12}	Financial knowledge → Risk preference	Correlation (r = 0.331)	$p < .01$	Supported
H_{13}	Risk preference → Investment behavior	Regression (β = 0.492)	$p < .001$	Supported

7. Conclusion:

This study sheds light on playing financial knowledge and risk preference in shaping women's investment behavior. The findings of 515 respondents showed that although women have moderate financial literacy, there are significant gaps in the understanding of advanced investment devices. Investment behavior bends towards low -risk pathway, which is strongly affected by both risk preference and level of knowledge. Statistical analysis confirmed a significant positive relationship between financial knowledge and investment behavior with risk preference and investment decisions. In addition, risk preference emerged as a strong prophet of investment engagement. These insights confirm the requirement of targeted financial literacy programs that address both informative gaps and psychological barriers to take risks. By identifying both promoters and obstacles for women's investment participation, the study provides actionable implications for policy makers, teachers and financial institutions. Empowering women with comprehensive financial education and confidence-making intervention can promote more inclusive economic participation and better financial results.

8. Implications and Recommendations:

- Introduce community-level financial education programs targeting women.
- Develop mobile-friendly financial planning tools tailored for female users.
- Encourage gender-sensitive policies in banks and financial services.
- Promote success stories and mentorship models to build confidence.

9. Limitations and Scope for Future Research:

This study is limited to urban and semi-urban respondents and uses self-reported data. Future studies can detect rural approaches, include qualitative interviews, or can-do longitudinal analysis to assess changing financial behavior over time.

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