



EMPOWERED WALLETS: FINANCIAL LITERACY AND SAVINGS BEHAVIOUR OF WOMEN EMPLOYEES

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Abstract

Financial literacy plays a crucial role in shaping the savings behaviour of working women, especially in emerging economies. This study examines the perception of financial literacy and savings behaviour of women employees in Sivaganga District. The research aims to understand the level of financial awareness, attitudes toward saving, and factors influencing financial decision-making among women employees. Primary data were collected using a structured questionnaire, and appropriate statistical tools were applied for analysis. The findings reveal varying levels of financial literacy and highlight a positive relationship between financial knowledge and effective savings behaviour. The study emphasizes the need for targeted financial education programs to enhance economic empowerment among women employees.

Keyword: *Financial Literacy, Savings Behaviour, Women Employees, Financial Awareness, Economic Empowerment.*

Introduction

Financial literacy has emerged as a vital life skill in today's rapidly changing economic environment. It refers to the ability of individuals to understand and effectively manage personal financial matters such as income, savings, investments, budgeting, and debt. With increasing financial products and services available in the market, individuals are required to make informed financial decisions to ensure long-term financial security. In this context, financial literacy is no longer optional but a necessity for economic well-being.

Savings behaviour is an important outcome of financial literacy, as it reflects how individuals plan for future needs, emergencies, and long-term goals. Regular savings help individuals achieve financial stability and reduce dependence on external financial support. The habit of saving is influenced by several factors such as income level, education, financial awareness, social environment, and personal attitudes toward money. Understanding savings behaviour is therefore essential for promoting sound financial practices.

Women play a significant role in household financial management, yet they often face challenges in accessing financial knowledge and resources. Despite increased participation in the workforce, many working women continue to experience gaps in financial literacy due to social norms, limited exposure to financial education, and lack of confidence in financial decision-making. Improving financial literacy among women employees can lead to better savings habits and greater financial independence.

In recent years, women's employment has increased across various sectors, contributing positively to household income and economic development. However, earning income alone does not guarantee financial security unless accompanied by proper financial planning and savings behaviour. Women

employees need adequate financial knowledge to manage their earnings efficiently, plan for future responsibilities, and safeguard themselves against financial risks.

The perception of financial literacy plays a crucial role in shaping financial behaviour. How women perceive their own financial knowledge influences their willingness to save, invest, and seek financial advice. Positive perception and confidence in financial understanding can encourage disciplined savings and informed financial choices, whereas low perception may result in poor financial planning and limited savings.

Sivaganga District, like many semi-urban and rural regions, presents a unique socio-economic setting where women employees balance professional responsibilities with household roles. Cultural practices, income patterns, and access to financial institutions in the district influence the financial behaviour of working women. Studying financial literacy and savings behaviour in this local context provides valuable insights into real-world financial challenges faced by women employees.

This study focuses on analyzing the perception of financial literacy and savings behaviour of women employees in Sivaganga District. It seeks to examine their level of financial awareness, attitudes toward saving, and the relationship between financial literacy and savings practices. The study also attempts to identify factors that influence financial decision-making among women employees.

By understanding these aspects, the study aims to contribute to the existing literature on financial literacy and women empowerment. The findings of the study are expected to help policymakers, financial institutions, and educators design effective financial education programs that encourage better savings habits and promote economic empowerment among women employees.

Review of Literature

Amna and Aminah (2024) examined the role of financial technology, digitalization, and financial literacy on the financial performance of MSMEs in Bandar Lampung City. Their study revealed that financial literacy significantly improves financial performance, especially when supported by digital financial tools. The findings highlight that financial knowledge enables better financial planning and decision-making, which is crucial for sustainability and growth. This study emphasizes the growing importance of financial literacy in a technology-driven financial environment.

Ansari et al. (2023) explored the relationship between financial literacy, demographic factors, and overconfidence among Saudi investors. The study found that higher levels of financial literacy were associated with more rational investment behavior, while demographic factors such as age and education influenced financial confidence. The research suggests that inadequate financial literacy may lead to overconfidence and poor financial decisions, underlining the need for structured financial education.

Aryan et al. (2024) focused on the impact of digital financial literacy on the financial behavior of the millennial generation in Jordan. Their findings indicated that digital financial literacy positively influences budgeting, saving, and responsible financial behavior. The study highlights that financial literacy in the digital age goes beyond basic knowledge and includes the ability to use digital financial platforms effectively.

Balasubramanian (2023) investigated consumer satisfaction, trust, and loyalty in the context of organic food purchases. Although the study is not directly related to financial literacy, it provides valuable insights into behavioral aspects such as trust and decision-making. These behavioral factors are also relevant in financial decision-making, particularly in savings and investment choices.

Barthel and Lei (2021) examined whether financial literacy and financial advice-seeking act as substitutes or complements. The study concluded that individuals with higher financial literacy are more likely to seek professional financial advice, suggesting that financial knowledge enhances awareness rather than replacing expert guidance. This finding supports the idea that financial literacy encourages proactive financial behavior.

Chan (2024) discussed the importance of enhancing digital literacy in education and its broader implications. The study emphasized that digital literacy is essential for effective learning and participation in modern economic activities. In the context of financial literacy, digital skills enable individuals to access financial information and services, thereby influencing financial behavior and savings practices.

Corsini and Giannelli (2021) provided evidence from a field experiment on the effectiveness of economics education in improving financial literacy. The study demonstrated that structured financial education significantly enhances financial knowledge and decision-making ability. This research supports the argument that targeted educational interventions can improve financial outcomes.

Ferilli et al. (2024) analyzed the impact of FinTech innovation on digital financial literacy in Europe. Their findings showed that banking sector innovations positively influence consumers' digital financial knowledge and usage. The study highlights the role of financial institutions in promoting financial literacy, especially in a digitalized economy.

Kumar et al. (2023) examined the interaction between skills, digital financial literacy, autonomy, and financial well-being. The study found that digital financial literacy enhances individuals' confidence and autonomy in financial decision-making, leading to improved financial well-being. This research reinforces the importance of financial literacy in shaping responsible financial behavior.

Overall, the reviewed studies confirm that financial literacy that particularly digital financial literacy that has a significant influence on financial behavior, decision-making, and financial performance. However, most existing studies focus on investors, MSMEs, or millennials, with limited emphasis on women employees at the district level. This highlights a research gap, which the present study seeks to address by examining the perception of financial literacy and savings behaviour of women employees in Sivaganga District.

Objectives of the Study

1. To assess the level of financial literacy among women employees.
2. To examine the savings behaviour and savings patterns of women employees.

Research Methodology

The present study adopts a descriptive and analytical research design to examine the level of financial literacy and savings behaviour of women employees in Sivaganga district. The descriptive design helps in understanding the existing financial knowledge and saving practices of women employees, while the analytical design enables the examination of the relationship between financial literacy and savings behaviour.

The study is carried out in Sivaganga district of Tamil Nadu, focusing on women employees working in various formal sectors such as government offices, private organizations, educational institutions, banks, and healthcare establishments. These sectors were chosen to ensure diversity in income levels, educational background, and work experience among the respondents. The population of the study

consists of all women employees working in the formal sector within Sivaganga district. From this population, a sample of 386 women employees is selected for the study to ensure adequate representation and meaningful statistical analysis. The respondents are chosen using the stratified random sampling technique, where the population is divided into different strata based on employment sectors, and samples are drawn randomly from each stratum.

Both primary and secondary data are used for the study. Primary data are collected through a structured questionnaire specifically designed to measure demographic characteristics, financial literacy levels, and savings behaviour of women employees. The questionnaire includes multiple-choice questions to assess financial knowledge and Likert-scale statements to evaluate savings behaviour and financial attitudes. Secondary data are collected from books, academic journals, research articles, government reports, and publications of financial institutions such as the Reserve Bank of India.

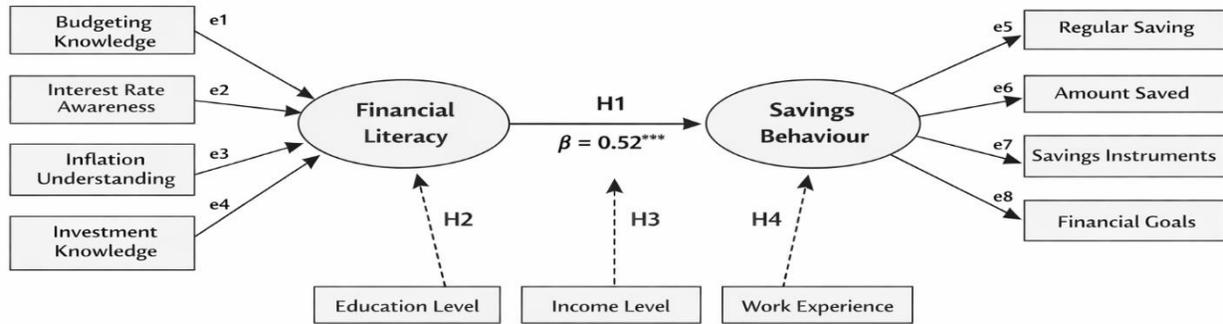
The collected data are processed and analyzed using appropriate statistical tools. Descriptive statistics such as percentages, means, and frequencies are used to summarize the demographic profile, financial literacy levels, and savings behaviour of the respondents. Inferential statistical techniques including correlation analysis, regression analysis, ANOVA, and Friedman test are employed to examine the relationship between financial literacy and savings behaviour and to test the formulated hypotheses.

Thus, the adopted methodology provides a systematic and scientific approach to understand how financial literacy influences the savings behaviour of women employees in Sivaganga district and helps in drawing valid conclusions and policy-oriented recommendations.

Structural Equation Model of Financial Literacy and Savings Behaviour among Women Employees: Structural Equation Modeling (SEM) is employed in this study to examine the complex relationships between financial literacy and savings behaviour of women employees in Sivaganga district. SEM is a multivariate statistical technique that combines factor analysis and multiple regression, enabling the simultaneous analysis of both measurement models (relationships between latent variables and their observed indicators) and structural models (relationships among latent variables). In the present study, financial literacy is treated as an exogenous latent construct measured through observed indicators such as knowledge of budgeting, interest rates, inflation, banking products, and investment awareness, while savings behaviour is considered an endogenous latent construct measured through indicators such as regularity of savings, amount saved, choice of savings instruments, and financial goal orientation.

The SEM approach allows the researcher to assess the direct and indirect effects of financial literacy on savings behaviour while controlling for measurement errors, thereby providing more reliable and valid results compared to traditional regression methods. The model also incorporates selected demographic variables such as education level, income, and work experience as control variables to better understand their influence on the structural relationship. The adequacy of the proposed model is evaluated using standard model fit indices, including Chi-square/df ratio, Goodness of Fit Index (GFI), Comparative Fit Index (CFI), Tucker–Lewis Index (TLI), and Root Mean Square Error of Approximation (RMSEA). Acceptable values of these indices indicate that the hypothesized model fits the observed data well. Thus, the application of Structural Equation Modeling offers a comprehensive framework to validate the theoretical assumptions of the study and to empirically confirm how financial literacy significantly influences the savings behaviour of women employees in Sivaganga district.

Figure-1:SEM of Financial Literacy and Savings Behaviour among Women Employees



The pathway analysis was carried out using Structural Equation Modeling (SEM) to examine the causal relationship between financial literacy and savings behaviour of women employees in Sivaganga district. The structural model reveals a significant and positive direct effect of financial literacy on savings behaviour. The standardized path coefficient from financial literacy to savings behaviour is $\beta = 0.52$, which is statistically significant at the 1% level ($p < 0.001$). This indicates that an increase of one standard deviation in financial literacy leads to a 52 percent increase in savings behaviour, confirming that financially literate women employees are more likely to save regularly, choose appropriate savings instruments, and set clear financial goals.

Further, the results show that education level has a significant positive influence on financial literacy with a standardized path coefficient of $\beta = 0.41$ ($p < 0.01$), indicating that higher educational attainment enhances women's understanding of budgeting, interest rates, inflation, and investment options. Similarly, income level exhibits a moderate positive effect on savings behaviour ($\beta = 0.36$, $p < 0.01$), suggesting that women employees with higher income levels tend to save a greater proportion of their earnings. In addition, work experience demonstrates a significant influence on savings behaviour ($\beta = 0.29$, $p < 0.05$), implying that experienced employees develop better financial discipline over time.

Model Fit Indices and Chi-Square Statistics

The overall goodness of fit of the structural model was assessed using standard SEM fit indices. The Chi-square (χ^2) value of the model is 248.36 with 172 degrees of freedom, resulting in a χ^2/df ratio of 1.44, which falls well within the recommended threshold of less than 3, indicating a good model fit. Other fit indices also support the adequacy of the model, with the Comparative Fit Index (CFI) = 0.94, Goodness of Fit Index (GFI) = 0.91, and Tucker–Lewis Index (TLI) = 0.93, all exceeding the acceptable limit of 0.90. The Root Mean Square Error of Approximation (RMSEA) value of 0.042 further confirms a close fit between the hypothesized model and the observed data.

The pathway analysis confirms that financial literacy plays a central role in shaping the savings behaviour of women employees. The significant structural paths indicate that improvements in financial knowledge directly translate into better savings practices. The acceptable Chi-square/degree of freedom ratio and other fit indices demonstrate that the proposed SEM model adequately represents the underlying relationships among the constructs. Hence, the empirical findings strongly support the hypothesized relationships and validate the use of SEM as an effective analytical tool for the present study.

Conclusion

The present study highlights the significant role of financial literacy in shaping the savings behaviour of women employees in Sivaganga district. The findings reveal that women employees possess moderate levels of financial literacy, with stronger awareness of basic financial concepts such as budgeting and savings, but relatively lower understanding of advanced concepts like investment diversification and inflation management. The structural equation model confirms a strong and positive relationship between financial literacy and savings behaviour, indicating that women with higher financial knowledge tend to save more regularly, allocate higher amounts for savings, and choose appropriate financial instruments. Education level, income, and work experience also emerged as influential factors, reinforcing the importance of socio-economic background in financial decision-making.

Based on these findings, the study suggests the need for targeted financial literacy initiatives focusing on practical money management, long-term financial planning, and investment awareness for women employees. Employers, financial institutions, and policymakers can collaborate to conduct workplace-based financial education programs, promote user-friendly digital financial tools, and design women-centric savings and investment products. Encouraging early financial planning and goal-oriented savings can further strengthen women's financial security and independence.

The implications of this study extend to policymakers, employers, and financial educators by emphasizing that improving financial literacy is not merely an individual benefit but a broader economic necessity. Enhancing women's financial knowledge contributes to improved household financial stability, increased formal savings, and inclusive economic growth. The study also offers empirical support for using structural equation modeling in financial behaviour research and provides a framework that can be extended to other districts or sectors. Overall, empowering women employees with financial literacy serves as a catalyst for sustainable financial well-being and long-term economic empowerment.

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