



## A STUDY OF FINANCIAL LITERACY AMONG MUSLIM WOMEN OF VARANASI DISTRICT

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### Abstract

*In the backdrop of the initiative of the present government that focuses on Inclusive growth i.e. 'Sabka Saath Sabka Vikas aur Sabka Vishvas', it is imperative to know what & how one section of society continues to be excluded from the purview of financial system. Since Muslim women are seemed to be the most backward in terms of education and their contribution in economy. When it comes to financial literacy, they are still far behind. The paper intends to study the level of financial literacy among Muslim women of Varanasi district of UP. Apart from finding out the average financial literacy score of Muslim women of the district, this study aims to identify whether the Muslim women's financial literacy differs with respect to socio-economic factors. The findings show that the mean financial literacy score of Muslim women of Varanasi is not much satisfactory although above average. The financial literacy score differ significantly between rural and urban population, graduates and non-graduates, as well as on the basis of occupation. Further, no significant difference in the financial literacy score was found based on the marital status of women, their age and their family type.*

**Keywords-** Financial Literacy, Muslim Women.

### 1. INTRODUCTION

*"Financial Empowerment is the new feminism. Women can't be fully empowered until they are financially empowered".*

**Keisha Blair**

Organisation for Economic Co-operation and Development (OECD) defines Financial Literacy as "a combination of awareness, knowledge, skill, attitude and behaviour necessary to make sound financial decisions and ultimately achieve individual financial wellbeing" (OECD, 2016). It includes knowledge of financial concepts like interest rates, inflation, and risk as well as practical skills in areas like banking, budgeting, and financial planning. (Lusardi & Mitchell, 2014).

Financial Literacy is crucial for making informed financial decisions, managing personal finances and financial stability (Jaswani, 2022). In spite of its importance, some sections of society in India particularly women, face numerous challenges in achieving financial literacy including economic, cultural, psychological, and physical restrictions (Mahale, 2022). This is especially true for Muslim women, who face more cultural, social, and religious barriers to financial education and financial decision-making (Xu and Zia, 2012). In recent times, there has been increasing awareness about the importance of financial literacy among Muslims particularly Muslim women, who often face barriers in accessing financial resources and participating in the workforce. However, research on financial literacy among Muslim women remains scarce and little is known about their financial knowledge, attitudes, and behaviours. Therefore, this study intends to discover the financial literacy level among Muslim women of Varanasi district, specifically their knowledge, awareness, attitudes, and behaviour around banking & personal finance. This study will add to the existing literature on financial literacy among Muslim women by collecting primary data through schedules. The study's findings could be used to design targeted financial education programmes and policies to increase financial literacy and



financial inclusion among Muslim women, which will lead to their economic empowerment and well-being.

## 2. Literature Review

Azeez & Akhtar (2021) focused on that the level of digital financial literacy among rural households in Aligarh district and how their demographic profile affects financial literacy. Level of education and income, occupation, gender, landholding, and type of ration card had a positive coefficient and were shown to be statistically significant with respondents' digital financial literacy in Aligarh district's rural areas. Notably, Muslim respondents were found to have lower digital financial literacy than Hindu respondents.

Kevser & Doğan, (2021) investigated the level of Islamic financial literacy among Turkish individuals and to identified the determinants of their financial literacy. They found out that that the level of Islamic financial literacy among the people of Turkey is relatively low. Further, the study revealed that educational level, income level, age, gender, and religiousness are the main determinants of Islamic financial literacy. In order to increase financial literacy among the Turkish public, the authors suggested policymakers and financial institutions to take these characteristics into account when developing financial literacy programmes and services.

Wan Noor Hazlina Wan Jusoh et al. (2022) found that family financial management is important for household survival. Women play a major part in family finance management as financial managers to their husbands. They also found that financial literacy had a significant positive relationship with financial management practices among Muslim women.

Al Rahahleh (2022) found out that the respondents had a high level of financial literacy when it came to saving, paying off debt, and budgeting, but just a moderate level when it came to investments and insurance. They concluded that the government organisations, educational institutions, and financial organisations should continue their existing efforts to educate Saudi residents about budgeting, debt, and saving while also giving them more information about investments and insurance.

Diniyya et al., (2022) revealed that Muslim women in Indonesia and Malaysia have a low level of financial knowledge, with the lowest scores in the areas of financial planning and investment. They found that financial literacy is important for Muslim women in managing family finance effectively. Moreover it was found that education, income level, and marital status all had an impact on financial literacy.

### Significance of the Study

Financial Literacy is one important driver of economic growth. Financial literacy promotes financial inclusion and is essential for making sound financial decisions. The government of India has been taking several measures to promote financial literacy among citizens from time to time. Since Muslim women come from the marginalised section of society, it becomes imperative to study their level of financial literacy.

In India, the level of financial literacy among Muslim women has not been well researched. Hence, it becomes necessary to understand the issue of financial literacy among Muslim women. Even though the study is limited to one district of Uttar Pradesh i.e. Varanasi, it would still be a step towards comprehending this problem.



### 3. Research Methodology

#### 3.1. Objectives of the Study

1. To find out the financial literacy level of Muslim women of Varanasi district.
2. To check whether the financial literacy level of Muslim women differs with respect to their socio-economic factors

#### 3.2. Hypotheses for the study

H0 (1):	There is no significant difference in the financial literacy level of Muslim women across the different age groups.
H0 (2):	There is no significant difference in the financial literacy level of single Muslim women and married Muslim women.
H0 (3):	There is no significant difference in the financial literacy level of graduate Muslim women and non-graduate Muslim women.
H0 (4):	There is no significant difference in the financial literacy level of Muslim women who belong to a joint family and that of those who belong to a nuclear family.
H0 (5):	There is no significant difference in the financial literacy level of rural Muslim women and Urban Muslim women in Varanasi district.
H0 (6):	There is no significant difference in the financial literacy level of Muslim women among different occupations.

#### 3.3. Sample Size and Data Collection

The data is collected by administering a schedule with 125 Muslim women residing in Varanasi district both from Urban & rural areas.

#### 3.4. Measurement and Tools Used

The scheduled contained 16 questions related to financial literacy in which four each related to the dimensions of financial knowledge, financial awareness, financial behaviour and financial attitude were asked. To measure financial literacy, a financial literacy score based on the sum of correct responses and/ or favourable responses in financial knowledge, financial awareness, financial behaviour and financial attitude dimension of financial literacy has been used. A maximum of 2 score for each correct response and a total of 32 score would mean the highest financial literacy score an individual respondent could achieve. The responses were processed using MS Excel and SPSS. Reliability statistics, Frequency Analysis, T test and ANOVA have been used in the study to analyse the data.

#### 3.5. Analysis and Interpretations

**Table 1. Reliability Statistics**

Cronbach's Alpha	N of Items
0.793	24

Source: Primary Data, Computed using SPSS



The reliability of the data result is displayed in Table 1. It was used to assess the questionnaire's consistency, and the results showed a good level of internal consistency.

**Table 2. Demographic Profile of Respondents**

Variables		Frequency	Percent
Age	Below 20	24	19.2
	20-30	51	40.8
	30-40	16	12.8
	40-50	20	16.0
	Above 50	14	11.2
Marital Status	Single	68	54.4
	Married	57	45.6
Educational Qualification	Below Matrix	14	11.2
	Matrix Pass	13	10.4
	Intermediate Pass	26	20.8
	Graduate	39	31.2
	Post Graduate	31	24.8
	Doctoral	2	1.6
Intermediate Board	CBSE	18	14.4
	ICSE	14	11.2
	UP Board	57	45.6
	Madrassa Board	10	8.0
	Others	26	20.8
Income	Less than 1 Lakh	42	33.6
	1 Lakh to 3 Lakh	49	39.2
	3 Lakh to 5 Lakh	19	15.2
	5 Lakh to 7 Lakh	11	8.8
	Greater than 7 Lakh	3	2.4
Family Type	Joint	62	49.6
	Nuclear	63	50.4
Residence	Rural	38	30.4
	Urban	87	69.6
Occupation	Student	46	36.8
	Housewife	48	38.4
	Working	31	24.8

Source: Primary Data, Computed Using SPSS

As presented in the table 2, majority of the respondents are from the age group 20 to 30. Under marital status, most of the respondents (54.4%) were single, whereas 45.6% were married. In terms of educational qualification, the majority of the respondents (31.2%) were graduates, followed by post-



graduates (24.8%). The smallest group of respondents were those with a doctoral degree (1.6%). The majority of the respondents (45.6%) passed their intermediate from the UP board. The income variable shows the majority of the respondents (39.2%) had an income of 1 lakh to 3 lakhs. In family type category, almost an equal number of respondents belonged to joint families (49.6%) and nuclear families (50.4%). In terms of residence, the majority of the respondents (69.6%) lived in urban areas. Lastly, the occupation variable indicates that the highest number of respondents are housewives (38.4%).

**Table 3. Mean Score of all Respondents**

Financial Knowledge Score	Financial Awareness Score	Financial Behaviour Score	Financial Attitude Score	Overall Financial Literacy Score
4.06	5.2	4.64	4.84	<b>18.74</b>

Source: Primary Data, computed using MS Excel

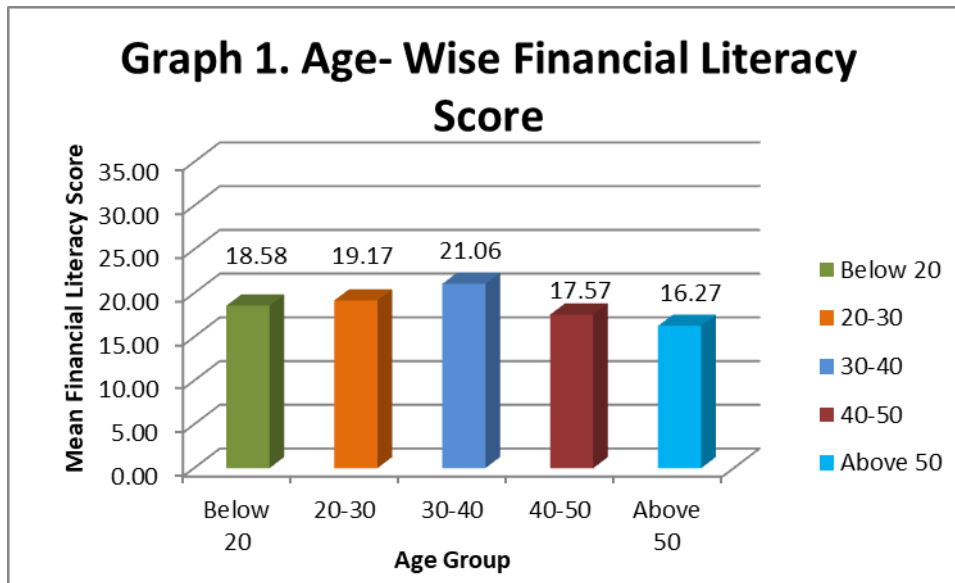
Table 3. Presents the mean score of all 125 respondents on financial literacy and its dimensions. The Muslim women’s mean financial literacy score came out to be 18.74 out of a maximum of 32 which is a moderate one however not a good level of financial literacy. The mean score on financial knowledge is 4.06 out of 8; on financial awareness it is 5.2 out of 8; on financial behaviour it is 4.64 out of 8 and on financial attitude it is 4.84 out of 8. There is a need for improvement in all the four areas to achieve a higher level of financial literacy.

**Table 4. Age Wise Mean Score on Financial Literacy**

Age	Mean Scores FLS
Below 20	18.58
20-30	19.17
30-40	21.06
40-50	17.57
Above 50	16.27

Source: Primary Data, Computed using MS Excel

Table 4. shows that Muslim women in the age group of 30-40 have the highest mean score of 21.06, indicating that they have a higher level of financial literacy on average compared to the other age groups. On the other hand those in the age groups of below 20 and above 50 have the lowest mean scores of 18.58 and 16.27, respectively. However, in order to test whether the mean score across the age groups differ significantly, one way ANOVA test has been applied.



**ANOVA**

**Table 5. Financial Literacy Score by Age**

	Sum of Squares	Df	Mean Square	F	Sig.
Between Groups	209.363	4	52.341	2.094	0.086
Within Groups	2998.958	120	24.991		
Total	3208.321	124			

Source: Primary data, computed using SPSS

Based on the result of table 5 which shows the p-value is greater than the level of significance level i.e. 0.05, we fail to reject the null hypothesis that there are no significant differences in the mean scores of financial literacy between the age groups. In other words, the results of the one way ANOVA do not provide sufficient evidence to conclude that the mean scores of financial literacy differ significantly across the age groups.

**Table 6. Group Statistics for Marital Status**

	Marital Status	N	Mean	Std. Deviation	Std. Error Mean
Financial Literacy Score	Single	68	19.312	4.7449	0.5754
	Married	57	18.009	5.4235	0.7184

Source: Primary data, computed using SPSS



**Table 7. Independent Sample T Test for Marital Status**

		Levene's Test for Equality of Variances		t-test for Equality of Means						
		F	Sig.	T	Df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	95% Confidence Interval of the Difference	
									Lower	Upper
Financial Literacy Score	Equal variances assumed	1.661	0.2	1.432	123	0.155	1.303	0.9096	-0.4975	3.1035
	Equal variances not assumed			1.416	112.279	0.16	1.303	0.9204	-0.5206	3.1266

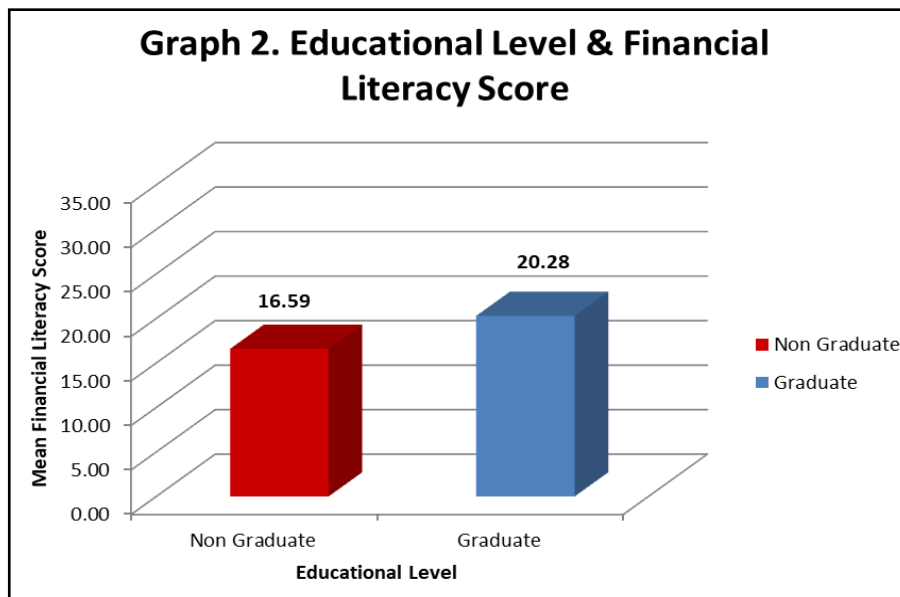
Source: Primary data, computed using SPSS

Table 6 & 7 summarize the result for independent sample t test for the difference in financial literacy scores between the 'Single' and 'Married' Muslim women. Table 7 shows that the assumption of equal variances is not violated ( $p = 0.200$ ), and the test result is not statistically significant ( $p = 0.155$ ) at 95% confidence level. And thus, we fail to reject the null hypothesis and conclude that there is no significant difference in financial literacy scores between the 'Single' and 'Married' Muslim women.

**Table 8. Group Statistics for Educational Qualifications**

EDUCATION		N	Mean	Std. Deviation	Std. Error Mean
FLS	Non- Graduate	53	16.5906	5.10344	0.70101
	Graduate	72	20.2833	4.49989	0.53032

Source: Primary data, computed using SPSS



Source: Primary data, plotted using MS Excel

The table 8 shows that the mean financial literacy score is much higher for the "Graduate" group which is 20.28 as compared to "Non- Graduate" which is 16.59.





**Table 9. Independent Samples T Test for Educational Qualifications**

		Levene's Test for Equality of Variances		t-test for Equality of Means						
		F	Sig.	t	Df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	95% Confidence Interval of the Difference	
									Lower	Upper
FLS	Equal variances assumed	1.945	0.166	-4.282	123	0	-3.69277	0.8623	-5.39964	-1.9859
	Equal variances not assumed			-4.201	103.68	0	-3.69277	0.87901	-5.43593	-1.9496

Source: Primary data, computed using SPSS

As per the results shown by table 9, the mean financial literacy score for the Graduate Muslim women is significantly higher than the mean score for the Non-Graduate Muslim women. The difference is statistically significant at the 95% confidence level and therefore, we reject the null hypothesis that there is no significant difference in the financial literacy between graduate Muslim women and non-graduate Muslim women.

**Table 10. Group Statistics for Family Type**

Family Type		N	Mean	Std. Deviation	Std. Error Mean
Financial Literacy Score	Joint	62	17.947	5.5691	.7073
	Nuclear	63	19.476	4.4782	.5642

Source: Primary data, computed using SPSS

**Table 11. Independent Sample t Test for Family Type**

		Levene's Test for Equality of		t-test for Equality of Means						
		F	Sig.	t	Df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	95% Confidence Interval of the Difference	
									Lower	Upper
Financial Literacy Score	Equal variances assumed	5.08	0.026	-1.693	123	0.093	-1.5294	0.9032	-3.3172	0.2584
	Equal variances not assumed			-1.69	116.801	0.094	-1.5294	0.9047	-3.3212	0.2624

Source: Primary data, computed using SPSS

Table 10. shows the mean financial literacy score for the Joint family type and Nuclear family type. According to the result shown by Table 11, the Levene's Test for Equality of Variances shows that the assumption of equal variances is violated ( $p = 0.026$ ). The t-test shows that there is no significant





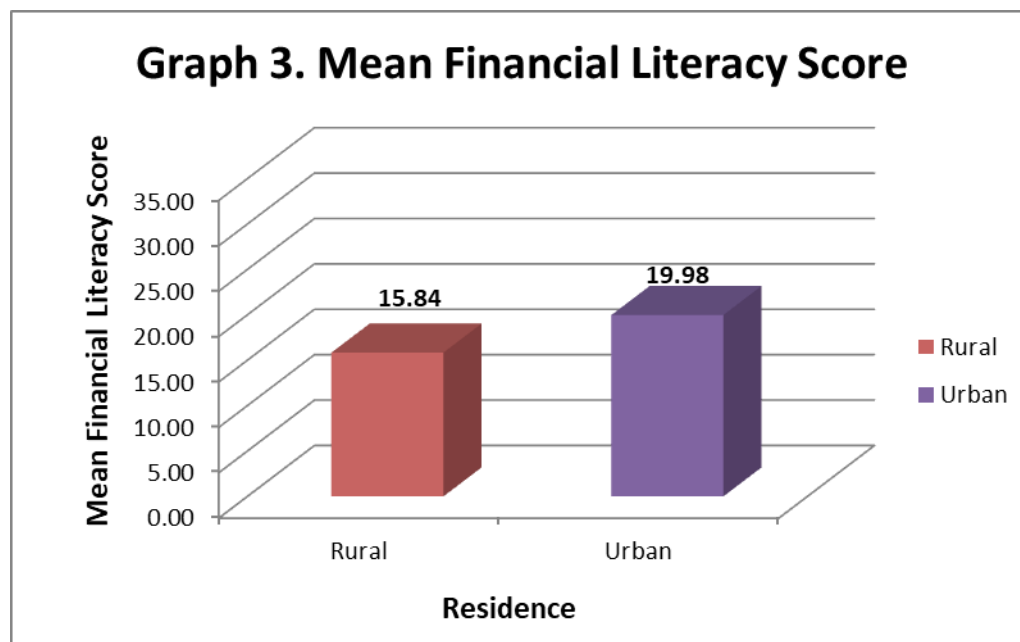
difference between the mean scores of Joint and Nuclear family types ( $p = 0.093$ ). Hence, the null hypothesis that there is no significant difference in the financial literacy levels of Muslim women based on their family type is not rejected.

**Table 12. Group Statistics for Residence**

Residence		N	Mean	Std. Deviation	Std. Error Mean
Financial Literacy Score	Rural	38	15.837	4.6309	.7512
	Urban	87	19.976	4.7761	.5120

Source: Primary data, Computed using SPSS

Table 12 displays financial literacy scores of Muslim women broken down by their area of residence. The mean scores given in the table suggests that the urban Muslim women have a higher level of financial literacy than the rural Muslim women



Source: Primary data, plotted using MS Excel



**Table 13. Independent Samples Test for Residence**

		Levene's Test for Equality of Variances		t-test for Equality of Means						
		F	Sig.	t	Df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	95% Confidence Interval of the Difference	
									Lower	Upper
Financial Literacy Score	Equal variances assumed	.068	.794	-4.497	123	.000	-4.1390	.9203	-5.9607	-2.3173
	Equal variances not assumed			-4.553	72.622	.000	-4.1390	.9091	-5.9511	-2.3269

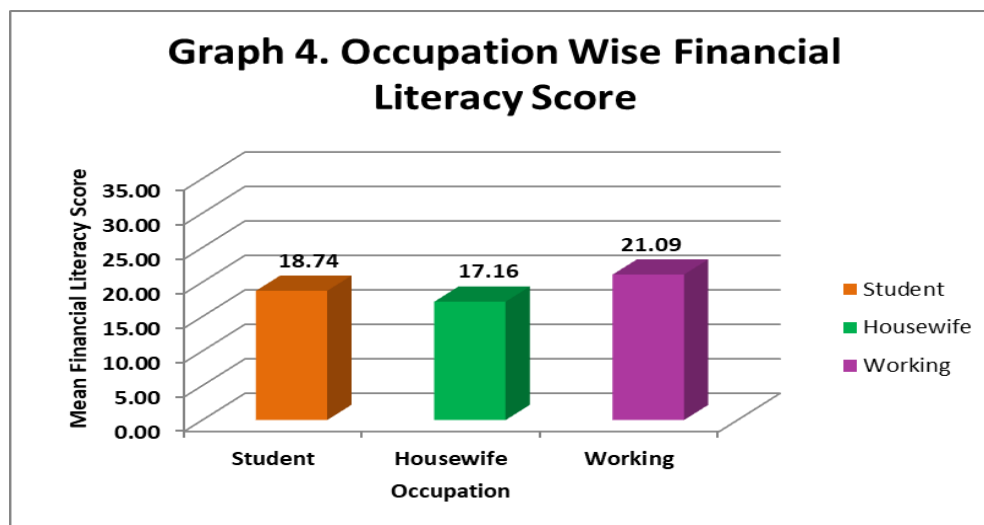
Source: Primary data, computed using SPSS

The Levene's test results as shown in the Table 13 indicate that the assumption of equal variances was met, as the p-value of .794 is greater than the alpha level of .05. The t-test assuming equal variances between the two groups, indicates that there is a statistically significant difference between the mean scores of the rural and urban Muslim women on the financial literacy test. Hence, we reject the null hypothesis that there is no significant difference in the financial literacy level of rural Muslim women and Urban Muslim women in Varanasi district.

**Table 14. Occupation wise Financial Literacy Score**

Occupation	Mean	N	Std. Deviation
Student	18.743	46	5.2684
Housewife	17.158	48	5.2823
Working	21.094	31	3.4455

Source: Primary data, Computed using SPSS



Source: Primary data, plotted using MS Excel



**Table 15. ANOVA for Occupation**

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	291.733	2	145.866	6.102	0.003
Within Groups	2916.588	122	23.906		
Total	3208.321	124			

Source: Primary data, Computed using SPSS

Table 14. Presents the mean financial literacy scores for students, housewives, and working women with the working women having the highest mean score of 21.09. The results in table 15 indicate that there is a significant difference in financial literacy scores across the occupations, with a p-value of .003, which is below the standard alpha level of .05. This suggests that at least one group has a significantly different mean score than the others.

Further analysis with Independent sample T test revealed that there is a significant difference in Financial Literacy Scores between the Working women and Housewives and also between the Working women and students. The Working women have a significantly higher mean Financial Literacy Score compared to the Housewives and students. Hence, we reject the null hypothesis that there is no significant difference in the financial literacy level of Muslim women among different occupations.

### 3.6. Study Limitations

The study primarily focused on banking literacy in terms of basic understanding of banking terminologies. Higher level of financial understanding has not been covered under financial literacy components. The area of study was limited to Varanasi district of UP.

### 4. Major Findings & Conclusion

The mean financial literacy score of Muslim women in Varanasi district is just above average but not a good one. Among the dimensions of financial literacy, Muslim women scored the lowest in the knowledge and the behaviour dimensions. Significant difference in the financial literacy levels of Muslim women was found across demographic factors like educational qualification, residence and occupation whereas the level of financial literacy did not differ significantly across different age groups, marital status as well as their family type.

Based on the findings of the study, it is proposed that financial literacy programmes be designed and tailored specifically for Muslim women for improving their financial knowledge and encourage them to actively engage in financial activities.

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