

Financial Attitude, Knowledge and Behaviour: A Study of Women Investors

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Abstract

This study examines the interrelationship between financial attitude, financial knowledge, and financial behaviour among women investors, with a focus on understanding how these dimensions influence investment decision-making. Financial literacy—which encompasses knowledge, attitude, and behaviour—plays a crucial role in enabling individuals to make informed financial choices and achieve long-term financial well-being. Women investors, despite their growing participation in financial markets, often face constraints such as limited financial awareness, risk aversion, and socio-economic barriers. Prior studies indicate that financial knowledge enhances confidence and contributes to better investment decisions, while financial attitude shapes risk perception and long-term financial planning. Furthermore, financial behaviour—such as saving, budgeting, and investment practices—acts as a practical manifestation of financial literacy and significantly affects financial outcomes. The study adopts a quantitative research design using primary data collected from women investors through a structured questionnaire. Statistical tools such as correlation and regression analysis are employed to assess relationships among variables. The findings highlight the importance of financial education and behavioural awareness in enhancing women's investment participation and decision-making capabilities.

Keywords: *Financial literacy, Financial attitude, Financial knowledge, Financial behaviour, Women investors, Investment decision-making, Financial inclusion.*

Introduction

In recent years, financial inclusion and empowerment of women have gained significant attention in both academic and policy discussions. Women constitute a substantial portion of the population and play a vital role in household financial management and economic development. However, their participation in formal investment avenues remains comparatively low due to various structural and behavioural factors [1].

Financial literacy is broadly defined as the ability to understand financial concepts and apply them effectively in decision-making. It comprises three major components: financial knowledge, financial attitude, and financial behaviour. Financial knowledge refers to an individual's understanding of financial concepts such as interest rates, inflation, risk diversification, and investment instruments. Financial attitude reflects psychological tendencies, including risk tolerance, financial planning orientation, and confidence in financial decisions. Financial behaviour, on the other hand, includes actual financial practices such as saving, investing, budgeting, and debt management [2].

Existing literature suggests that financial knowledge positively influences investment decisions and enhances financial confidence. Individuals with higher financial literacy are more likely to participate in financial markets and make informed choices [3]. Moreover, financial attitude significantly affects financial planning and saving tendencies, while financial behaviour determines the practical implementation of financial decisions [4].

In the context of women investors, several studies reveal that although awareness about financial products is increasing, investment preferences are often influenced by safety, familiarity, and assured returns rather than risk-return optimization [5]. This indicates a gap between knowledge and behaviour, highlighting the importance of studying these variables together.

Therefore, this study aims to analyse how financial attitude, knowledge, and behaviour collectively influence the investment decisions of women. Understanding these relationships will help policymakers, educators, and financial institutions design targeted interventions to enhance women's financial participation and empowerment.

Literature Review

Financial Literacy and Its Components

The concept of financial literacy has been extensively studied across disciplines. Lusardi and Mitchell [6] define financial literacy as the knowledge of basic financial concepts, the ability to apply these concepts in daily life, and the awareness of financial risks. It is widely acknowledged that financial literacy encompasses three interrelated dimensions: knowledge, attitude, and behaviour, each of which contributes uniquely to an individual's financial well-being.

Atkinson and Messy [7] emphasize that financial literacy is not merely about possessing knowledge but about translating that knowledge into responsible and goal-oriented financial behaviour. Their research, conducted across OECD countries, found a positive association between financial literacy scores and long-term savings behaviour, particularly among women.

Financial Attitude and Investment Decisions

Financial attitude encompasses an individual's perceptions, beliefs, and psychological orientation toward financial matters. Researchers have consistently found that a positive financial attitude is associated with greater participation in investment markets and better financial planning outcomes [8]. Individuals with a proactive attitude toward financial planning are more likely to diversify their portfolios and engage in long-term wealth accumulation.

In a study by Aren and Zengin [9], financial attitude was identified as a key moderating variable between financial knowledge and actual investment behaviour. Women with a positive attitude toward financial planning demonstrated higher confidence in making investment decisions, even when their objective knowledge levels were comparable to those with neutral attitudes.

Financial Knowledge and Confidence

Financial knowledge refers to objective or subjective awareness of financial products, instruments, and economic principles. Research demonstrates that individuals with higher financial knowledge are more likely to invest in equity markets, diversify their investments, and plan adequately for retirement [10]. Chen and Volpe [11] found that inadequate financial knowledge among women often leads to conservative investment choices, predominantly in fixed deposits, gold, and insurance products.

In the Indian context, studies by Agarwal et al. [12] indicate that urban women with post-graduate qualifications exhibit significantly higher levels of financial knowledge compared to rural and semi-urban

women. However, even among educated women, a gap between theoretical knowledge and practical investment behaviour was observed, suggesting the role of attitudinal and behavioural factors.

Financial Behaviour and Outcomes

Financial behaviour encompasses the day-to-day financial management practices of individuals, including budgeting, saving, debt management, and investment. Xiao and Porto [13] argue that financial behaviour is the most direct indicator of financial capability, as it reflects the application of knowledge and attitudes in real-world settings. Studies consistently show that financially literate individuals exhibit positive financial behaviours such as maintaining emergency funds, avoiding excessive debt, and engaging in long-term investment planning.

Research specific to women investors in developing economies shows that risk aversion, social norms, and limited access to financial advisory services constrain positive financial behaviour, despite relatively high levels of financial awareness [14]. This suggests that structural and cultural barriers play a moderating role in the knowledge-behaviour relationship.

Interrelationship Among the Three Dimensions

The relationship among financial knowledge, attitude, and behaviour is complex and bidirectional. Xiao et al. [15] propose that financial knowledge influences attitude, which in turn shapes behaviour, while behavioural outcomes feed back into the knowledge acquisition process. This dynamic interaction underscores the need for holistic financial literacy interventions that address all three dimensions simultaneously.

For women investors, the literature indicates that attitude often mediates the effect of knowledge on behaviour [16]. Women who possess financial knowledge but hold conservative or risk-averse attitudes may not translate their knowledge into active investment behaviour. Therefore, attitude modification through targeted financial education programs may be a more effective intervention than knowledge dissemination alone.

Research Methodology

Research Design

This study adopts a quantitative research design to examine the interrelationship between financial attitude, financial knowledge, and financial behaviour among women investors. A descriptive and correlational approach is employed to establish the nature and strength of relationships among the study variables [17].

Sample and Data Collection

Primary data was collected from 150 women investors through a structured questionnaire administered via both online and offline modes. Respondents were selected using purposive sampling, with the inclusion criterion being active participation in at least one formal investment instrument (e.g., mutual funds, fixed deposits, equity markets, or insurance products). The sample comprised women across age groups (25–55 years), educational backgrounds, and income levels to ensure diversity and representativeness.

Research Instrument

The questionnaire was divided into four sections: (i) demographic profile of respondents, (ii) financial knowledge scale (12 items adapted from Lusardi and Mitchell [6]), (iii) financial attitude scale (10 items adapted from Atkinson and Messy [7]), and (iv) financial behaviour scale (10 items adapted from Xiao and Porto [13]). All attitudinal and behavioural items were measured on a 5-point Likert scale (1 =

Strongly Disagree to 5 = Strongly Agree). The financial knowledge section used objective multiple-choice questions with a correct/incorrect scoring format.

Hypotheses

Based on the review of literature, the following hypotheses were formulated:

H1: Financial knowledge has a significant positive relationship with financial attitude among women investors.

H2: Financial attitude has a significant positive relationship with financial behaviour among women investors.

H3: Financial knowledge has a significant positive relationship with financial behaviour among women investors.

H4: Financial knowledge and financial attitude together significantly predict financial behaviour among women investors.

Statistical Tools

Data was analysed using IBM SPSS Statistics (Version 26). Descriptive statistics were used to profile respondents and summarize variable scores. Pearson's correlation analysis was employed to test hypotheses H1, H2, and H3. Multiple regression analysis was used to test H4, with financial behaviour as the dependent variable and financial knowledge and attitude as predictors. Reliability of the scales was assessed using Cronbach's Alpha coefficient.

Results and Discussion

Demographic Profile

Of the 150 respondents, 62% were in the 25–40 age group, 28% were between 41–55 years, and 10% were above 55 years. In terms of education, 45% held postgraduate degrees, 38% were graduates, and 17% had completed secondary education. Regarding income, 40% earned between ₹3–6 lakh per annum, 35% earned ₹6–10 lakh, and 25% earned above ₹10 lakh. The most preferred investment instruments were fixed deposits (68%), followed by mutual funds (54%), insurance (52%), gold (47%), and equity/stocks (29%).

Reliability Analysis

The Cronbach's Alpha values for the financial knowledge scale, financial attitude scale, and financial behaviour scale were 0.81, 0.84, and 0.79, respectively. All values exceeded the acceptable threshold of 0.70, confirming adequate internal consistency of the measurement instruments.

Descriptive Statistics

Table 1: Descriptive Statistics of Study Variables

| Variable | N | Mean | Std. Dev. | Range |
|---------------------|-----|------|-----------|-------|
| Financial Knowledge | 150 | 3.52 | 0.68 | 1–5 |
| Financial Attitude | 150 | 3.67 | 0.72 | 1–5 |
| Financial Behaviour | 150 | 3.44 | 0.75 | 1–5 |

Table 1 presents the descriptive statistics for the three study variables. Financial attitude recorded the highest mean score (M = 3.67), suggesting that women investors generally hold a moderately positive

attitude toward financial planning. Financial behaviour had the lowest mean ($M = 3.44$), indicating scope for improvement in actual investment practices. Financial knowledge scores ($M = 3.52$) suggest moderate levels of financial awareness among respondents.

Correlation Analysis

Table 2: Pearson Correlation Matrix

| Variable | Fin. Knowledge | Fin. Attitude | Fin. Behaviour |
|----------------------------|----------------|---------------|----------------|
| Financial Knowledge | 1.00 | 0.61** | 0.54** |
| Financial Attitude | — | 1.00 | 0.63** |
| Financial Behaviour | — | — | 1.00 |

** Correlation is significant at the 0.01 level (2-tailed).

The correlation analysis (Table 2) reveals statistically significant positive relationships among all three variables. Financial knowledge shows a moderate positive correlation with financial attitude ($r = 0.61, p < 0.01$), supporting H1. Financial attitude exhibits the strongest correlation with financial behaviour ($r = 0.63, p < 0.01$), confirming H2. Financial knowledge also positively correlates with financial behaviour ($r = 0.54, p < 0.01$), supporting H3. These findings align with the theoretical framework and prior literature, suggesting that attitude plays a crucial mediating role between knowledge and behaviour.

Regression Analysis

Table 3: Multiple Regression — Predictors of Financial Behaviour

| Predictor | β | Std. Error | t-value | p-value |
|---------------------|---------|------------|---------|---------|
| (Constant) | 0.842 | 0.213 | 3.951 | 0.000 |
| Financial Knowledge | 0.274 | 0.087 | 3.149 | 0.002 |
| Financial Attitude | 0.431 | 0.092 | 4.685 | 0.000 |

$R^2 = 0.487$; Adjusted $R^2 = 0.480$; $F(2, 147) = 69.84, p < 0.001$

The multiple regression model (Table 3) was statistically significant ($F(2, 147) = 69.84, p < 0.001$), explaining approximately 48.7% of the variance in financial behaviour ($R^2 = 0.487$). Both predictors were significant contributors. Financial attitude emerged as the stronger predictor ($\beta = 0.431, p < 0.001$), followed by financial knowledge ($\beta = 0.274, p = 0.002$). These results support H4, confirming that financial knowledge and attitude jointly and significantly predict financial behaviour among women investors.

Discussion

The findings of this study confirm the theoretical propositions regarding the interplay between financial literacy dimensions. The significant positive correlation between financial knowledge and financial attitude ($r = 0.61$) indicates that as women investors acquire greater financial understanding, their

orientation toward financial planning becomes more proactive and positive. This finding is consistent with Aren and Zengin [9], who similarly found that knowledge enhances attitudinal confidence.

The stronger predictive power of financial attitude over knowledge in influencing behaviour ($\beta = 0.431$ vs. $\beta = 0.274$) is a particularly noteworthy finding. It suggests that merely imparting financial knowledge may not translate into improved investment practices unless accompanied by a corresponding shift in attitudes. Women who approach financial matters with positive, growth-oriented attitudes are more likely to actively invest, diversify their portfolios, and engage in systematic financial planning.

Furthermore, the moderate mean scores across all three dimensions (3.44–3.67 on a 5-point scale) suggest that while women investors are moving in the right direction, there remains considerable room for improvement. The preference for safe, low-risk instruments such as fixed deposits and insurance, despite awareness of higher-return options, reinforces the finding that risk aversion—an attitudinal factor—constrains positive financial behaviour even among relatively knowledgeable investors.

Conclusion and Implications

Conclusion

This study set out to examine the interrelationship among financial attitude, financial knowledge, and financial behaviour among women investors. The empirical findings confirm that all three dimensions are significantly and positively interrelated, with financial attitude serving as the most influential predictor of financial behaviour. The study contributes to the growing body of literature on financial literacy by providing gender-specific evidence from a developing economy context.

The results demonstrate that financial knowledge and attitude jointly explain approximately 49% of the variance in women investors' financial behaviour, highlighting the critical importance of both cognitive and attitudinal dimensions in driving meaningful investment participation. The finding that attitude is a stronger behavioural predictor than knowledge has important implications for the design of financial literacy programs.

Implications

The findings of this study carry several important implications for various stakeholders:

Policy Makers: Regulatory bodies such as SEBI (Securities and Exchange Board of India) and RBI (Reserve Bank of India) should design financial literacy campaigns that go beyond information dissemination. Programs should include behavioural nudges, attitudinal training, and mentorship components to foster a positive orientation toward investment among women.

Financial Institutions: Banks, mutual fund companies, and insurance providers should develop women-specific financial advisory services that address attitudinal barriers such as risk aversion and over-reliance on traditional savings instruments. Simplified product communication and targeted outreach can bridge the gap between knowledge and behaviour.

Educational Institutions: Introducing financial literacy as a core component of higher education curricula, particularly for women, can build both knowledge and positive financial attitudes from an early stage. Case-based learning and simulation exercises can enhance behavioural intentions.

Employers and NGOs: Workplace financial wellness programs and community-based financial literacy initiatives can play a significant role in reaching women who may not be enrolled in formal education or have access to institutional financial services.

Limitations and Future Research

This study has certain limitations that must be acknowledged. First, the sample is limited to 150 respon-

ents and may not be fully representative of the broader population of women investors across India. Second, the use of self-reported Likert-scale data for attitudinal and behavioural constructs introduces the possibility of response bias. Third, the study's cross-sectional design precludes causal inference. Future research should explore larger, multi-regional samples to enhance generalizability. Longitudinal studies examining changes in financial literacy dimensions over time would provide richer insights into causal dynamics. Additionally, qualitative research exploring the lived experiences and socio-cultural influences on women investors' financial decision-making could complement the quantitative findings of the present study.

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