
EMPOWERING WOMEN THROUGH FINANCIAL EDUCATION

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Abstract: This paper is concerned with financial education for the empowerment of women. The term women's empowerment and what it involves is clarified and the role of education for women's empowerment is discussed briefly. This is followed by a discussion of some relevant issues in financial education, e.g. the meaning of financial education; some data on financial education to show that women fare worse than men, especially in India; the content of financial education and its provision to be appropriate to the needs of women belonging to different sub-groups. A reference is made to some examples of financial education in a few countries and especially in India. Finally, the importance of financial education for achieving a number of objectives relating to development apart from women's empowerment is indicated.

Keywords: Benefits of Financial Education; Empowerment of Women; Financial Education; Education for Women's Empowerment

Introduction: Despite the fact that the role of general education in the empowerment of women is well recognized, there is hardly any recognition of the role of financial education. Hence, it is not surprising that, let alone disadvantaged women, even highly educated and financially independent women – and even men – do not know how to tackle their finances. Individuals, as well as policy-makers, pay a lot of attention to various ways to increase income which is considered important for development and women's empowerment. However, the optimal spending of this income to generate increased savings and the best ways to use and invest these savings for further increases in income do not get much attention. It is through financial education that this problem can be addressed. Financial education is important for all, and particularly women, in helping them budget and manage their income, save and invest efficiently, and avoid becoming victims of fraud. As financial markets become increasingly sophisticated and as households assume more of the responsibility and risk for financial decisions, financial education is increasingly necessary for individuals, not only to ensure their own financial well-being but also to ensure the smooth functioning of financial markets and the economy. Financial education can be an important tool, albeit not the only one, to improve women's economic empowerment and financial independence. The focus of this paper is on financial education which does not get much attention from both educationists and policy-makers. Starting with a clarification of the term 'women's empowerment' and what it involves, there is a brief discussion of the role of education in women's empowerment followed by a discussion of some relevant issues in financial education, e.g. meaning of financial education, some data on financial education to show that women, especially in India, fare worse than men, the content of financial education and its provision to be appropriate to the needs of women belonging to

different sub-groups. A reference is made to some examples of financial education in a few countries and especially in India. Finally, the importance of financial education for achieving a number of objectives relating to development apart from women's empowerment is indicated.

Women's Empowerment: In the broadest sense, women's empowerment refers to a process of "exposing the oppressive power of the existing social and gender relations, critically challenging them and creatively trying to shape different social relations" (Murthy, 2001, p. 19). The three different aspects of women's empowerment, viz. economic, social and political empowerment, though inter-related, emphasize and challenge gender-based oppression to different degrees. Women's empowerment involves working towards a vast range of objectives including enhancing of women's access to and control over productive endowments; increasing productivity of women's labour and productive resources through expanding access to extension services, credit, education, information and training; increasing women's returns to their labour and produce through expanding their access to commodity and labour markets and their ability to effectively bargain in the market place; increasing women's control over their income and their ability to use it for their own survival and security and for that of other family-members; increasing ability of women to gain control over their bodies, fertility, sexuality and their identities and increasing women's ability to exercise political power and claim their rights vis-à-vis the State and other bodies operating in the public interest. Not surprisingly, women's empowerment is seen as a "prerequisite for sustainable development, pro-poor growth and the achievement of all the Millennium Development Goals" (GENDERNET, 2011).

Education for Women's Empowerment: Education can be considered to be the single-most effective

strategy for promoting women's empowerment. (Fernandes, 2008) Education of the right kind can contribute significantly in: (a) generating awareness and understanding of the unequal gender and social relations, (b) providing skills and abilities which enhance women's share of resources and incomes and (c) contributing to collective action and advocacy for promoting women's empowerment. It should, however, be emphasized that the conventional educational system (which is normally considered in terms of mere literacy, marks/grades, certificates and degrees) is unlikely to contribute to women's empowerment in any significant manner. Whether it is the provision of literacy skills or formal education through schools and colleges or different types of informal and non-formal education through "bridge courses", etc., due attention needs to be given to the goals, content and process of education and its delivery mechanisms to ensure that it is geared to the promotion of women's empowerment and not for reinforcing the existing patriarchal socio-economic and political system.

While increasing levels of education for women are desirable, even increasing the literacy rate of disadvantaged women, especially in a campaign mode, can contribute to their empowerment in significant ways. These include heightened social awareness, increased school-enrolment of girls, improved health, nutrition and hygiene of the family, increase in self-confidence and personality development which in turn increases the status of women both within their families and outside, increased household savings and access to credit, promotion of employment and entrepreneurship among women, etc. Not surprisingly, two of the eight Millennium Development Goals (viz. MDG 2 & MDG 3) were critically linked to literacy, education, promotion of gender equality and empowerment of women (Fernandes, 2013). Neo-literacy programmes and attaining higher levels of education should be promoted for girls and women, especially from the disadvantaged sections of society. Strategies to promote female education have to be designed keeping in mind the barriers to female education. Although government policies and programmes over the years cover almost every conceivable strategy to promote female education in India, the real problem lies in their effective implementation. There is need to concentrate on making the policies work and deliver what is expected of them.

Issues in Financial Education: Meaning of Financial Education: Financial literacy is defined as "a combination of financial awareness, knowledge, skills, attitude and behaviour necessary to make sound financial decisions and ultimately achieve individual financial well being" (OECD, 2013). People achieve financial literacy through a process of

financial education which involves information, instruction and/or objective advice for improving the understanding of financial products and awareness of financial risks and opportunities, changing attitudes to money, promoting learning about budgeting and tracking spending, knowing about functioning of banks and other financial institutions, developing the skills and confidence to make informed choices, etc. It should be noted that, although financial literacy and financial education are conceptually distinct, the two terms are sometimes used interchangeably.

Some data on Financial Education: A reference can be made to the data provided by some extensive studies on financial education and the gender-gaps therein. The Standard & Poor's Ratings Services Global Financial Literacy Survey was based on the interviews conducted on 150,000 adults from 140 countries in 2014. The individuals were tested on their knowledge of four basic financial concepts: numeracy, risk diversification, inflation, and compound interest (savings and debt). A person was defined as financially literate when he/she correctly answered at least three out of the four concepts. India's 24% adult financial illiteracy was considerably below the worldwide average of 33%. Worldwide, a five-point gender gap was found, with 65% of men not being financially literate compared with 70% of women but in India, the gap was wider with 73% of men and 80% of women not being financially literate. The Organization for Economic Co-operation and Development provided data on financial education with respect to the significant gender differences in financial knowledge, financial attitudes and financial behaviour relating to several of its member-countries and made a case for the greater need of financial education for women as compared to men; it also described some prevailing best practices in respect of financial education which could be followed by other countries (OECD, 2013).

Provision of Financial Education: Some rudimentary financial education needs to be provided as a part of the curriculum in schools and colleges. After all, children handle pocket-money at an early age and may even earn their own through part-time work when they are in college. Information about how to spend their money in an optimal way, planning and budgeting, investing wisely, etc. appropriate to their age and level of understanding should be imparted to all students. Instead of general financial education, targeted programmes and specialized courses on different aspects of financial education can be conducted by universities and organizations in both government and private sectors, including NGOs. Provision of financial education relating to say insurance and retirement schemes at the workplace is an important delivery mechanism. Different formats like presentations,

lectures, conferences, symposia, seminars and training courses can be used for providing financial education. Integrating financial education with other types of development programmes like health, nutrition, microfinance, vocational education, skills training, business development, agriculture and food security is particularly meaningful for disadvantaged women. Further, media like newspapers, radio, TV and also the internet can be used to provide financial information relevant to different groups of women.

Content of Financial Education: Aspects like planning/budgeting; keeping accounts to track income and expenditure and generate maximum saving; risk versus return considerations when choosing between different financial products for investing whatever saving is generated; selecting a diversified portfolio with a mix of deposits, small savings, mutual funds, provident funds, pension funds, insurance policies and real estate; obtaining credit/loans for 'useful'/income-generating purposes; mechanisms for grievance redressal, etc. need to be covered by different programmes and courses on financial education.

Distinction between sub-groups of women: The same financial education should not be provided to all women. When designing the content of and providing financial education, it is important to distinguish between different sub-groups of women and different stages of their life so as to ensure that financial education is provided to meet their actual needs and is relevant to their specific financial activities and life-situations. For example, a distinction between disadvantaged women (for whom bundling of financial education with a financial product like credit to start a small business can act as an incentive and have greater impact compared to stand-alone financial education) and highly-educated employed women or between young women in their early careers, middle-aged/mid-career women and women nearing retirement should be made when catering to the short-term and long-term horizons for financial education of each group.

Some Examples of Financial Education in India and Elsewhere: As compared to some other countries like the US, UK, Australia and a number of countries in Europe, India is a relative late-comer in the field of financial education. Most countries have a unified and coordinated national strategy for financial education and have also set up an apex institution for guidance and coordination of various efforts in financial education in the country. The Financial Services Authority (FSA) in UK, the Financial Literacy and Education Commission (FLEC) in the US and the Financial Literacy Foundation in Australia are some of these examples. In India, the National Strategy for Financial Education was brought out in 2012 (RBI, 2012) and the National

Centre for Financial Education (NCFE) was set up with support from the Reserve Bank of India and the various other regulatory authorities like Securities Exchange Board of India (SEBI), Insurance Regulatory & Development Authority (IRDA), and Pension Fund Regulatory and Development Authority (PFRDA). Each of these organizations has its own programmes and publications relating to financial education, some of which are uploaded on the NCFE website. Financial Literacy Booklets giving Fundamental Messages in Financial Literacy relating to six areas, i.e. Savings, Insurance, Investment, Loans, Pension & Personal Finance (each of 5 pages) and 11 Financial Awareness Messages in English and 12 Indian languages are available for download on the NCFE website. Amongst other activities of the NCFE, its Financial Education Training Programme (FETP) for school-teachers as also of its efforts along with those of the CBSE for integrating financial education into the school curriculum of classes VI to X are worth mentioning as they would ensure that the next generation, unlike the present one, would not be lacking in financial education. In addition to the apex institution, there are a large number of institutions in both government and private sectors, including many NGOs, which provide financial education in every country. It should be noted that at present more emphasis seems to be given to financial knowledge as compared to financial attitude and financial behaviour in the various programmes of financial education. Also, there are not many programmes which are specifically geared to women and there is a lack of research on the effectiveness of the various programmes.

Overall Benefits of Financial Education: The overall benefits of financial education can be listed as follows:

- It plays a crucial role in financial inclusion, inclusive growth and sustainable prosperity. In recent years, a number of supply-side interventions have been made for financial inclusion which is an integral part of social inclusion; financial education plays a vital role in making the demand side respond to the supply-side.
- It develops confidence, knowledge and skills in people to take informed decisions and to manage the vast range of complex financial products and services enabling them to have more control of their present and future circumstances.
- It enables the shifting of pension responsibility from the State / Corporations to individuals who would be in a better position to assess their own requirements and make savings in appropriate schemes, thereby reducing the strain on social

programs and pension plans and fostering an economy that is more resilient.

- It helps in protecting society and individuals against exploitative financial schemes and exorbitant interest rates charged by moneylenders; it also helps to avoid over-indebtedness.
- It promotes entrepreneurship as it enables small entrepreneurs to become aware of new financial products, to understand the dynamics of market mechanism and improve their business dealings.
- It generates positive spill-over effects in the economy as households having financial awareness and knowledge resort to regular saving which in turn would lead to investment in the right channels and income generation. This results in increased financial well being of individuals and increased societal welfare.
- It can become an agent of behavioral change whereby individuals would learn to avoid indiscriminate usage of a proliferating number of financial products without realizing its financial implications. This in turn could prevent the recurrence of another global financial crisis like the one in 2008.
- It leads to deeper participation in financial markets as savers get converted into investors and with more participation of domestic retail investors in the securities market dependence on foreign investors is reduced and domestic savers reap the benefits of corporate growth and reduce the strain on Government Treasury for investment in national infrastructure.

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