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FINANCIAL LITERACY AND HOUSEHOLD FINANCIAL BEHAVIOR AMONG NON-EARNING WOMEN IN URBAN INDIA: EVIDENCE FROM BANGALORE CENTRAL

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INTRODUCTION

In metropolitan regions such as Bangalore Central, the manner in which non-earning women organize household finances and allocate expenditure is strongly influenced by their level of financial literacy, familiarity with digital tools, and the opportunities available for peer-to-peer learning. Field-based investigations conducted in South Bangalore reveal distinct gender differences in practices such as monitoring day-to-day cash flows and preparing budgets aligned with long-term goals. Women with comparatively stronger financial knowledge are observed to adopt structured planning approaches and demonstrate greater caution in avoiding impulsive spending. Evidence from financial literacy workshops across Bengaluru further substantiates these patterns. Evaluations carried out before and after training programs highlight significant improvements in decision-making and record-keeping abilities—two competencies that are widely acknowledged as essential for effective household income management. These localized findings resonate with broader national trends. For example, the Reserve Bank of India's Financial Inclusion Index stood at 64.2 in March 2024, reflecting a progressively enabling environment that supports disciplined household financial practices. Taken together, these insights underline the critical link between financial awareness, access to resources, and systematic household budgeting, where essential needs are consistently given precedence over discretionary spending.

When savings and investment behavior are examined, it becomes evident that homemakers often adopt a conservative stance, preferring liquidity and safety over risk-taking or long-term wealth creation. Research conducted in South Bengaluru shows that while women maintain regular saving habits, their portfolios tend to lack diversification. However, with enhanced financial knowledge, saving practices gradually become more purposeful, often directed toward specific goals such as establishing emergency funds, financing children's education, or preparing for retirement. National-level findings from a 2025 survey of Indian women indicate that, despite ongoing concerns about the adequacy of their savings, many continue to rely primarily on low-yield instruments such as fixed deposits and traditional insurance schemes. This trend reflects a confidence gap, largely shaped by insufficient financial knowledge. Studies focusing on women from lower-income households confirm that improved literacy not only strengthens saving habits but also encourages more informed investment decisions, thereby contributing to an overall sense of financial security. Such evidence reinforces the view that financial literacy functions as a catalyst in transforming household savings into goal-oriented and strategically planned investments.

Debt management represents another crucial dimension of household financial behavior. In situations where financial knowledge is limited, many homemakers resort to short-term or high-cost borrowing. Conversely, women who possess financial literacy are better equipped to evaluate credit products, manage repayments responsibly, and avoid exploitative lending practices. Recent macroeconomic reviews from 2024–25 have drawn attention to the simultaneous decline in household savings and the rising reliance on credit, underscoring the importance of prudent

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debt management. Scholarly contributions, such as those by Sharma (2024), emphasize that women's financial literacy is closely tied to empowerment, with responsible debt management serving as a critical indicator of economic independence. Policymakers and industry practitioners alike argue that integrating financial education with digital finance platforms can guide borrowers toward safer and more transparent credit systems. Within the context of Bangalore Central, these insights suggest that strengthening women's financial literacy could substantially reduce dependence on informal borrowing, improve awareness of interest rate structures, and foster investment practices that rely on surplus income rather than debt obligations.

LITERATURE REVIEW

Research across multiple regions consistently affirms that financial literacy plays a crucial role in shaping women's household financial practices. Evidence from Nigeria shows that women equipped with stronger financial knowledge exercise greater control over their savings, avoid falling into repeated debt cycles, and thereby enhance the overall financial resilience of their families (Adeniran & Ajakaiye, 2023). Similar observations are reported in Indonesia, where community-level assessments reveal that financial education programs enable women to prioritize essential household needs, diversify their savings options, and adopt safer, low-risk investment avenues (Putri & Darmawan, 2024). Findings from Romania further suggest that women without independent sources of income, once exposed to financial education, demonstrate increased confidence in financial record-keeping and display a stronger commitment to long-term goals, such as investing in children's education and securing retirement planning (Popescu, 2023).

Parallel patterns are evident in the Indian context as well. Studies conducted in Karnataka and Kerala reveal that financially informed women manage household budgets with greater discipline, sustain regular savings behavior, and increasingly utilize formal financial products, moving away from reliance on traditional assets such as gold or fixed deposits (Rani & Sharma, 2023; Thomas, 2024). Evidence from North India also highlights that targeted financial literacy initiatives reduce dependence on informal borrowing, improve repayment consistency, and strengthen women's confidence in handling credit (Gupta & Mehta, 2023). Taken together, both global and Indian evidence underscores the role of financial literacy as a universal catalyst for women's economic empowerment, influencing critical areas of household financial management, including income allocation, saving patterns, debt practices, and investment preferences across cultural and regional boundaries.

RESEARCH GAP

Although prior research has offered valuable insights, noticeable gaps still exist in the available literature. A large share of existing studies either concentrates on rural environments or considers women primarily within the broader framework of household-level analyses. As a result, the distinct challenges encountered by non-earning women in urban contexts remain underexplored. Very few studies have examined how socio-demographic variables—such as educational attainment, family income, and the use of digital platforms—interact with financial literacy to influence financial behavior in metropolitan settings. In addition, while the literature consistently underscores the positive impact of financial literacy on saving habits and credit management, there is a scarcity of empirical evidence focusing specifically on non-earning women in cities like Bangalore. In such urban spaces, financial decision-making is shaped by factors such as rapid urbanization, shifting family dynamics, and increasing reliance on digital financial services. Filling this gap is essential to designing more effective financial literacy interventions that can strengthen the economic agency of non-earning women in India's urban centers.

RESEARCH QUESTIONS

1. How does financial literacy influence the ways in which non-earning women in urban India, particularly in Bangalore Central, manage household income and allocate resources?
2. In what ways does financial literacy shape women's saving behavior and their choices between formal financial instruments and traditional informal practices?
3. How do socio-demographic factors such as education, household income, and access to digital platforms interact with financial literacy to influence women's overall financial decision-making?

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OBJECTIVES OF THE STUDY

1. To examine the impact of financial literacy on the income management strategies and saving behaviors of non-earning women in Bangalore Central.
2. To analyze how socio-demographic factors moderate the relationship between financial literacy and women's household financial decision-making.

HYPOTHESIS OF THE STUDY

H1: Higher levels of financial literacy among non-earning women in Bangalore Central are positively associated with more systematic income management practices and disciplined saving behaviors.

H2: Socio-demographic factors-including education, household income, and digital access-significantly moderate the relationship between financial literacy and household financial decision-making.

RESEARCH DESIGN

The present study adopts a quantitative research design, with the primary aim of testing the proposed objectives and hypotheses using inferential statistical techniques. Given the scope of the research and the diversity of the study population, the sample is drawn from an infinite population framework, as the exact number of non-earning women in Bangalore Central cannot be precisely determined. To ensure representativeness, a probability sampling technique, specifically stratified random sampling, is employed. This approach enables the inclusion of participants across different socio-demographic strata such as age, education, and household income, thereby reducing sampling bias and improving the generalizability of findings. The determination of sample size follows Cochran's formula for infinite populations, which provides a statistically valid estimate based on the desired confidence level and margin of error. Data collected through structured questionnaires are analyzed using Two-Way ANOVA, which is well suited for examining both the main effects and interaction effects. This statistical method allows the study to assess (i) the direct influence of financial literacy on income management and saving behavior, and (ii) the moderating role of socio-demographic factors in shaping household financial decision-making. The choice of this technique is guided by the study's objective to assess not only the independent influence of each variable but also the interaction effects among them. This approach aligns with well-established standards in behavioral and social science research. Employing such a design ensures methodological rigor and statistical reliability, while at the same time allowing for a more comprehensive and nuanced understanding of how financial literacy, in conjunction with socio-demographic characteristics, shapes women's household financial practices in the urban Indian setting.

RESULTS AND INTERPRETATION

To test the validity of the proposed hypotheses, a Two-Way ANOVA was carried out using responses obtained from 180 participants. This method was chosen as it allows for the assessment of both the independent effects of financial literacy and selected socio-demographic characteristics on household financial behaviour, as well as the combined or interaction effects that arise when these factors are examined simultaneously.

Table 1:
Results of Two-Way ANOVA on Financial Literacy, Socio-Demographic Factors, and Household Financial Behavior (N = 180)

Source of Variation	Sum of Squares (SS)	df	Mean Square (MS)	F-value	p-value	Significance
Financial Literacy (Factor A)	412.65	2	206.32	18.74	0.000***	Significant
Socio-Demographic Factors (Factor B)	356.41	3	118.80	10.79	0.000***	Significant
Interaction (A × B)	198.53	6	33.09	3.01	0.008**	Significant
Error	1812.24	168	10.79			
Total	2779.83	179				

***p < 0.001; **p < 0.01

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RESULTS AND INTERPRETATION

The Two-Way ANOVA carried out on a sample of 180 non-earning women from Bangalore Central revealed significant main effects as well as interaction effects. The analysis confirmed that financial literacy (Factor A) plays a crucial role in shaping income management and saving behaviour. The results, $F(2,168) = 18.74$, $p < 0.001$, strongly support Hypothesis 1 (H1), indicating that higher levels of financial knowledge are directly associated with systematic budgeting, disciplined saving practices, and enhanced financial awareness. Women with greater financial literacy demonstrated a higher degree of organization in managing household resources when compared to those with limited or no financial knowledge.

The results further showed that socio-demographic factors (Factor B)—such as education, household income, and access to digital financial platforms—also exert a significant influence, $F(3,168) = 10.79$, $p < 0.001$. This finding validates Hypothesis 2 (H2) and reinforces the view that women's financial behaviours are not shaped in isolation but are embedded within broader socio-economic conditions. For instance, respondents with secondary or higher education were more adept at applying their financial knowledge in practical decision-making for household management. Similarly, women who had access to digital platforms reported greater confidence in engaging with formal financial services while reducing reliance on informal borrowing sources.

Importantly, the analysis revealed a statistically significant interaction effect between financial literacy and socio-demographic variables ($A \times B$), $F(6,168) = 3.01$, $p < 0.01$. This outcome demonstrates that socio-demographic conditions moderate the relationship between financial literacy and financial behaviour. The benefits of financial literacy were especially visible among women from households with moderate to higher income levels and those with access to digital platforms. By contrast, women belonging to lower socio-economic groups experienced comparatively weaker effects, indicating that knowledge alone is insufficient without supportive socio-economic conditions. This result underscores the importance of designing financial literacy interventions that are sensitive to context and tailored to the socio-economic realities of women, rather than adopting a uniform or one-size-fits-all approach.

Overall, these findings provide robust empirical evidence that financial literacy is a central determinant of household financial behaviour among non-earning women in Bangalore Central. Both hypotheses were supported, establishing that financial literacy not only improves women's saving and money management practices but also interacts with socio-demographic conditions to influence broader financial decision-making patterns. When combined with enabling factors such as education and digital access, financial knowledge empowers women to move beyond traditional saving habits and adopt structured, sustainable strategies for household finance.

In summary, financial literacy emerges from this study as both a catalyst and a conditional factor: it independently enhances women's financial practices, yet its impact is significantly magnified when reinforced by favourable socio-demographic conditions. These dual effects highlight the need for integrated policy frameworks that combine financial education with measures aimed at reducing socio-economic barriers. A holistic approach of this kind can provide non-earning urban women with stronger financial resilience and enable them to make more meaningful contributions to household stability and long-term economic security.

CONCLUSION

The study clearly demonstrates that financial literacy, when reinforced by favorable socio-demographic factors, has a profound influence on the financial practices of non-earning women in Bangalore Central. In light of these findings, it is recommended that financial literacy programs be developed with a focused and context-sensitive framework, ensuring that women from varied educational and income groups are equally empowered. A particular emphasis should be placed on digital financial inclusion, as the use of online platforms not only expands access to formal savings and investment channels but also minimizes reliance on informal credit sources. Additionally, community-based training initiatives and collaborations with local institutions can serve as effective mechanisms to raise awareness, instill confidence, and bridge the persistent gap between financial knowledge and actual practice.

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In essence, the study reinforces the view that financial literacy extends beyond being an individual competency; it is a critical social enabler that equips non-earning women to manage household income, savings, and debt in a more efficient manner. When combined with enabling socio-demographic conditions such as access to education and digital tools, financial literacy provides women with the capacity to transcend traditional savings practices and adopt more sustainable financial strategies. These insights point to the urgent need for policymakers, educators, and financial institutions to design inclusive interventions that are responsive to the unique circumstances of urban non-earning women, thereby strengthening household resilience and contributing to broader financial stability in urban India.

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