

AWARENESS AND RISK PERCEPTION ABOUT FINANCIAL SERVICES: WITH SPECIAL REFERENCE TO WOMEN INVESTORS OF PUNJAB

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Abstract *The financial awareness among the women investors is very important as it has a significant impact on their preferences and choices. The awareness also influences the risk perception. Financial awareness is a huge substantial concern as it dissuades and deforms the investment behaviour thereby affecting the risk taking ability of the women investors. As there are numerous financial services available, it is important that the women who are to receive the services may first need to be made aware of their benefits. The current study aims to study the awareness and risk perception about financial services with special reference to the women investors of Punjab.*

Keywords: *Women Investors, Awareness, Risk Perception and Financial Services*

INTRODUCTION

Investment decisions are made by the investors with the support of the investment managers. Investors generally execute investment analysis by using the fundamental analysis, technical analysis and judgment. It is presumed that information sources and the influences in the market methodically impact the individuals' investment decisions as well as the outcomes attained from such decisions.

Women play a significant role in the economy as they have now attained the financial independence. They are holding the important senior posts in various sectors. They are doctors, engineers, high administrative officers, artists and professors'. Hence, in today's society, women are getting great admiration and also possess much better financial soundness. But only warranting high income is not sufficient as another very important scenario is investment. If the amount earned is invested in the most conducive avenue, one can increase one's wealth. As it is one of the objectives of financial management, wealth maximization is really very important.

As far as the Indian scenario is concerned, women have started making investments gradually. The percentage of women who take their own financial decisions for making investments is still quite low as they are not much aware about the various financial services available. The women generally rely on their husbands or parents for making the investment decisions. There is still a class of women who are still not concerned with making investments out of their income

or savings. This is because their husbands are financially strong. There are various instances where the main reason for the women investors not making investments is due to the male dominance.

Women's low participation in investment activity justifies the claims that they are too emotional, too risk averse, or simply too broke to be good investors. In fact, many experts contend that the women who do invest tend to see better returns than men. So it is essential to study the awareness and the risk perception of the women towards financial services.

REVIEW OF LITERATURE

The review of literature was carried out by referring to different journals and studies carried out by different individuals to show significance to the study. Chturwedi and Khare (2012) studied the impact of age, education and occupation and income level on investment and identified factors influencing the investor's awareness and preference. The study revealed that the age of investor cannot be taken to influence their level of awareness and gender of the investor has no effect or influence on the level of awareness about any investment channel. Prasad and Sharma (2015) explored the awareness and satisfaction level of investors towards the investment in mutual funds. The researchers found that the SBI Mutual fund wasn't the only most promising fund among the various mutual funds. The people who invested in SBI mutual funds were not fully satisfied with their investment. Srinivasan and Chopra (2011) also evaluated the financial awareness of working women in India. As per

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the study the respondents showed significant awareness in matters concerning investment and personal financial planning and were willing to take investment decisions relating to personal finance.

Madhumathi (1998) in her study examined the risk perception of 450 individual investors that were selected at random from major metropolitan cities in India by dividing them into three groups as risk seekers, risk bearers and risk avoiders. The major findings of the study revealed that majority of the investors were risk bearers and they had the tendency to use the company's performance as a basic factor to take investment decisions and were also dependent on the advice of share brokers and investment consultants. In another study conducted by Chou *et al.* (2010) a model was established to measure attitudes and behavior towards investment risk. A sample of Taiwanese investors were surveyed to determine their past investment experience and their responses were recorded. Investors with little experience in stocks were found to have significantly higher perception of risk. The study found a positive correlation between experience and propensity of risk. Further it was found that the financial products other than mutual funds, investor propensity and perception of risk showed a negative correlation. It was revealed that investor perceptions of risk and expected returns indicated a significant negative correlation. Fish (2012) also studied the risk aversion in females in comparison to males. The study found females to be more risk averse and even when controlling for financial knowledge and experience, females were more risk averse.

PROBLEM STATEMENT

Investors are supposed to be rational wealth-maximisers, following basic financial rules and basing their investment strategies purely on the risk-return consideration as the factors expected to influence investment decisions (Baker *et al.*, 1977). The women investors being potential investors need to undergo a thorough analysis of the conditions prevalent in order to avoid uncertainties associated with the ultimate decisions they engage in. It is against this context that this study aims to fill the gap by analyzing the awareness and risk perception among women investors of Punjab about the financial services.

OBJECTIVES OF THE STUDY

- To study the awareness among women investors regarding financial services.
- To study the risk perception among women investors regarding financial services.

HYPOTHESIS

1. $H_{0,1}$: There exists no significant difference in the awareness towards financial services among women

investors of Punjab with regard to their education and income.

2. $H_{0,2}$: There exists no significant difference in the risk perception regarding financial services among women investors of Punjab with regard to their education and income.

SCOPE OF THE STUDY

The study gathered data from the women investors of Punjab. Various types of information pertaining to the demographic and economic characteristics of the population were also included. The survey involved the interview of a sample of 500 women spread across the state of Punjab.

RESEARCH METHODOLOGY

Research methodology helps in methodically resolving the research problem. For the purpose of this study, the following research methodology was used:

- **Type of Research:** This is descriptive research as the survey method is used to collect primary data from the women investors of Punjab for analysis. Descriptive study is a fact-finding exploration with sufficient explanation. It is the simplest type of research and is more specific.
- **Sample Method:** The sampling method followed in this study is stratified random sampling method.
- **Sample Unit:** The respondents who will be asked to fill the questionnaires are the sample unit. These comprises of women in households, professional women, salaried women, women entrepreneur and retired women.
- **Sample Size:** The population being large the survey was carried among 500 women investors of Punjab.
- **Data Collection:** Data is collected by means of the primary data collection method through the structured questionnaires.

LIMITATIONS OF THE STUDY

- The women investors have been restricted to only 500 women investors.
- The study is conducted only for the state of Punjab.
- This study is conducted to examine the awareness and risk perception while all the other important factors that significantly impact the investors are not a part of this study.
- Besides the study has the limitation of time, place and resource.

ANALYSIS AND INTERPRETATION

Investor Awareness

The investor awareness has been measured by giving scores to the questions related to awareness. The answers to the

questions have been rated on a five-point likert scale. The scores allotted to the answers of each question ranges from one to five.

Table 1: Investor Awareness

S.No.	Factors	N	Mean	Std. Deviation
1	Knowledge of various Investment options	500	3.18	1.24
2	Awareness of investment options for better comparisons	500	2.71	1.11
3	Updated with latest investment concepts	500	2.54	1.17
4	Confident to take own investment decisions	500	2.42	1.15
5	Family, Friends affect your investment decisions	500	3.95	0.95
6	Consider sources like media, advisors, internet etc.	500	3.82	1.06
7	Investors awareness programme beneficial	500	3.04	1.26
9	Updated with recent financial instruments	500	2.49	1.10
10	Awareness facilitate you in gaining maximum tax benefit	500	2.73	1.16
13	Aware about grievance redressal mechanism	500	2.53	0.98

Table 1 depicts the mean of the each attribute that formed the part of investor awareness. From the table above it can be seen that the women investors of Punjab while investing in various investment avenues were moderately knowledgeable regarding the various investment options as their mean and standard deviation is 3.18 and 1.24. Women investors were not much aware of the investment options for better comparisons, as the mean and standard deviation is 2.71 and 1.11. Further the women investors were not much updated with the latest investment concepts such as socially responsible investing, ethical investing, green investing as the mean and standard deviation is 2.54 and 1.17 respectively. The women investors were not aware about the various investment avenues which would give them confidence to take own investment decisions as the mean and standard deviation is 2.42 and 1.15. The awareness of family and friends about various investment options of the women investors affected their investment decisions as mean and standard deviation is 3.95 and 0.95. The women investors were aware and considered sources like media, advisors, internet etc as an important factor for enhancing their investor awareness as the mean and standard deviation is 3.82 and 1.06. As per the responses collected the women investors were neutral about benefitting from the investors awareness programme as mean and standard deviation is 3.04 and 1.26. The women investors were not updated with the recent financial instruments introduced as mean and standard deviation is 2.49 and 1.10. As per the results the women investors were not gaining maximum tax benefits due to their investment awareness as mean and standard

deviation is 2.73 and 1.16. The women investors were also not aware about the grievance redressal mechanism for various investment options as their mean and standard deviation is 2.53 and 0.98 respectively. The results reported state that the women investors of Punjab are not aware regarding the various financial services.

According to Education

Table 2: ANOVA Results for Women Investors Awareness in Relation to Education

Education	N	Mean	Std. Deviation	df	F value	P value
Ph.D	45	3.73	.556	3	3.177	.024
PG	267	3.52	.493			
Graduate	136	3.50	.501			
UG	52	3.43	.513			
Total	500	3.53	.507			

Table 2 depicts that there is a significant difference in the responses of women investors in terms of education and their awareness level. The result proves that investment awareness among women investors of Punjab having different education is not similar. Responses of women investors having different education reveal that the women investors who were Ph.D are found to have comparatively higher level of investment awareness.

According to Income

Table 3: ANOVA Results for Women Investors Awareness in Relation to Income

Income	N	Mean	Std. Deviation	df	F value	P value
< 30K	119	3.42	.479	3	3.120	.026
30-60K	212	3.58	.482			
60-90K	98	3.49	.602			
> 90K	71	3.60	.455			
Total	500	3.53	.507			

Table 3 emphasizes that there is a significant difference in the responses of women investors in terms of income and their awareness level. The result proves that investment awareness among women investors of Punjab in terms of income is not similar. Responses of women investors having

different income reveal that the women investors earning above Rs. 90000 are found to have comparatively higher level of investment awareness.

Therefore, the null hypotheses $H_{0.1}$ is rejected and it is concluded that there is a significant difference in the awareness towards financial services among the women investors with regard to their education and income.

Risk Perception of Women Investors

The risk perception and satisfaction of women investors was measured by giving scores to the questions related to their risk perception towards the investment options. The answers to the questions were rated on a five-point Likert scale. The scores allotted to the answers of each question range from one to five. For the rank ordered question, since the investor had an option to consider more than one investment option, ranks were given on the basis of preference to the options. The option which was given highest rank by the investors was ranked first. The ranks were given from 1 to 5.

Table 4: Risk Perception

S.No	Factors	N	Mean	Std. Deviation
	Understanding of risk present in investment	500	2.78	1.206
	Disturbance due to Volatility in Stock Market	500	3.32	.948
	Risk Perception as per Market Announcements	500	3.24	.903
	Influence on Risk Perception due to Complete Disclosures practices of the companies	500	3.34	.993
	Investment in Risky Options due to Supportive Family Income	500	2.56	.968

Table 4 provides the distribution of risk perception of the women investors of Punjab under study. As per the responses the understanding of women investors pertaining to the risk aspect was low as the mean and standard deviation 2.78 and 1.206. The women investors are affected due to the volatility in stock market as mean and standard deviation 3.32 and 0.948. The risk perception of the women investors was high due to the market announcements as mean and standard deviation 3.24 and 0.903. The risk perception of

women investors was highly influenced due to disclosures by companies as the mean and standard deviation 3.34 and 0.993. The women investors do not invest in the risky investments because of the supportive income of their family/spouse as the mean and standard deviation is 2.56 and .968. Hence, it can be concluded that the women investors are risk averse while making their investment decisions and do not prefer taking risk while availing the financial services.

According to Education

Table 5: ANOVA Results for Women Investors Risk Perception in Relation to Education

Education	N	Mean	Std. Deviation	df	F value	P value
Ph.D	45	3.35	.481	3	5.582	.001
PG	267	3.15	.405			
Graduate	136	3.11	.437			
UG	52	3.02	.414			
Total	500	3.14	.428			

Table 5 highlights that there is a significant difference in responses of women investors in terms of education and their risk perception. The result proves that the risk perception among women investors of Punjab in terms of education is

not similar. Responses of women investors having different education reveal that the women investors who were Ph.D are found to have comparatively higher level of risk perception.

According to Income

Table 6: ANOVA Results for Women Investors Risk Perception in Relation to Income

Income	N	Mean	Std. Deviation	df	F value	P value
< 30K	119	3.04	.418	3	3.776	.011
30-60K	212	3.16	.410			
60-90K	98	3.23	.422			
> 90K	71	3.15	.481			
Total	500	3.14	.428			

Table 6 reveals that there is a significant difference in responses of women investors in terms of the income and their risk perception. The result proves that the risk perception among women investors of Punjab in terms of their income is not similar. Responses of women investors in terms of income reveal that the women investors earning in the range of Rs. 60000 to Rs. 90000 are found to have comparatively higher level of risk perception.

Therefore, the null hypotheses $H_{0.2}$ is rejected and it is concluded that there is a significant difference in the risk perception regarding financial services among the women investors with regard to their education and income.

Perception Regarding the Financial Services

Table 7 presents the mean, standard deviation and the respective rankings of perception regarding the financial services based on the mean of data collected from 500 women investors.

Table 7: Ranking of Perception Regarding the Financial Services

Options	N	Mean	Std. Deviation	Rank
Moderately risky	500	3.37	1.170	1
Slightly risky	500	3.22	1.185	2
Risky	500	3.17	1.313	3
Highly risky	500	2.66	1.555	4
Not at all risky	500	2.58	1.610	5

It can be concluded from Table 7 that the most preferred financial service was the one that is moderately risky as mean and standard deviation is 3.37 and 1.170 while the investment avenue that was not at all risky was the least preferred with mean and standard deviation 2.58 and 1.610.

Change in Financial Services Availed in the Recent Past

Table 8 presents the mean, standard deviation and the respective rankings of change in financial services availed in the recent past based on the mean of data collected from 500 women investors.

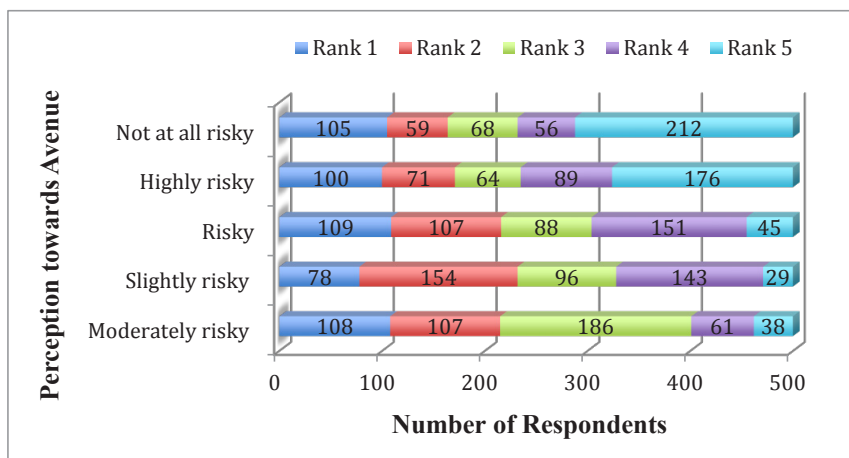
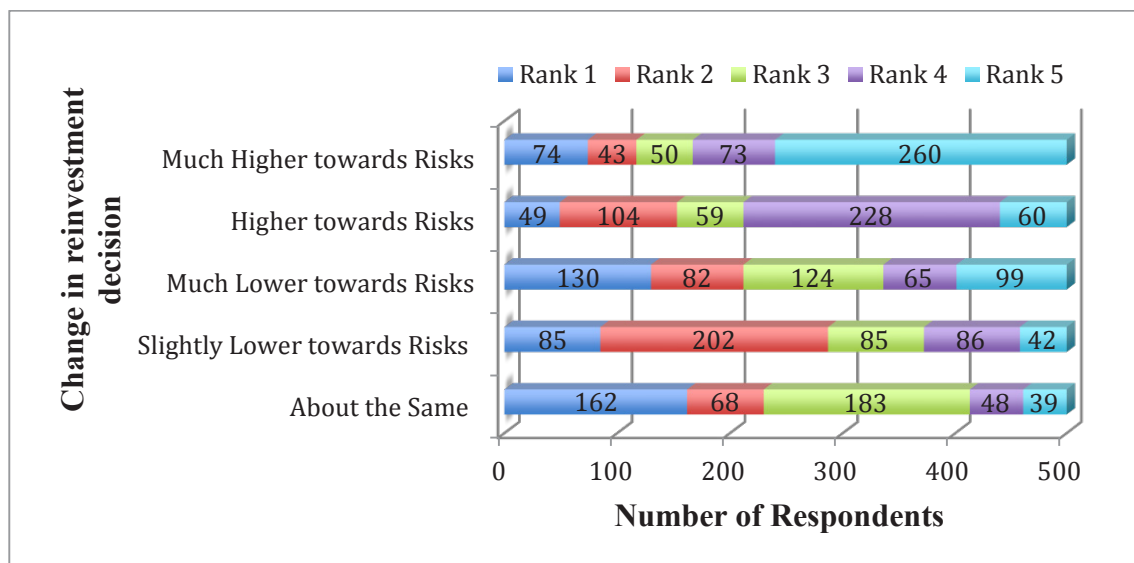


Table 8: Ranking of Change in Financial Services Availed in the Recent Past

Options	N	Mean	Std. Deviation	Rank
About the Same	500	3.53	1.249	1
Slightly Lower towards Risks	500	3.40	1.206	2
Much Lower towards Risks	500	3.16	1.451	3
Higher towards Risks	500	2.71	1.206	4
Much Higher towards Risks	500	2.20	1.504	5

It can be inferred from Table 8 that the financial services availed did not change and the same services were availed again as mean and standard deviation is 3.53 and 1.249, while changing much highly towards financial services that were risky was least preferred with mean and standard deviation 2.20 and 1.504.



CONCLUSION

The women investors are not very aware about the financial services. Majority of the women investors still invest their money in traditional and safe investment avenues, which show that they are risk averse. Overall results imply that the women must be made more aware about new financial services available in the market. They must be properly educated about the new financial products available which clear description about the pros and cons attached to it, so that they can be benefitted with the higher returns. Moreover as they will have greater awareness regarding the various financial services they can ascertain the risk better and their dependency on others for their investment decisions will be eliminated.

SUGGESTIONS

- It is recommended that the Government should make efforts to increase the financial awareness among women through organizing campaigns for the same.
- The employers of various companies must be encouraged to organize ‘financial awareness

programmes’ in the premises especially for the women employees.

- Women themselves should take efforts to manage their own portfolios. They can do so by getting knowledge related to financial matters from different sources.
- Government should come up with more projects like starting the banks for women only wherein everything is done by women.
- Women can take help of certified financial managers for making the right investment decisions.

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