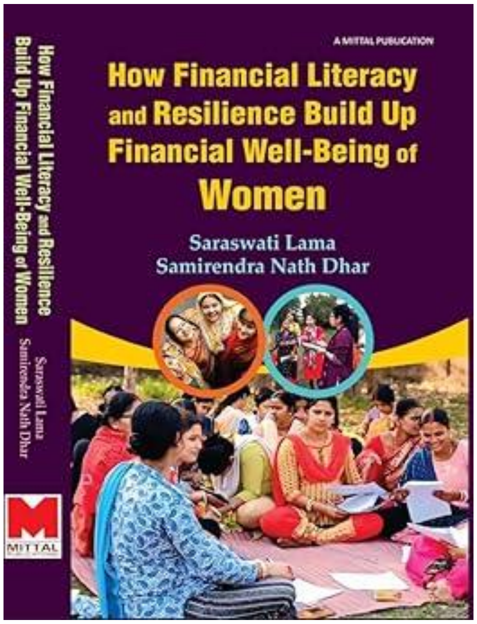
BOOK REVIEW



HOW FINANCIAL LITERACY AND RESILIENCE BUILD UP FINANCIAL WELL-BEING OF WOMEN: EVIDENCES FROM INDIA

(With Case Studies)

by

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The book focuses on the role of financial literacy as a route to achieving financial well-being of women in India who are endeavoring to have a better livelihood by taking up entrepreneurial activities through self-help groups. The authors emphasize that in a rapidly developing economy like India, there is a considerable need for financial literacy drives to educate majority of the adult population, especially in rural areas and mentor them as how to better manage their finances and enhance financial well-being. The authors have presented how implementation of programmes for financial inclusion through microfinance has facilitated the inclusion of the typically unbanked Indian population into the financial mainstream, offering them access to formal financial products and services, and developing their financial capabilities. In this respect, the contribution of the Self-Help Group-Bank Linkage Programme (SHG-BLP) in formal financial inclusion of the rural poor women in India and the activities that necessitate financial literacy of the women SHG women members have been brought to light.

With this backdrop, the book has attempted to explore the factors that determine the financial literacy, financial well-being, financial resilience and financial self-efficacy of women microfinance beneficiaries of SHGs in Darjeeling district of West Bengal, India, the area being unexplored till date, as reviewed from the existing literature, and then measure them based on reliable and valid scales.

For the measurement of financial literacy, the OECD's scale was adopted with modifications. 42 variables identified from the existing literature and researcher's preliminary observation were run through Exploratory Factor Analysis (EFA) to extract the highly correlated factors. A measurement model with the factors extracted was developed and validated through Confirmatory Factor Analysis (CFA). Financial literacy scores were calculated from the responses collected to determine the levels of financial literacy of the women SHG members.

For measuring financial well-being of the women SHG members in Darjeeling district, a questionnaire was designed based on the CFPB's scale and Porter's model of financial well-being. The customized scale for measuring financial resilience was developed with the variables identified from the existing studies and researcher's field observations. Financial Self-Efficacy scale (FSES) developed and validated was used. Scores calculated from the responses collected were used to determine the level of financial self-efficacy.

After measurement of the above stated constructs investigation into the relationship between the constructs and their underlying variables through Structural Equation Modeling (SEM).

Financial literacy has been found to have significant positive influence on financial resilience, financial self-efficacy and financial well-being.

It is important to state here that the Scales developed for measuring financial literacy, financial resilience, financial self-efficacy and financial well-being of the women microfinance beneficiaries have been statistically validated and tested and can be used for measuring the levels of financial literacy, financial resilience, financial self-efficacy and financial well-being of the women microfinance beneficiaries in other parts of the globe as well.

The measurement of the constructs and assessment of their relationships were based on rigorous analysis of data collected through self-administered questionnaires administered to microfinance beneficiaries of SHGs and observational research. The primary data was collected with the help of three sets of questionnaires taking a large sample of 949 SHG members and the sample is diverse and representative of the population under this study.

The collected data has been presented in this book through cross tabs for the descriptive parts and statistical tools like Chi-square ($\chi 2$) has been used to test association between variables. The data has been presented through graphs as well and photographs shot during the field visits have also been used to present a reliable narrative. Several case studies have also been presented to provide a vivid pen-picture of the scenario as to how financial wellbeing and resilience levels were enhanced after the rural women could upgrade their level of financial literacy.

The book is appropriately divided into eight chapters

Chapter 1 elaborates the concept of financial literacy, its components, and the significance of financial literacy. The chapter also discusses how financial education helps in building-up financial literacy. The initiatives taken by various stakeholders such as OECD, RBI, SEBI and other financial regulatory bodies, for promoting financial literacy across the world and in India, has been detailed in this chapter. Considering Self-Help Groups (SHGs) as the target beneficiaries of financial literacy drives, the chapter presents statistics relating to growth of SHGs in India, West Bengal and Darjeeling district.

Chapter 2 explains how Self-Help Groups (SHGs) are formed and operate. It throws light into the various activities and responsibilities, such as thrift generation, credit linkage, bank linkage, income generating activities that the SHG members are required to perform. The chapter also discusses the need of financial literacy in performing these activities efficiently.

Chapter 3 is an attempt to explore the factors that determine financial literacy of women microfinance beneficiaries of Self-Help Groups (SHGs) in Darjeeling district of West Bengal. The factors of the construct financial literacy are determined through Exploratory Factor Analysis (EFA), which are later confirmed using Confirmatory Factor Analysis (CFA). After validating the measurement model through various tests and indices, it has been used to assess the levels of financial literacy of the women SHG members. The scores and levels of financial literacy are reported and presented in form of tables and graphs. The chapter also explores the relationship between financial literacy and various socio-demographic variables, such as age, marital status, educational qualification, family size, household income, employment status, and vintage of SHG membership. The relationships are presented in the form of crosstabs and tested for significance using Chi-Square analysis.

Chapter 4 delves into the concept of financial well-being and explores factors that determine financial well-being of women microfinance beneficiaries of Self-Help Groups (SHGs) in Darjeeling district of West Bengal. The factors of financial well-being are determined through Exploratory Factor Analysis (EFA), which are later confirmed using Confirmatory Factor Analysis (CFA). After validating the measurement model through various tests and indices, it has been used to assess the levels of financial well-being of the women SHG members. The scores and levels of financial well-being are reported and presented in form of tables and graphs. The chapter also explores the relationship between financial well-being and various socio-demographic variables, such as age, marital status, educational qualification, family size, household income, employment status, and vintage of SHG membership. The relationships are presented in the form of crosstabs and tested for significance using Chi-Square analysis.

Chapter 5 gives a detailed explanation of the constructs Financial Resilience and Financial Self efficacy. Factors determining the financial resilience of the microfinance beneficiaries of Self-Help Groups (SHGs) in Darjeeling district of West Bengal are explored through Exploratory Factor Analysis (EFA), and are later confirmed using Confirmatory Factor Analysis (CFA). The validated scale with these factors is used to measure the level of financial resilience of the women microfinance beneficiaries. The scores and levels of financial resilience are presented through tables and graphs. For measuring the level of financial self-efficacy of the women SHG members, a validated scale has been used, and the scores and levels have been exhibited as tables and graphs. The chapter also explores the relationship of socio-demographic variables with financial resilience and financial self-efficacy. The relationships between the variables are represented as crosstabs and tested for significance using Chi-Square analysis.

Chapter 6 investigates into the relationship between the four constructs, i.e., Financial Literacy, Financial Well-being, Financial Resilience and Financial Self-efficacy. Based on the theoretical background a hypothetical structural model is developed using Structural Equation Modelling (SEM) which is then tested for validity using model fit indices. The hypothesized relationship between the variables in the study is depicted through path diagram and the relationship is assessed through path estimates

Chapter 7 includes cases relating to the significance of financial literacy for the women microfinance beneficiaries of self-help groups in Darjeeling district of West Bengal for efficient financial management of their household and economic activities. Cases relating to the impact of financial literacy programmes on financial literacy of women SHG members, and the impact of financial literacy on the financial resilience and financial well-being are presented in this chapter. As evident from the contents, the materials for the case studies were collected from ground zero through intensive discusions and interactions with the banking agents. The authors have used a blend of empirical analysis and case studies to improves the breadth and generalizability of large-scale data with the depth, nuance, and contextual understanding of in-depth, real-life examples. The authors have used mixed-methods approach to enhance validity through triangulation—cross-checking results from multiple sources to strengthen conclusions. This adds to the creditability of the book.

Chapter 8 suggests vital measures for policy implementation by various stakeholders. The chapter also highlights the limitations of the study and offers scope for future research.

The book has made a vital contribution to the field of social sciences and women studies expected to be useful to faculty and academic researchers in fields such as Finance and Economics, Public Policy, Development Studies, Behavioral Science, officials in Ministries of Education, Finance, Rural Development, Financial regulatory bodies (SEBI, FINRA, OECD), and curriculum designers in Commerce, Economics, Social Sciences departments like MBA and PGDM programs.