

PERSONAL FINANCIAL PLANNING IS NOT A SOLITARY PURSUIT

Abstract

Personal investment decisions are crucial in shaping an individual's financial well-being, as these choices directly influence their economic health. Globally, people have acknowledged the need to prioritize their financial health due to its effect on their overall health. The impact of financial well-being is so significant that it surpasses the cumulative effect of all other life dimensions (Netemeyer et al., 2018). However, different individuals reach different levels of financial well-being (Kaur et al., 2023). Investment decisions vary depending on the level of literacy (Adil et al., 2022; Bhatia et al., 2024; Lutfi, 2011) and the gender of the investor (Awais et al., 2016a; Naiwen et al., 2021). In Indian households, men typically take charge of making decisions about money. This issue prompts an examination of the reasons women are often excluded from financial planning and strategies to promote their active involvement. The reasons identified are gender roles and cultural conditioning, women doubting their self-efficacy, overconfidence bias of men, and lower financial literacy among women. For each reason, strategies are also recommended.

Introduction

According to Union Finance Minister Mrs. Nirmala Sitharaman, financial assets worth ₹1.84 trillion were lying unclaimed with banks and other regulators as of October 2025. These unclaimed financial assets include ₹90,000 crore in shares and dividends with the Investor Education and Protection Fund Authority (IEPFA), ₹75,000 crore in unclaimed bank deposits transferred to the Reserve Bank of India (RBI), ₹14,000 crore in unclaimed insurance



CMA (Dr.) Meena Bhatia

Professor (Finance and Accounting)

Indian Institute of Management

Sambalpur

meenab@iimsambalpur.ac.in

policies, ₹3,000 crore in mutual fund redemptions and dividends, and other unclaimed provident fund balances.

While taking one look at this unclaimed amount, one ends up suggesting that for securing wealth, the investor must

- a. update their nominations, wills, and KYC,
- b. keep accounts active; revise old details; map all folios,
- c. create a simple claims file for heirs, and
- d. do periodic unclaimed asset checks.

The persistent problem of unclaimed financial assets—and many other financial planning challenges—will continue as long as women are not part of the financial planning process. In Indian families, men typically make the financial planning decisions. Let's see why women stay out of financial planning—and how to encourage their active participation.

1. Gender Roles and Cultural Conditioning:

Traditionally, men in Indian families were responsible for earning and managing finances, while women handled domestic and familial responsibilities. The girls have observed their father making financial decisions and subsequently noted their brothers and husbands increasingly engaging in financial matters,

which has solidified their conviction that monetary affairs are predominantly managed by men.

Financial education commences at home; parents should include their boys and daughters equally in financial decisions, including budgeting, tax planning, banking, and insurance, while also involving their spouses and promoting financial independence. Spouses and parents should treat women as equal financial participants by actively involving them in financial decisions. Women's participation in the workforce has partially addressed this issue by empowering them to manage their finances. A component of financial literacy and planning must be included in workplace training and development seminars in addition to the typical work-related programs that are offered. In this way, men and women would be better able to apply the lessons they have learned at home.

2. **Women doubt their self-efficacy:** In personal relationship dynamics it has been seen that often women are unwilling to participate in money matters and are willingly giving more control to men. This reluctance is often caused by women's doubts about their financial self-efficacy, which refers to their confidence in managing finances and its potential impact on their personal finance outcomes. Personal financial management also requires certain character qualities, such as the drive to learn as much as possible about money matters, self-control over strong emotions that might influence decisions, and faith in one's own judgment and ability to handle money well.

Women with increased financial self-efficacy would showcase a higher propensity to engage with financial products (like investments and savings), take ownership of financial decisions, and demonstrate responsible economic behavior. Women need to build financial self-assuredness in personal finance matters so that they can approach any financial difficulties they encounter as challenges to be mastered, rather than as threats to be avoided. Such an attitude is likely to result in accomplishment and, consequently, more favorable personal financial outcomes.

3. **Overconfidence bias:** Men, largely, tend to overestimate their knowledge about the financial markets and investment decisions and are not inclined to search for financial advice. This overconfidence is dangerous, particularly in financial matters, because individuals tend to under-react to information from other sources, believing they are more knowledgeable than they truly are. This results in men trading excessively, taking high amounts of risk, and mostly relying on their intuition over research. They possess an illusion of control, believing they can predict market outcomes.

Women who are disciplined savers are risk averse and often do not go beyond basic financial products like fixed deposits. For overcoming these psychological barriers, both women and men need to take certain proactive steps. Men must consider different perspectives before committing to a decision. Men need to develop a strong financial literacy through reading, practical experience, and courses; these measures will help them ground their confidence in knowledge rather than assumption, reduce impulsive financial moves driven by overconfidence, and encourage them to listen to women's perspectives when making decisions regarding their personal finances.

4. **Lower financial literacy:** Financial literacy is not part of the school curriculum, which affects both men and women. However, it affects women even more, as they are not given the opportunity to learn finances at home either. Due to lack of awareness and fear of risks, women do not participate in the financial planning process. They prefer investments that are considered safer (e.g., fixed deposits and gold) and simple to understand, as they want to avoid fear of significant loss.

Financial literacy is a crucial element that must be emphasized to empower women. Financial advisors can be attentive and inform their customers of their present financial circumstances, optimal investment alternatives, and the prospective advantages of these choices. Financial literacy enhances confidence, empowering women to assume greater control over their financial strategies.

A recent study (Preston et al., 2023) indicates that women and girls exhibit higher financial literacy in countries with more gender equality. This underscores the pressing necessity to furnish women globally with opportunities to augment their financial education and acumen, which can profoundly influence their financial planning, inclusion, and empowerment.

Future research directions

This work presents multiple opportunities for future research that can enhance understanding of this field. One, this study focused on the cultural and behavioral biases that restrict women's participation in financial planning. There can be economic, structural, institutional, and legal factors that contribute to low participation by women in financial planning; future research can identify factors under each of these major factors. Secondly, additional research endeavors could delve more profoundly into each factor and potentially propose a theoretical framework for every aspect of women's participation in financial decision-making. Thirdly, data can be collected via interviews from women under various domains to specifically identify the reasons for their nonparticipation. Fourth, data can also be collected from men and financial advisors about the steps that they are taking to increase the participation of women in financial planning.

Behind every unclaimed asset is a family that loses money. Do not miss out on involving women if you want to preserve, protect, and pass on your investments to your generations. MA

References

1. Richard G Netemeyer, Dee Warmath, Daniel Fernandes, John G Lynch, *How Am I Doing? Perceived Financial Well-Being, Its Potential Antecedents, and Its Relation to Overall Well-Being*, *Journal of Consumer Research*, Volume 45, Issue 1, June 2018, Pages 68–89, <https://doi.org/10.1093/jcr/ucx109>
2. Kaur, G., Singh, M., & Gupta, S. (2023). *Analysis of key factors influencing individual financial well-being using ISM and MICMAC approach*. *Quality & Quantity*, 57(2), 1533–1559. <https://doi.org/10.1007/s11135-022-01422-9>
3. Adil, M., Singh, Y., & Ansari, Mohd. S. (2022). *How financial literacy moderate the association between behaviour biases and investment decision?* *Asian Journal of Accounting Research*, 7(1), 17–30. <https://doi.org/10.1108/AJAR-09-2020-0086>
4. Lutfi, L. (2011). *The relationship between demographic factors and investment decision in surabaya*. *Journal of Economics, Business, and Accountancy | Ventura*, 13(3). <https://doi.org/10.14414/jebav.v13i3.13>
5. Naiwen, L., Wenju, Z., Mohsin, M., Zia Ur Rehman, M., Naseem, S., & Afzal, A. (2021). *The role of financial literacy and risk tolerance: An analysis of gender differences in the textile sector of Pakistan*. *Industria Textila*, 72(03), 300–308. <https://doi.org/10.35530/IT.072.03.202023>
6. Bhatia, M., Arora, R., & Mehrotra, V. (2024). *Interplay Between Financial Literacy, Firm's Characteristics, Behavioural Biases and Investment Choices—A Conditional Mediation Model*. *Global Business Review*, 0(0). <https://doi.org/10.1177/09721509241288622>
7. A. Preston, L. Qiu, R.E. Wright (2023). *Understanding the gender gap in financial literacy: the role of culture* *J. Consum. Aff.* (2023), pp. 1-31

Congratulations!!!



CMA (Dr.) Abhijit Garai

Heariest Congratulations to CMA (Dr.) Abhijit Garai, Sr. Manager (Finance) Damodar Valley Corporation on completion of Ph.D. in Commerce from Usha Martin University, Ranchi, in 2025. His research topic was “*A Study of Alternative Sources of Energy and Their Cost Impact: Opportunities for Jharkhand*’.”

We wish CMA (Dr.) Abhijit Garai the very best for all his future endeavours.