

# An Empirical Study on Financial Apprehension among Senior Citizens in with Financial Products (such as Mutual Fund) with Special Reference to South Malabar Region of Kerala State

**Dr.Umesh U** *M.Com, M.Phil, M.B.A., PGDBA, PhD*  
**Assistant Professor-Grade III (and Research Supervisor)**  
**Department of Commerce & Management Studies,**  
**Amal College of Advanced Studies**  
*(Govt. aided & affiliated to Uty. of Calicut)*  
**Nilambur, Kerala**

## Article Info

**Volume 83**

**Page Number: 630 - 634**

**Publication Issue:**

**March - April 2020**

## Abstract:

Financial apprehension is an observable fact among most of the senior citizens along with middle and lower income households too. But it can grow big even in a higher income group if they are not properly covered by any financial products against unforeseen risks. Senior Citizens are perceived to have reasonable financial deposits and better financial literacy due to their financial backup like retirement benefits (in lump sum), gratuity, and Provident fund. This paper aims to assess the financial products (such as Mutual fund) penetration and financial apprehension among Senior Citizens in South Malabar region of Kerala. It was found that serious disparity among the senior citizens retired from organized sector and senior citizens retired from unorganized sector contemplative issues in financial apprehension and financial health at large. The Mutual Fund penetration even at the higher income groups amongst senior citizens is not found to be comprehensive considering the Human Life Value metrics of Mutual Fund. This awkwardness reflects for more awareness drives to educate the senior citizens retired from unorganized sector at large.

## Article History

**Article Received:** 24 July 2019

**Revised:** 12 September 2019

**Accepted:** 15 February 2020

**Publication:** 12 March 2020

**Keywords:** *Emotions & Finance, Financial apprehension, Mutual Fund Penetration.*

## I. INTRODUCTION

There is an insufficiency of information concerning the emotional aspects of financial management. (Shapiro and Burchell, 2012) The concept of financial apprehension is a feature of civilised humans as they have thoughts about future events and contingencies along with present commitments. The Financial Anxiety Scales (FAS) measure an anxious disposition toward cognitive engagement with one's personal finances. Senior Citizens when attributed as having better financial background and literacy are not always up to the expectations when it comes to financial decision making. This attracts research and policy concern.

## II. STATEMENT OF THE PROBLEM

Financial apprehension is an observable fact among most of the senior citizens along with middle and lower income households too. But it can grow big even in a higher income group if they are not properly covered by any financial products against unforeseen risks. Senior Citizens are perceived to have reasonable financial deposits and better financial literacy due to their financial backup like retirement benefits (in lump sum), gratuity, and Provident fund. This paper aims to assess the financial products (such as Mutual fund) penetration

and financial apprehension among Senior Citizens in South Malabar region of Kerala.

### III. OBJECTIVES OF THE STUDY

- To observe the financial products such as mutual fund's dissemination among Senior Citizens
- To study the association between demographic factors and financial products (such as mutual fund's penetration) among Senior citizens
- To notice the extent of financial products such as mutual fund influences among Senior Citizens
- To study the level of financial apprehension among Senior Citizens
- To know the association between demographic factors and level of financial apprehension among Senior Citizens

### IV. METHODOLOGY

The present study is empirical in nature employing primary data collected from Senior Citizens from South Malabar region comprising Calicut, Malappuram, and Palakkad districts of Kerala State. Since, the population was not finitely measured, structured sampling was not possible and random route was adopted. Final sample size of 100 (each) was fixed with equal representation from senior citizens retired/VRS from organized sector and senior citizens retired/quitted from unorganized sector. Respondents were former Government employees, professionals like CA/CS/CMA. Respondents from unorganized sector were NRIs working in foreign land as plumbers, carpenters, electricians, masons, drivers, chefs, domestic maids (male home nurse/ female home nurse), industrial labourers etc.

Along with the self-generated questions, the 6 item form of Spielberger State-Trait Anxiety Inventory (STAI) developed by Theresa M. Marteau and Hilary Bekker (1992) was used to measure the financial anxiety or rather apprehension. Along with

simple percentages, Chi Square test was also used to make inferences.

➤ Following are the differences between the organized and unorganized sector:

| Organized sector   | Unorganized sector  |
|--|---|
| Comprises enterprises where the term of employment is regular and the job is assured.                                    | Comprises small units where jobs are not regular and hence the job is not assured.  |
| Companies are registered by the Government and have to follow rules and regulations.                                     | Companies are outside the control of the government. They have rules and regulations, but these are not followed.                                 |
| Employees in the organized sector have fixed working hours and they are paid if they work overtime.                      | Workers in the unorganized sector are paid low wages which are not regular. There is no provision of payment if they work overtime.               |
| Employees in the organized sector get social security benefits such pension, provident fund, paid leave, sick leave etc. | Workers in the unorganized sector do not get benefits such as pension and provident fund. There are no paid leaves and no leaves due to sickness. |
| Workers in the organized sector are paid a fixed salary in a systematic manner   | Workers in the unorganized sector are paid a fluctuating salary in an unsystematic manner.  |

### Results

Analysis of the collected information produced the following results:

**Table 1 Profile of the Sample**

| Variable   | Category              | Numbers | %     |
|--|-----------------------|---------|-------|
| Gender   | Male                  | 48      | 24.0  |
|  | Female                | 152     | 76.0  |
|  | Total                 | 200     | 100.0 |
| Age  | Below 65              | 20      | 10.0  |
|  | 65 to 70              | 156     | 78.0  |
|  | 71 to 75              | 24      | 12.0  |
|  | Total                 | 200     | 100.0 |
| Sector   | Organized             | 100     | 50.0  |
|  | Unorganized           | 100     | 50.0  |
|  | Total                 | 200     | 100.0 |
| Region   | Rural                 | 56      | 28.0  |
|  | Urban                 | 144     | 72.0  |
|  | Total                 | 200     | 100.0 |
| Monthly Pension<br>(Statutory/NPS/Other schemes) | Upto Rs 20000         | 40      | 20.0  |
|  | Rs 20001 to Rs 50000  | 84      | 42.0  |
|  | Rs 50001 to Rs 1 Lakh | 68      | 34.0  |
|  | Above Rs 1 Lakh       | 8       | 4.0   |
|  | Total                 | 200     | 100.0 |

(Source: Survey Data)

**Table 2: Financial products [such as Mutual fund's penetration] among Senior Citizens**

| Financial products (such as Mutual fund) | Numbers | %     |
|--|---------|-------|
| Never                                    | 16      | 8.0   |
| Not at Present, but Wish to Have         | 44      | 22.0  |
| Yes, having                              | 140     | 70.0  |
| Total                                    | 200     | 100.0 |

(Source: Survey Data)

Majority of the Senior Citizens are already having financial products (such as Mutual fund). Still is alarming that 30 % are yet to take any financial products.

**Table 3: Association between Socio Economic Factors and Financial products (such as Mutual fund) penetration among Senior Citizens**

| Factor/Variable             | P Value <sup>#</sup> | Inference          |
|-----------------------------|----------------------|--------------------|
| Gender                      | 0.518                | Not Significant    |
| Age                         | 0.001**              | Highly Significant |
| Sector                      | 0.001**              | Highly Significant |
| Region                      | 0.589                | Not Significant    |
| Monthly Income (as Pension) | < 0.001**            | Highly Significant |

(Source: Survey Data)

{# Chi Square Test}

Gender and Region didn't have any Mutual fund's penetration among Senior Citizens. association with financial products especially with Senior Citizens from unorganized sector are yet to

opt for financial products (such as Mutual fund). Financial products (such as Mutual fund's) Penetration is significantly low in Senior Citizens from unorganized sector. Even Senior citizens from

organized sector with lower pension category are not able to opt for any financial products.

**Table 4: Financial products (such as Mutual fund) among Senior Citizens**

| Financial products (such as Mutual fund) | Numbers | %     |
|--|---------|-------|
| No Mutual fund Taken (Zero investment)   | 60      | 30.0  |
| Upto Rs 2 Lakhs investment               | 8       | 4.0   |
| Rs 2 Lakhs to Rs 5 Lakhs investment      | 44      | 22.0  |
| Rs 5 Lakhs to Rs 10 Lakhs investment     | 76      | 38.0  |
| Above Rs 10 Lakhs investment             | 12      | 6.0   |
| Total                                    | 200     | 100.0 |

(Source: Survey Data)

Most of the respondents are having a financial products (such as Mutual fund) investment of Rs 2 to Rs 10 Lakhs.

**Table 5: Association between Socio Economic Factors and Financial products (such as Mutual fund) influence among Senior Citizens**

| Factor/Variable | P Value <sup>#</sup> | Inference          |
|-----------------|----------------------|--------------------|
| Gender          | 0.912                | Not Significant    |
| Age             | 0.005**              | Highly Significant |
| Sector          | 0.006**              | Highly Significant |
| Region          | 0.916                | Not Significant    |
| Monthly Pension | 0.001**              | Highly Significant |

(Source: Survey Data)

{# Chi Square Test}

Gender and Region didn't have any association with financial products (such as Mutual fund) influence among Senior Citizens. Senior Citizens in unorganized sector are yet to opt for financial products (such as Mutual fund). Financial products (such as Mutual fund) influence is significantly low in Senior Citizen retired from unorganized sector. Even Senior Citizen from organized sector with lower pension category are not

able to opt for financial products (such as Mutual fund) investment. But it is also interesting to find that even Senior Citizen retired from organized sector with higher pension have an investment in mutual funds upto Rs.10 Lakhs only. This alarms the principle of HLV in calculating financial products (Mutual fund). Serious education needs to be made in this aspect.

**Table 6: Level of Financial apprehension among Senior Citizens with regard to financial products (such as Mutual fund)**

| Level | Numbers | %    | P Value <sup>#</sup> | Inference |
|-------|---------|------|----------------------|-----------|
| Low   | 136     | 68.0 | < 0.001**            | Highly    |

|          |     |       |  |             |
|----------|-----|-------|--|-------------|
| Moderate | 56  | 28.0  |  | Significant |
| High     | 8   | 4.0   |  |             |
| Total    | 200 | 100.0 |  |             |

(Source: Survey Data)

{# Chi Square Test}

Most of the respondents are having a low separately analysed for different categorical level of financial apprehension. This has to be variables.

**Table 7: Association between Socio-economic factors and Level of financial apprehension among Senior Citizens**

| Factor/Variable | P Value <sup>#</sup> | Inference          |
|-----------------|----------------------|--------------------|
| Gender          | 0.003**              | Significant        |
| Age             | 0.562                | Highly Significant |
| Sector          | 0.040*               | Significant        |
| Region          | < 0.001**            | Not Significant    |
| Monthly Pension | 0.310                | Not Significant    |

(Source: Survey Data)

{# Chi Square Test}

Male respondents and age group from 65 to 70 possess a significantly higher financial apprehension as compared to others. Senior Citizens from organized sector showed a significantly higher financial apprehension. Senior citizens (*organized sector*) especially from rural region also expressed a significantly higher financial apprehension than others.

## V. DISCUSSION

The financial uneasiness among Senior citizens at large was found to be low and moderate. It was also found that serious disparity among the senior citizens retired from organized sector and senior citizens retired from unorganized sector is present. The financial products (*such as Mutual fund*) penetration even at the higher income groups amongst Senior citizen is not found to be comprehensive considering the Human Life Value metrics of financial products (of Mutual fund). This clumsiness leads for more awareness drives to educate the public at large especially working in unorganized sector irrespective of their category like whether they belong to senior citizen or some other class.

## REFERENCES

1. Howard K & Mark P (2014): Behavioural Economics and Insurance: Principles and Solutions, University of Pennsylvania.
2. Marteau, T., & Bekker, H. (1992): The development of a six-item short-form of the state scale of the Spielberger State-Trait Anxiety Inventory (STAI). British Journal of Clinical Psychology, 31, 301-306.
3. Mohan Devina & K M Vineeth (2019): Emotional finance: Financial anxiety among college teachers in with special reference to life insurance. Emerging Trends in Commerce & Management, Editor: Dr.Umesh.U, Mayas Publication Tamilnadu. P 30 – P 35. ISBN: 978-93-89507-39-3
4. Richard Taffler (2018): Emotional finance: investment and the unconscious, The European Journal of Finance, 24:7-8, 630-653, DOI: 10.1080/1351847X.2017.1369445
5. Shapiro, G., & Burchell, B. (2012): Measuring Financial Anxiety. Journal of Neuroscience, Psychology and Economics, 5(2), 92-103.