



**A STUDY INTO FINANCIAL LITERACY OF PURBA MEDINIPUR
DISTRICT IN THE STATE OF WEST BENGAL (INDIA):
DETERMINANTS AND ITS IMPACT ON ACCESS TO
FINANCIAL SERVICES**

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ABSTRACT

The present paper aims to identify the effect of demographic and socio-economic variables on financial literacy and its impact on access to financial services. For this study, primary data is collected from 400 respondents of Purba Medinipur district in West Bengal (India) with the help of a structured questionnaire. The study determines the financial literacy and access to financial services score by using data driven weight in factor analysis. There exists a statistically significant effect of occupation, i.e., type of unorganized sector, both on financial literacy and access to financial services. Moreover, financial literacy is significantly influenced by income and educational qualification. Significant positive impact of financial literacy is found upon access to financial services. It is further observed that male has more access to financial services than female.

KEYWORDS: Access to Financial Services, Financial Literacy, Unorganized Sector.

Introduction

Financial Literacy refers to the knowledge of financial products and services which help individuals to select the right products suitable to the needs. As per the RBI, financial literacy means the process by which financial consumers/investors improve their understanding of financial products, concepts and risks and through information, instruction and/or objective advice, develop the skills and confidence to be more aware of financial risks and opportunities which helps to make informed decisions. It is considered to be an important tool that helps to plug the knowledge gap that exists among the people. The inculcation of financial literacy helps clients to develop the skill to assess the pros and cons of different opportunities so that the right choice is made either through acceptance of a product or its rejection. In today's world, it is also critical to have such a set-up which will lead to easy access to financial services, thereby removing supply-end bottlenecks. If financial literacy is imparted to the masses, it will help them to understand different financial concepts and products that will assist in taking the right decision.

Apart from financial literacy, the other important aspect is access to financial services. The term 'access' implies the ability of consumers to engage with and use financial products and services that helps them to meet their financial needs. In a country like ours, at least 50% of the population remains excluded from the formal financial system. Consequently, they are not able to reap the benefits of financial services such as banking, credit, insurance and savings. Thus, financial inclusion or inclusive financing is a distant dream for the country as of now (Source: <http://www.gktoday.in/rangarajan-committee-report-on-financial-inclusion>). Though the government has introduced different schemes in both banking and insurance, these initiatives have not yet reached the maximum of the unorganized sector. Thus, the socially marginalized, poor and vulnerable people who constitute the lower strata of the unorganized sector are not able to take advantages of the schemes meant for them. The term 'unorganized sector' has been defined by the National Commission for Enterprises in the Unorganized Sector (NCEUS), in the Report on Conditions of Work and Promotion of Livelihoods in the Unorganized Sector (2008) as "consisting of all unincorporated private enterprises owned by individuals or households engaged in the sale or production of goods and services operated on a proprietary or partnership basis and with less than ten total workers". A Report of the Commission published in 2005 estimates that out of 485 mn. people employed in India, 86 percent is engaged in the unorganized

sector who contributes 50.6 percent of the country's gross domestic product. In 2011-12, though the engagement in the informal sector has come down to 83%, it still shows the involvement of 435 mn. people (Srija and Shirke, 2014). These are the people who need to be included into the formal financial system. However, survey reports of RBI reveal that population which is already in the grip of poverty suffers from low banking penetration, thereby remaining unbanked. This is a problem that has been in existence since independence due to which various governments have made efforts through different mechanisms to bring about inclusive financing. If looked back, it is realized that nationalization of banks, setting up of NABARD, initiation of the lead bank scheme and commencement of the SHG-Bank linkage programme are some measures aimed at bringing in inclusive financing in the society. The efforts to bring in increasing access got even more focus in the 1990s in order to reach out to the rural masses even after 40 years of independence. The planned efforts were aimed at bringing the unorganized sector within the purview of banking and other financial services. However, in spite of such efforts, still a huge population remains outside the purview of the formal financial system. Hence, the government is striving harder to increase the penetration of financial inclusion. Moreover, there is an equal concern for financial literacy without which there will be severe bottleneck from the demand end.

Financial Inclusion and Financial Literacy: The complementary relationship

The policy-makers have been focusing on the spread of financial literacy and access to financial services together. It is often said that financial inclusion and financial literacy are complementary to each other. For emerging market economies, it is true that ensuring adequate access to financial products and services is important but for this financial literacy has a role to play since it creates demand for such products/services. In advanced economies, 'access' is not that important an issue because majority of the population is already financially included. Thus, it is a problem mainly of less financially included economies. Theory supports the idea that financial literacy and access to financial services are inter-dependent (United Nations Development Programme, 2012). Globally, it is not just these two elements that are connected but there is another element, the aspect of consumer protection that together creates a triad that has been recognized as inter-twining threads in the pursuit of financial stability. For any kind of stability, whether financial, economic, political or social, inclusive growth is an essential prerequisite which is largely driven by financial inclusion and an inclusive financial system.

Chart 1: Components leading to financial stability



The above figure shows the interconnectedness among financial inclusion, financial literacy and consumer protection which ultimately contributes to financial stability. Hence, the present study undertaken on the unorganized sector aims to identify the effect of various demographic and socio-economic factors on ‘access to financial services’ and ‘financial literacy’ that can guide policy-makers in arriving at the future strategies.

Literature Review

Some important relevant studies are mentioned which have been reviewed before the following study having been taken up. Hung *et al.* (2009) examine the effect of different demographic variables on financial literacy which reveals gender and age to affect literacy level. Boon *et al.* (2011) observe that financially literate individuals focus more on personal financial planning as compared to those who lack that skill. Chattopadhyay (2011) examines the success of financial inclusion for three districts, *viz.* Purba Medinipur, Birbhum and Murshidabad in the state of West Bengal and observes that although near about half of the population is dependent on cultivation, 62% of the households has an account with a formal institution. Bhatia (2012) aims to examine how financial literacy helps investors to improve their understanding level of financial products, services, risks and markets. Chakrabarti (2012) explains the role of regional rural banks (RRBs) in West Bengal with regard to financial inclusion and appreciates the role of commercial banks, co-operative banks and RRBs towards the rural poor and unorganised sections. Singh and Tandon (2012) find out the present status of financial inclusion in India and highlight the measures taken by government and RBI for its promotion considering the period from 2006 to 2008. Thilakam (2012) observes poor correlation between saving / investment and expenses met by the rural households yet a strong association between rural investor awareness level and their socio-economic status. Bhushan and Medury (2013) look into the financial literacy level among

salaried individuals and look into the relationship between financial literacy and various demographic and socio-economic factors. The study reveals higher financial literacy level for males and also supports the positive and significant effect of education, age and income on literacy levels. Paramasivan and Ganeshkumar (2013) opine that financial literacy alone cannot guarantee high level of financial inclusion in a state. Branch density and improving investment opportunities affect financial inclusion. Murphy (2013) examines the psychological and social variables associated with financial literacy and observes age, education, race and sex to be the significant predictors of financial literacy. Rao (2013) computes financial inclusiveness in India across different states for the period from 1969 to 2012 considering different parameters like bank branches in rural areas, per capita GDP, literacy rate and unemployment rate, suggesting the need for different stakeholders like regulators, banks, governments, civil societies, NGOs to cooperate and work together for bringing widespread financial inclusion. Shivani (2013) cites under-developed IT, poor rural infrastructure, high administrative expenses, population growth and low poverty etc. to be the main reasons behind financial exclusion. Gupta and Singh (2013) assess the correlation between the usage dimension of financial inclusion index and literacy level in India. The study reveals a large variation in the correlation among the different states of the country with a very low correlation at the national level. Attarwala (2014) explains the concept of financial literacy and elaborates the initiatives taken by SEBI in rural areas. The researcher stresses the need for financial education that will raise the financial literacy levels and inclusiveness too. Bhattacharjee (2014) identifies the influence of age, education, income and nature of employment on financial literacy but finds no role of gender. Gupta and Kaur (2014) examine the contribution of financial literacy programme in achieving financial inclusion among the micro-entrepreneurs of Kangra district of Himachal Pradesh. They reveal that the low financial skills get reflected in their poor record-keeping practices, poor cash management, improper saving habits and less awareness about different financial products and instruments. Kolloju (2014) looks into the contribution of financial system towards the development of businesses, individuals and governments. The study also measures financial inclusion by applying different parameters like percentage of rural branches, number of banking correspondents and villages covered and number of Points of Sale devices. Mathivathani and Velumani (2014) examine the factors that influence financial literacy among marginalized women in the rural areas of Tamil Nadu. They observe points to the dominating effect of low income, communication gap, illiteracy in Hindi or English, lack of computer knowledge and less

number of earning members of the family on literacy level. Sarva (2014) discusses the necessity and importance of financial literacy for promoting financial inclusion and identifies the poor knowledge of respondents about risk and return, diversification, compound interest, time value of money, inflation etc. Trivedi and Trivedi (2014) examine the status of financial literacy among the consumers in Lucknow, Barabanki and Mohanlalganj districts. They report that the male gender, urban people and higher income groups have higher financial literacy. However, marital status has no effect on financial literacy. Annamalai and Vijayarani (2014) examine the awareness about banking services provided by banks among the tribal village people in Dharmapuri District but do not find any association between opening of bank account and gender or income level or occupation or education level. Thenmozhi and Sudalaimuthu (2014) observe the falling rural-urban divide resulting from growth in rural banking penetration. However, it further mentions that despite such efforts, the banking penetration is only 59 percent in India with wide regional disparities. Alpana and Yashpal (2015) mention the need for financial inclusion which leads to better living and improves household welfare. John (2015) observes majority of the households in the Kancheepuram district resorting to borrowing from informal sources like friends, relatives and money lenders. Kesavan (2015) discusses the concept of financial inclusion and points out the various approaches adopted by banks and the steps taken by the regulatory bodies and governments to reach out to the unbanked areas. Agarwall *et al.* (2015) evaluate the investment decisions of both teaching and non-teaching female staff in the education sector of Jhansi district and observes dominance of women in respect of knowledge level. Moreover, they find the majority of respondents (93%) investing in safe securities, whereas 7% of them putting some money in mutual funds also. Albeerdy and Gharleghi (2015) study the factors influencing financial literacy of Malaysian university students. They find a significant relationship between financial literacy (and education) with money attitude, whereas on the other hand, no significant relationship is found between financial socialization agents and financial literacy. Sekar and Gowri (2015), in a Coimbatore-based study on young employees, show the effect of age, region, income, family composition, number of dependents etc. on literacy levels.

Research gap

On the basis of literature reviewed, it is observed that most of the studies are on the status of financial literacy and also a limited few looking into its determining factors. There are also some

empirical evidences on financial inclusion that identify the determining factors or construct a financial inclusion index. Most of the studies by Indian researchers look into the progress of financial inclusion but not into the determining factors that much. There is no specific study found as related to Purba Medinipur district, considering further the fact that the issues like financial literacy and access to financial services are not considered in most of the studies in the same frame. In addition to this, any similar study with focus on the unorganized sector may be rarely observed.

Objectives of the study

The objectives of the empirical research are as follows:

- i) To assess the level of financial literacy and access to financial services in the unorganized sector in Purba Medinipur district and find out the effect of the latter on former.
- ii) To examine the effect of demographic and socio-economic factors on both financial literacy and access to financial services.

Hypotheses to be tested

The hypotheses that have to be tested are:

H₀₁: There is no effect of demographic and socio-economic variables on financial literacy.

H₀₂: There is no effect of demographic and socio-economic variables and financial literacy upon access to financial services.

Research design

Data Source: The research work is based on primary data which is collected through a structured questionnaire.

Sampling Frame: The sampling frame for this study includes the people employed in the unorganized sector of Purba Medinipur district of West Bengal.

Sampling Method: Multi-stage random sampling method is applied. First, eight blocks of the district have been chosen, following which five villages have been chosen from each of them. Then, ten respondents from each village are interviewed with the help of a questionnaire. The blocks that are randomly selected include Bhagwanpur-I, Chandipur, Contai-I, Egra-II, Haldia, Panskura, Patashpur-II and Ramnagar-II.

Sample size: Based on our sampling design, the study is conducted on 400 respondents.

Analysis and Findings

General findings

Demographic Profile of the respondents

Table-1: Respondents' Profile

Particulars		Total (%)
Gender	Male	74
	Female	26
Domicile	Rural	90
	Non-Rural	10
Marital Status	Married	89
	Unmarried	11
Age Bands (in years)	16-25	13
	26-35	20
	36-45	25
	46-55	23
	56-65	14
	Above 65	5
Occupation	Landless labour	39
	Cultivator	40
	People having Small Business	21
Avg.Monthly Income (in Rs.)	Less than 5000	32
	5000-7500	33
	7501-10000	18
	10001-12500	10
	Above 12500	7
Family Type	Nuclear	80
	Joint	20
Educational Qualification	Up to V	27
	VI- Class X	44
	Beyond Class X	29

Source: Primary Data

Reliability Test

For the purpose of measuring the reliability of the questionnaire, Cronbach's alpha is computed. The assessment of consistency of the entire scale is measured using this reliability coefficient.

Table-2: Reliability Statistics

Cronbach's Alpha	N of Items
0.833	54

Source: Authors' Calculation

According to researchers, for acceptance of reliability, the cut-off point for Cronbach alpha is 0.70. In our case, the value is 0.833 that justifies the correctness of the questionnaire and also confirms that the scales are reliable enough to be used for further analysis.

Findings relating to Financial Literacy Score

Financial literacy score is collected using the questionnaire which has 36 questions related to it. In order to calculate the score, eight sub-categories viz. FL₁, FL₂, FL₃, FL₄, FL₅, FL₆, FL₇ and FL₈ are however classified into. The abbreviations stand as follows:

- FL₁: Basic awareness about different banking products,
- FL₂: Knowledge about banking products,
- FL₃: Knowledge about regulatory bodies,
- FL₄: Awareness about risk and return on investment and decision making ability,
- FL₅: Awareness about basic financial management concept,
- FL₆: Securing Family Security,
- FL₇: Planning for basic financial necessities, and
- FL₈: Concern for future security.

Factor analysis is run to test the sampling adequacy and determine the weight for the sub-categories which is ultimately used to compute the weighted score. The table below gives the details.

Table-3: KMO and Bartlett's Test: Financial literacy

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		0.776
Bartlett's Test of Sphericity	Approx. Chi-Square	497.626
	Df	28
	Sig.	.000

Source: Authors' Calculation

According to the criterion suggested by Kaiser (1974), a value up to 0.5 is unacceptable. In other words, if the KMO measure exceeds 0.50, factor analysis can be applied. In this case, the KMO measure of 0.776 shows adequate sample size for factor analysis to be applied.

Table-4: Communalities: Financial literacy

Variables	Initial	Extraction
FL ₁	1.000	0.645
FL ₂	1.000	0.454
FL ₃	1.000	0.683
FL ₄	1.000	0.457
FL ₅	1.000	0.604

FL ₆	1.000	0.843
FL ₇	1.000	0.471
FL ₈	1.000	0.628

Extraction Method: Principal Component Analysis.

Source: Authors' Calculation

The table above has been used to arrive at the data-driven weights for computing the weighted score of financial literacy.

$$FLS_i = W_1.FL_{1i} + W_2.FL_{2i} + W_3.FL_{3i} + W_4.FL_{4i} + W_5.FL_{5i} + W_6.FL_{6i} + W_7.FL_{7i} + W_8.FL_{8i}$$

Where, FLS_i is the financial literacy score of the i_{th} respondent,

W_1 is the data driven weight in variable 1 and likewise,

FL_{1i} is the score of i_{th} respondent in sub-category 1 under financial literacy and likewise for the remaining seven sub-categories.

Findings relating to Access to Financial Services (AFS) Score

A similar approach is used for computing the AFS score. Under this factor, the questionnaire is designed to have five sub-categories (AFS_1 to AFS_5).

where, AF_1 is Access to basic banking,

AF_2 is Access to other financial services,

AF_3 is Access to KCC/ATM card,

AF_4 is Usage of Services, and

AF_5 is Easy access to Bank/ATM.

Factor analysis is again run to look into the sample adequacy and to arrive at weights for determining the weighted score. The table below shows the details.

Table-5: KMO and Bartlett's Test of Sphericity: AFS

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		0.631
Bartlett's Test of Sphericity	Approx. Chi-Square	170.492
	Df	10
	Sig.	.000

Source: Authors' Calculation

Table-6: Communalities: AFS

	Initial	Extraction
AFS_1	1.000	0.548
AFS_2	1.000	0.609
AFS_3	1.000	0.534
AFS_4	1.000	0.606

AFS ₅	1.000	0.593
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Extraction Method: Principal Component Analysis.

Source: Authors' Calculation

table above is used for arriving at the data-driven weights for computing the weighted score of access to financial services:

$$AFS_i = Y_1.AF_{1i} + Y_2.AF_{2i} + Y_3.AF_{3i} + Y_4.AF_{4i} + Y_5.AF_{5i}$$

where, AFS_i is the access to financial services score of the ith respondent,

Y₁ is the data driven weight in sub-category 1 and likewise,

AF_{1i} is the score of ith respondent in sub-category 1 under access to financial services and likewise for the remaining four sub-categories.

Test for the effect of demographic variables on financial literacy and access to financial services:

Dependent Variable: Financial Literacy

The multivariate regression analysis is conducted to find the relationship between dependent variable and independent variables. It helps to identify the variation in financial literacy based on variation in different demographic and socio-economic factors.

To test the hypothesis regarding the relationship between Financial Literacy with demographic and socio-economic factors, multiple regression was run, the output of which result is given as follows:

Table-7: Model depicting the relationship between Demographic and Socio-Economic factors with Financial Literacy

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.566	0.321	0.305	2.929

Predictors: (Constant), Educational Qualification, Male Member Ratio, Gender, Family Type, Domicile, Marital Status, Occupation, Income, Age

Source: Authors' Calculation

From the above table, it is evident that the value of R-squared (or coefficient of determination) is 32.1%. It implies that the independent variables like Gender, Domicile, Marital Status, Age, Occupation, Income, Family Type and Educational Qualification together can explain up to 32.1% of the variation in Financial Literacy.

Table-8: ANOVA result: Demographic and Socio-Economic factors with Financial Literacy

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	1581.749	9	175.750	20.474	0.000
	Residual	3347.716	390	8.584		
	Total	4929.465	399			

Dependent Variable: Financial Literacy

Predictors: (Constant), Educational Qualification, Male Member Ratio, Gender, Family Type, Domicile, Marital Status, Occupation, Income, Age.

Source: Authors' Calculation

Based on the table above, the F value is 20.474 which is significant at 1% level (p-value being 0.000). Hence, the overall regression model with Financial Literacy being the dependent variable and Gender, Male Member Ratio, Domicile, Marital Status, Age, Occupation, Income, Family Type and Educational Qualification being the independent variables fits properly.

Table-9: Regression estimate of Financial Literacy

	B	Std. Error	Std. Beta	t value	Sig.	Tolerance	VIF
(Constant)	5.943	0.961		6.182	.000		
Gender	0.088	0.347	0.011	0.253	.800	0.924	1.082
Male Member Ratio	0.069	1.062	0.003	0.065	.949	0.976	1.024
Domicile	0.819	0.681	0.051	1.203	.230	0.975	1.026
Marital Status	0.208	0.516	0.019	0.403	.688	0.793	1.260
Age	0.004	0.122	0.002	0.032	.975	0.741	1.350
Occupation	0.836	0.159	0.238	5.267	.000	0.852	1.174
Income	0.674	0.139	0.228	4.839	.000	0.781	1.280
Family Type	-0.356	0.383	-0.041	-0.931	.353	0.898	1.113
Educational Qualification	0.496	0.074	0.305	6.684	.000	0.834	1.199

Dependent Variable: Financial Literacy, B = Unstandardized Beta

Source: Authors' Calculation

From the above table, it appears that there is no multicollinearity problem among the independent variables considered for the research (all the VIF values being less than 10). Then, the standardized beta values and the probability values provided in coefficient table are

examined to determine which independent variable(s) have a significant impact on Financial Literacy (Table 9).

The standardized regression coefficient values reveal that ‘Occupation’ has a value of 0.238 ($t = 5.267, p = .000$), which indicates a positive and significant impact (at 1% level) on the level of financial literacy. Another demographic variable, ‘Income’ reveals a coefficient value of 0.228 ($t = 4.839, p = .000$), which again reveals a positive and significant impact (at 1% level) on the level of financial literacy. Another variable, ‘Educational Qualification’ having a coefficient of 0.305 is also found to be significant at 1% level ($t = 6.684, p = .000$), which indicates a positive and significant impact on financial literacy.

The above results imply when an individual is engaged in qualitatively better occupation among the various types of unorganized work, s/he is having more financially literate. This also in turn makes such an individual wealthier. Similarly, the more education one acquires, more financial literate s/he can be expected to have.

Dependent Variable: Access to Financial Services

This multivariate regression analysis is conducted to measure the variation in the level of Access to financial services (dependent variable), based on variation in different demographic variables and level of financial literacy (independent variables). The output is given below:

Table-10: Model depicting the relationship between Demographic and Socio-Economic factors and Financial literacy with Access to financial services

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.547	0.299	0.285	1.807

Predictors: (Constant), Male Member Ratio, Educational Qualification, Gender, Domicile, Age, Occupation, Income, Financial Literacy.

Source: Authors’ Calculation

From the above table, it is evident that the coefficient of determination is 29.9%. It implies that the independent variables like Gender, Male Member Ratio, Domicile, Age, Occupation, Income, Educational Qualification and Financial Literacy have explained up to 29.9% of the variation in Access to financial services.

Table-11: ANOVA result: Demographic and Socio-Economic factors and Financial literacy with Access to financial services

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	545.398	8	68.175	20.863	0.000
	Residual	1277.705	391	3.268		
	Total	1823.102	399			

Dependent Variable: Access to Financial Services

Predictors: (Constant), Male Member Ratio, Educational Qualification, Gender, Domicile, Age, Occupation, Income, Financial Literacy

Source: Authors' Calculation

From the ANOVA table, the F-statistic is 20.863 which is found to be significant at 1% level. Hence, the overall regression model with Access to financial services being the dependent variable and Gender, Male Member Ratio, Domicile, Age, Occupation, Income, Educational Qualification and Financial Literacy being the independent variables is a good fit.

Table 12: Regression estimate of Access to financial services

	B	Std. Error	Std. Beta	t value	Sig.	Tolerance	VI F
(Constant)	1.239	0.516		2.403	.017		
Gender	0.408	0.213	0.084	1.918	.056	0.937	1.067
Male Member Ratio	0.039	0.655	0.003	0.060	.952	0.978	1.023
Domicile	0.152	0.421	0.015	0.361	.718	0.972	1.029
Age	0.012	0.068	0.008	0.180	.857	0.917	1.090
Occupation	0.230	0.101	0.108	2.275	.023	0.797	1.255
Income	0.119	0.087	0.066	1.371	.171	0.767	1.304
Educational Qualification	-0.005	0.048	-0.005	-0.106	.915	0.755	1.325
Financial Literacy	0.317	0.031	0.521	10.153	.000	0.681	1.469

Dependent Variable: Access to Financial Services, B = Unstandardized Beta.

Source: Authors' Calculation

From the above table, it appears that there is no multi-collinearity problem among the independent variables considered for the research (all the VIF values being less than 10). Then, the standardized beta values and probability values provided in coefficient table are examined to determine which independent variable(s) have a significant impact on Access to financial services. The variable 'Financial Literacy' with a coefficient of 0.521 ($t = 10.153$, $p = 0.000$) has a significant impact at 1% level on the dependent variable. The demographic variable, 'Occupation' reveals a coefficient value of 0.108 ($t = 2.275$, $p = 0.023$), which indicates a positive and significant impact (at 5% level) on Access to financial services. Interestingly,

though 'Gender' is an important factor, it is found to be significant at 10% level only with a coefficient of 0.084 ($t = 1.918$, $p = 0.056$).

The above results imply that when an individual is engaged in qualitatively better occupation among the various types of unorganized work, s/he is having more Access to financial services. In addition to that when the individual is financially more literate, s/he will have better Access to financial services. Another important observation is that male respondents are having a greater Access to financial services than female respondents.

Findings and Conclusions

The study is an interesting one since it studies two very important aspects like financial literacy and access to financial services which are worrying the policy-makers across the globe. The study observes a significant positive impact of financial literacy upon people's access to financial services. Hence, for the government and banking regulator, it is noteworthy to remember that for bringing about financial inclusion, financial literacy is a must and similarly with more financial literacy, there will be more access to services. This is very natural since more of financial literacy makes people more knowledgeable which will automatically lead them to banking institutions and even insurance companies. In this study, in contrary to the earlier studies, respondent specific access to financial services score has been calculated. In other studies, region wise financial inclusion scores have been used. With regard to the effect of different demographic variables on financial literacy and access to financial services, the study shows that occupation type has a significant effect on both. The other important variables in this context are income and educational level. Thus, the findings of the study give very interesting results which act as a guide to policy-makers in designing ways to improve access to financial services and increase financial literacy standards in the country.

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