

Women's Financial Literacy and Family Financial Fragility

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Abstract : During the COVID-19 pandemic, stress and family financial fragility arose worldwide. Economic and health uncertainty created new pressure on the everyday life of families. The work from home, homeschooling, and care of other family members caused an increase in unpaid work and generated a new division of intrahousehold. As many times before, women have taken the higher burden. This paper analyzes family stress and finance during the COVID-19 pandemic. We propose that women's inclusion in paid and unpaid work and their financial literacy influence family finances. We build up our assumptions according to the two theories that explain intrahousehold family decision-making: traditional and bargaining models. The traditional model assumes that partners specialize in their roles in line with time availability. Consequently, partners less engaged in payable working activities will spend more time on domestic activities and vice versa. According to the bargaining model, each individual has their preferences, and the one with more household bargaining power, e.g., higher income, higher level of education, better employment, or higher financial knowledge, is likely to make family decisions and avoid unpaid work. Our results are based on an anonymous and voluntary survey of 869 valid responses from women older than 18 conducted in Croatia at the beginning of 2021. We found that families who experienced delays in settling current obligations before the pandemic were in a worse financial situation during the pandemic. However, all families reported problems settling current obligations during pandemic times regardless of their financial condition before the crisis. Women from families with financial issues reported higher levels of family and personal stress during the pandemic. Furthermore, we provide evidence that more women's unpaid work negatively affects the family's financial fragility during the pandemic. In addition, in families where women have better financial literacy and are more financially independent, families cope better with finance before and during pandemics.

Keywords : family financial fragility, stress, unpaid work, women's financial literacy

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