

BRIDGING THE GAP: A REVIEW OF FINANCIAL LITERACY AMONG WOMEN IN INDIA AND GLOBALLY

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ABSTRACT

Financial literacy is crucial for achieving economic empowerment, promoting financial inclusion, and fostering gender equality. Despite increased educational and employment opportunities, women, particularly in developing countries such as India, continue to face a significant gap in financial knowledge and decision-making capabilities. This article presents a comprehensive review of recent literature highlighting the current status, challenges, and strategies surrounding women's financial literacy in India and globally. The review highlights the importance of policy-oriented and gender-specific financial education programs in promoting women's economic participation and well-being.

1. Introduction

In today's complex financial landscape, financial literacy has become an essential skill for individuals to manage their personal finances, make informed decisions, and contribute to economic stability. For women, financial literacy goes beyond personal gain—it serves as a pathway to empowerment, independence, and enhanced societal status. However, various studies consistently show that women lag behind men in financial knowledge and behavior, particularly in developing economies like India. This gap is further widened by socio-cultural norms, psychological barriers, and limited access to formal financial services.

2. Conceptual Understanding of Financial Literacy

The Organisation for Economic Co-operation and Development (OECD, 2012) defines financial literacy as “a combination of financial awareness, knowledge, skills, attitude and behaviors necessary to make sound financial decisions and achieve individual financial well-being.” The concept encompasses three key domains:

- **Financial Knowledge:** Understanding concepts like interest, inflation, savings, credit, and investment.

- **Financial Behavior:** Making sound financial decisions such as budgeting, saving, and responsible credit usage.
- **Financial Attitude:** Inclination towards long-term planning and prudent financial management.

3. Discussion and Review of Literature

3.1. Financial Literacy Among Working Women

Several Indian scholars have explored the status of financial literacy among working women. Rawat, Goswami, and Singh (2021) found that, despite having employment and income, women in India continue to exhibit low levels of financial knowledge, underscoring the need for policy interventions. Similarly, Sharma, Parsendiya, and Chauhan (2021) highlighted how societal norms limit women's participation in financial decisions, pointing toward a strong need for educational reform.

Arora and Monika (2021) proposed a conceptual framework that outlines targeted strategies for enhancing financial knowledge among working women. Baluja (2021) noted that cultural and psychological factors—such as dependence on male family members and a lack of confidence—hinder women's financial engagement.

Jain and Roy (2021) observed, in a global context, that lower financial literacy among women leads to weaker economic independence, reinforcing the urgency for inclusive education systems.

3.2. Global Gender Gap in Financial Literacy

The S&P Global Financial Literacy Survey (2015) revealed that nearly 70% of women worldwide lack financial literacy, with the gap being more pronounced in countries such as India. The OECD (2012) emphasized the need for integrated financial education policies that are inclusive and gender-sensitive.

3.3. Rural vs. Urban Disparities in India

In rural India, financial literacy is significantly lower. Raj and Purohit (2021) found that rural women play key roles in agriculture and household management but have little control over financial decisions. Tamboli (2021) reported that over 80% of rural women struggle with basic financial concepts due to poor access to financial institutions.

Patil (2021) emphasized the inadequacy of current outreach efforts, recommending more localized, vernacular-based financial education. Mane (2021) compared urban and rural populations, noting that socio-economic status and exposure significantly influence financial awareness.

Baluja (2021) reaffirmed that urban women fare better than their rural counterparts but still face constraints stemming from societal expectations and a lack of confidence.

3.4. Financial Literacy and Personal Finance

Kebede, Kaur, and Kuar (2015) emphasized that low financial literacy persists even in developed countries and negatively impacts personal finance management. Reddy and Hridhya (2021) linked financial literacy with long-term stability and economic inclusion. Bhatia and Singh (2021) observed that financial well-being correlates strongly with responsible financial behavior, particularly in uncertain situations such as the COVID-19 pandemic.

3.5. Financial Literacy and Women Entrepreneurs

Peter, Geetha, and Gupta (2021) demonstrated that financial literacy has a positive influence on business performance among women entrepreneurs in India. Prabha (2021) noted that educated women entrepreneurs are more confident in handling business finances, which leads to more sustainable outcomes. Jain and Roy (2021) emphasized the role of financial knowledge in helping women optimize resources, expand their enterprises, and contribute to economic development.

Rehman and Mia (2021) synthesized global research and identified seven factors influencing financial literacy: demographic, socio-economic, psychological, technological, societal, financial, and religious factors. They underscored the growing importance of digital financial literacy, particularly as economies transition toward digital banking and fintech.

4. Challenges Hindering Financial Literacy Among Women

4.1. Socio-Cultural Barriers

In many rural regions, entrenched gender norms and societal expectations often restrict women's mobility and access to education. These cultural constraints limit their exposure to financial concepts and services. For instance, in some communities, women may require

permission from male family members to open bank accounts or engage in financial transactions, thereby hindering their economic autonomy.

4.2. Limited Access to Financial Services

Despite the expansion of banking infrastructure, rural women frequently face challenges in accessing financial services. Factors such as geographic isolation, limited transportation, and low digital literacy contribute to this issue. Additionally, financial institutions may not offer products tailored to the unique needs of rural women, further exacerbating the accessibility gap.

4.3. Digital Divide

While digital platforms offer potential solutions for financial inclusion, a significant digital divide exists. Many rural women lack access to smartphones, reliable internet connections, or the skills necessary to navigate digital financial tools. This technological gap prevents them from benefiting from digital banking services, mobile wallets, and online financial literacy programs.

5. Government Initiatives and Policy Interventions

Recognizing the importance of financial literacy for women's empowerment, the Indian government has implemented several initiatives:

- **Pradhan Mantri Jan Dhan Yojana (PMJDY):** This flagship financial inclusion program aims to provide universal access to banking facilities. As of 2021, over 55% of the 460 million accounts opened under PMJDY were in the names of women, indicating a positive trend toward women's financial inclusion.
- **Digital Sakhi Program:** Launched by the Reserve Bank of India, this program trains rural women as digital facilitators, enabling them to assist other women in adopting digital financial services. By empowering women as digital ambassadors, the program aims to bridge the digital literacy gap.
- **Mudra Yojana and Stand-Up India Scheme:** These schemes provide collateral-free loans to women entrepreneurs, facilitating access to capital for starting or expanding businesses. Stand-Up India, in particular, targets women and marginalized communities, offering loans ranging from ₹10 lakh to ₹1 crore for setting up greenfield enterprises.

6. Role of Non-Governmental Organizations (NGOs) and Social Enterprises

NGOs and social enterprises play a pivotal role in enhancing financial literacy among women:

- **NIIT Foundation:** Through its financial literacy programs, NIIT Foundation educates rural women on banking, savings, insurance, and digital transactions. These programs aim to equip women with the skills necessary to manage their finances effectively.
- **Mahila Money:** This digital platform offers microloans and financial education to women entrepreneurs. By providing access to credit and financial training, Mahila Money empowers women to scale their businesses and achieve economic independence.
- **Project Kirana:** Implemented by GenderLinks, this project aims to equip women micro-entrepreneurs with business and digital financial literacy skills. The initiative has led to increased incomes and enhanced business operations among participants.

7. Emerging Opportunities and Future Directions

7.1. Integration of Financial Literacy into Educational Curricula

Incorporating financial literacy into school and college curricula can lay the foundation for informed financial decision-making. Early education on budgeting, saving, and investing can empower young women to manage their finances effectively.

7.2. Leveraging Technology for Financial Education

Developing mobile applications and online platforms that offer financial literacy courses in local languages can reach a broader audience. Interactive modules, videos, and quizzes can make learning engaging and accessible.

7.3. Promoting Women-Centric Financial Products

Financial institutions should design products tailored to the needs of women, such as low-interest loans, savings accounts with no minimum balance requirements, and insurance products that take into account women's health and caregiving responsibilities.

7.4. Encouraging Community-Based Financial Education

Community centers, self-help groups, and local cooperatives can serve as venues for financial literacy workshops. Peer learning and group discussions can enhance understanding and foster a supportive environment for women to share experiences and solutions.

8. Conclusion

Financial literacy is a vital tool for women's empowerment and economic inclusion; yet, a significant gender gap persists, especially in rural India. Despite progress through government schemes and NGO efforts, many women still lack the financial knowledge and access needed for effective participation in the economy.

To address this, there is a clear need for tailored, gender-sensitive financial education programs that take into account socio-cultural realities. Integrating digital literacy and behavioral finance into education, along with targeted awareness campaigns and supportive policies, can significantly strengthen women's financial agency.

A multi-dimensional approach—combining education, technology, inclusive policies, and community involvement—is essential to close the gender gap and foster a financially empowered female population, contributing meaningfully to India's socio-economic development.

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