# A STUDY ON THE IMPACT OF FINANCIAL LITERACY AND ADOPTION OF FINANCIAL SERVICES ON FINANCIAL EMPOWERMENT OF WOMEN

**Dr. CA Rachel George**

Assistant Professor
Department of Accountancy, St. Andrew's College of Arts, Science and Commerce, Mumbai

## ABSTRACT

The financial empowerment of women has emerged as a crucial factor for achieving inclusive growth and gender equality, particularly in developing countries like India. This study examines the role of financial literacy and adoption of financial services in enhancing the financial empowerment of women. Financial literacy equips women with essential knowledge related to savings, investment, and financial planning, while the adoption of financial services, including digital platforms such as mobile banking and UPI, facilitates their active participation in the financial system. Despite increased access to financial services, many women still face challenges due to lack of awareness and socio-economic barriers. Therefore, understanding the combined effect of financial literacy and service adoption becomes essential for improving financial independence and decision-making capabilities among women.

The study is based on primary data collected from 140 women respondents and applies statistical tools such as t-test, ANOVA, and correlation analysis to examine the relationships among variables. The findings reveal that working women exhibit higher levels of financial literacy, adoption of financial services, and financial empowerment compared to non-working women. Additionally, higher educational qualifications significantly improve financial literacy and service adoption. The study also confirms a positive and significant relationship between financial literacy, adoption of financial services, and financial empowerment. These results highlight the importance of promoting financial education and improving access to financial services to enhance women's economic empowerment.

**Keywords:** Financial Literacy, Financial Empowerment, Financial Services Adoption, Women Empowerment.

## INTRODUCTION

The financial empowerment of women has become an essential element of sustainable economic development and gender equality, especially in emerging nations such as India. It pertains to women's capacity to access, manage, and control financial resources, make informed financial decisions, and attain economic independence. Notwithstanding considerable advancements in education and employment, women continue to encounter systemic obstacles, including restricted access to financial services, insufficient financial literacy, and socio-cultural limitations. Financial literacy is essential for overcoming these obstacles by providing women with the requisite knowledge and abilities to handle their finances proficiently, including savings, investments, and credit consumption. Research demonstrates that financially knowledgeable women exhibit greater confidence, independence, and the ability to enhance both home and community economic development.

In recent years, the swift proliferation of financial services, particularly digital financial platforms like mobile banking, UPI, and fintech solutions, has revolutionized the financial environment. The adoption of financial services is currently regarded as a crucial catalyst for financial inclusion, facilitating women's more active engagement in economic activity. Access alone does not ensure empowerment; it must be supplemented by sufficient financial literacy. Studies indicate that financial literacy markedly improves women's capacity to efficiently use financial services, consequently enhancing their financial decision-making and economic results. This underscores the correlation between financial knowledge and the utilization of financial services in fostering financial empowerment for women.

Moreover, empirical research has demonstrated that financial literacy and access to financial services together enhance women's economic empowerment by augmenting their control over income, strengthening savings habits, and bolstering resilience to financial shocks. Women who actively interact with formal financial institutions generally demonstrate increased financial independence and decision-making authority within homes. Financial literacy serves as a fundamental competency, whereas the utilization of financial services offers tangible opportunities for implementing this knowledge. This combination is especially crucial in rural and semi-urban regions, where financial marginalization and insufficient awareness persist as major obstacles.

This study seeks to investigate the influence of financial literacy and the utilization of financial services on the financial empowerment of women. This study aims to elucidate the impact of knowledge and accessibility on women's financial autonomy and decision-making capacity through the analysis of these variables. This research aims to offer significant insights for policymakers, financial institutions, and development agencies in formulating focused strategies to improve financial inclusion and empowerment for women.

## REVIEW OF LITERATURE

1. **Showkat et.al (2025),** In the research paper “The impact of financial literacy on women’s economic empowerment: Exploring the mediating role of digital financial services” The study concludes that financial literacy plays a significant role in enhancing women’s economic empowerment, primarily by improving their financial decision-making capabilities and confidence. It further highlights that digital financial services act as a crucial mediating factor, enabling women to effectively apply their financial knowledge in real-life situations. The integration of financial literacy with digital financial tools not only increases financial inclusion but also strengthens women’s control over financial resources, thereby contributing to their overall empowerment.
2. **Mishra (2024),** In the research paper “Digital financial literacy and its impact on financial decision-making among women” The study finds that digital financial literacy has a strong positive impact on women’s financial decision-making abilities. Women who possess higher levels of digital financial knowledge are more likely to use online banking, digital payments, and other financial technologies efficiently. This enhances their confidence, reduces dependency, and promotes better financial planning, ultimately leading to improved financial independence and empowerment.
3. **Mawad et.al (2025),** In the research paper “Financial literacy as a catalyst for women’s economic empowerment” The research concludes that financial literacy acts as a key catalyst for women’s economic empowerment by equipping them with essential knowledge and skills required for effective financial management. It emphasizes that financially literate women demonstrate better saving behavior, investment decisions, and risk management. As a result, they gain greater control over financial resources and experience increased economic stability and independence.

4. **Desai & Sensarma (2024),** In the research paper "Roles of financial literacy and entrepreneurial orientation in economic empowerment of women" The study concludes that financial literacy, along with entrepreneurial orientation, significantly contributes to the economic empowerment of women. It highlights that women with financial knowledge and entrepreneurial skills are more likely to engage in income-generating activities, improve their financial status, and enhance their decision-making power. The combined effect of these factors leads to sustainable empowerment and economic self-reliance.
5. **Bello (2025),** In the research paper "Women's empowerment through financial literacy initiatives" The study reveals that financial literacy initiatives play a vital role in empowering women by improving their awareness, skills, and access to financial resources. It concludes that structured financial education programs help women develop confidence in managing finances, encourage participation in financial markets, and promote long-term financial security, thereby strengthening their overall socio-economic position.
6. **Teja & Singh (2023),** In the research paper "Financial literacy and women empowerment: A systematic literature review" The systematic review concludes that financial literacy is a fundamental driver of women's empowerment across different socio-economic contexts. The study synthesizes existing literature and finds that improved financial knowledge leads to better financial behavior, increased participation in financial systems, and enhanced decision-making capacity. It also highlights the need for targeted financial education programs to bridge gender gaps in financial inclusion.
7. **Sundarasen (2023),** In the research paper "Women's financial literacy: A bibliometric analysis" The bibliometric analysis concludes that research on women's financial literacy has grown significantly, indicating its increasing importance in policy and academic discussions. The study identifies key themes such as financial inclusion, digital finance, and empowerment, and emphasizes that financial literacy is strongly linked with women's economic independence and social upliftment. It also suggests the need for more region-specific and empirical studies to further strengthen the field.

## RESEARCH GAP

The review of existing literature reveals that while significant research has established the positive relationship between financial literacy and women's economic empowerment, along with the growing role of digital financial services, several gaps still remain. Most studies focus either on financial literacy or digital financial inclusion independently, with limited empirical research examining their combined effect on financial empowerment. Additionally, although mediating factors like digital financial services have been explored, there is a lack of region-specific studies, particularly in the Indian context, that capture socio-cultural, economic, and accessibility differences among women. Furthermore, many studies are conceptual or based on secondary data, highlighting the need for primary, micro-level empirical analysis to understand real behavioral patterns. There is also insufficient focus on how the actual adoption of financial services translates into measurable empowerment outcomes such as decision-making power and financial independence. Hence, the present study attempts to bridge these gaps by jointly analyzing financial literacy and adoption of financial services and their impact on financial empowerment of women using primary data.

## RESEARCH METHODOLOGY

The study adopts a descriptive and analytical research design based on primary data collected from 140 women respondents using a structured questionnaire. A simple random sampling technique was used to ensure unbiased representation. The questionnaire included demographic variables such as age, qualification, and employment status, along with Likert-scale statements to measure financial literacy, adoption of financial services, and financial empowerment. Data analysis was carried out using statistical tools including frequency analysis, independent sample t-test, ANOVA, and Pearson correlation to examine differences and relationships among variables. The reliability and validity of the data were ensured through a pilot study and structured data collection procedures.

## DATA ANALYSIS

### Demographic Factor

| Sr No. | Particular | Category | Frequency | Percent |
|---|---|---|---|---|
| 1 | Age | Up to 30 years | 30 | 21.4 |
| | | 31-40 years | 50 | 35.7 |
| | | 41-50 years | 40 | 28.6 |
| | | Above 50 years | 20 | 14.3 |
| 3 | Qualification of respondents | Up to HSC | 40 | 28.6 |
| | | Graduate | 60 | 42.9 |
| | | Postgraduate | 30 | 21.4 |
| | | Professional degree | 10 | 7.1 |
| 2 | Employment Status | Working Woman | 60 | 42.9 |
| | | Non-Working Woman | 80 | 57.1 |

The frequency distribution shows that out of 140 respondents, 50 respondents (35.7%) belong to the 31–40 years age group, which is the largest category, followed by 40 respondents (28.6%) in the 41–50 years group, 30 respondents (21.4%) up to 30 years, and 20 respondents (14.3%) above 50 years. In terms of qualification, the majority are 60 graduates (42.9%), followed by 40 respondents (28.6%) with education up to HSC, 30 postgraduates (21.4%), and 10 respondents (7.1%) with professional degrees. Regarding employment status, 80 respondents (57.1%) are non-working women, while 60 respondents (42.9%) are working women. This distribution indicates that the sample is dominated by middle-aged, graduate-level, and non-working women respondents.

## OBJECTIVE AND HYPOTHESIS

### Objective 1 To Study Financial Literacy, Adoption of Financial Services and Financial Empowerment among the women respondents.

**Null Hypothesis $H_{01}$:** There is no significant difference in Financial Literacy, Adoption of Financial Services and Financial Empowerment among the women respondents according to Employment Status.

**Alternate Hypothesis $H_{11}$:** There is a significant difference in Financial Literacy, Adoption of Financial Services and Financial Empowerment among the women respondents according to Employment Status.

To Study the above null Hypothesis, Independent Samples test is used and results are as follows:

| Independent Samples Test | | | | | |
|---|---|---|---|---|---|
| | t-test for Equality of Means | | | | |
| | t | df | P-value | Mean Difference | Std. Error Difference |
| Financial Literacy | 2.296 | 138 | .023 | 5.017 | 2.185 |
| Adoption of Financial Services | 4.500 | 138 | .000 | 9.217 | 2.048 |
| Financial Empowerment | 4.376 | 138 | .000 | 8.517 | 1.946 |

**Interpretation:** Above results indicate that p-value is 0.023. It is less than standard value of 0.05. Hence null hypothesis is rejected and alternate hypothesis is accepted.

**Conclusion:** There is a significant difference in Financial Literacy, Adoption of Financial Services and Financial Empowerment among the women respondents according to Employment Status.

**Findings:** To understand the findings of hypothesis, mean score of Financial Literacy, Adoption of Financial Services and Financial Empowerment among the women respondents is calculated and presented in the following table.

| Group Statistics | | | | | |
|---|---|---|---|---|---|
| | Employment Status | N | Mean | Std. Deviation | Std. Error Mean |
| Financial Literacy | Working Woman | 60 | 74.87 | 13.681 | 1.766 |
| | Non-Working Woman | 80 | 69.85 | 12.092 | 1.352 |
| Adoption of Financial Services | Working Woman | 60 | 73.67 | 11.321 | 1.461 |
| | Non-Working Woman | 80 | 64.45 | 12.472 | 1.394 |
| Financial Empowerment | Working Woman | 60 | 78.47 | 10.876 | 1.404 |
| | Non-Working Woman | 80 | 69.95 | 11.770 | 1.316 |

The group statistics indicate a clear difference between working and non-working women across all three dimensions, financial literacy, adoption of financial services, and financial empowerment. Working women show higher mean scores in financial literacy (74.87) compared to non-working women (69.85), suggesting better understanding of financial concepts and decision-making abilities. Similarly, in the adoption of financial services, working women (73.67) outperform non-working women (64.45), indicating greater usage of banking, digital payments, and fintech services. The gap is also evident in financial empowerment, where working women (78.47) report higher levels than non-working women (69.95), reflecting greater financial independence and confidence. Although both groups show some variability (as seen in standard deviations), the consistently higher mean scores for working women highlight the significant role of employment in enhancing financial awareness, access, and empowerment.

**Objective 2 To Study Financial Literacy, Adoption of Financial Services and Financial Empowerment according to qualification of women respondents.**

**Null Hypothesis $H_{02}$:** There is no significant difference in Financial Literacy, Adoption of Financial Services and Financial Empowerment among the women respondents according to qualification.

**Alternate Hypothesis $H_{12}$:** There is a significant difference in Financial Literacy, Adoption of Financial Services and Financial Empowerment among the women respondents according to qualification.

To Study the above null Hypothesis, ANOVA test is used and results are as follows:

| Variable | P-value | Accepted/Rejected |
|---|---|---|
| Financial Literacy | 0.000 | Rejected |
| Adoption of Financial Services | 0.000 | Rejected |
| Financial Empowerment | 0.056 | Accepted |

**Interpretation:** For, Financial Literacy and Adoption of Financial Services it indicate that p-value is less than standard value of 0.05. Hence null hypothesis is rejected and alternate hypothesis is accepted.

For, Financial Empowerment indicate that p-value is more than standard value of 0.056. Therefore, the f-test is accepted. Hence null hypothesis is accepted and alternate hypothesis is rejected.

**Conclusion:** For Financial Literacy and Adoption of Financial Services, there is a significant difference in Financial Literacy, Adoption of Financial Services and Financial Empowerment among the women respondents according to Employment Status.

For Financial Literacy and Adoption of Financial Services, there is no significant difference in Financial Literacy, Adoption of Financial Services and Financial Empowerment among the women respondents according to qualification.

**Findings:** To understand the findings of hypothesis, mean score of Financial Literacy, Adoption of Financial Services and Financial Empowerment among the women respondents according to qualification is calculated and presented in the following table.

| **Report** | | | |
|---|---|---|---|
| Mean | | | |
| Qualification | Financial Literacy | Adoption of Financial Services | Financial Empowerment |
| Up to HSC | 60.70 | 63.40 | 69.90 |
| Graduate | 72.00 | 67.20 | 73.60 |
| Postgraduate | 81.07 | 75.87 | 77.07 |
| Professional degree | 90.00 | 73.20 | 78.00 |
| Total | 72.00 | 68.40 | 73.60 |

The mean analysis based on qualification reveals a strong positive relationship between educational level and financial outcomes. Respondents with up to HSC education report the lowest scores in financial literacy (60.70), adoption of financial services (63.40), and financial empowerment (69.90), indicating limited financial awareness and engagement. As the level of education increases, there is a noticeable improvement, with graduates showing moderate levels and postgraduates demonstrating significantly higher scores across all dimensions, particularly in financial literacy (81.07) and adoption (75.87). Respondents with a professional degree exhibit the highest financial literacy (90.00) and strong empowerment levels (78.00), though their adoption score (73.20) is slightly lower than postgraduates. Overall, the trend clearly indicates that higher educational attainment enhances financial knowledge, encourages the use of financial services, and strengthens financial empowerment, emphasizing the importance of education in improving financial capability.

**Objective 3 To Study the impact of Financial Literacy, Adoption of Financial Services on Financial Empowerment according of women respondents.**

**Null Hypothesis $H_{03}$:** There is no impact of Financial Literacy, Adoption of Financial Services on Financial Empowerment according of women respondents.

**Alternate Hypothesis $H_{13}$:** There is an impact of Financial Literacy, Adoption of Financial Services on Financial Empowerment according of women respondents.

To Study the above null Hypothesis, Correlation test is used and results are as follows:

| **Correlations** | | | | |
|---|---|---|---|---|
| | | Financial Empowerment | Financial Literacy | Adoption of Financial Services |
| Financial Empowerment | Pearson Correlation | 1 | .318** | .400** |
| | P-value | | .000 | .000 |
| | N | 140 | 140 | 140 |
| Financial Literacy | Pearson Correlation | .318** | 1 | .431** |
| | P-value | .000 | | .000 |
| | N | 140 | 140 | 140 |
| Adoption of Financial Services | Pearson Correlation | .400** | .431** | 1 |
| | P-value | .000 | .000 | |
| | N | 140 | 140 | 140 |
| **. Correlation is significant at the 0.01 level (2-tailed). | | | | |

**Interpretation:** Above it indicate that p-value is less than standard value of 0.05. Hence null hypothesis is rejected and alternate hypothesis is accepted.

**Conclusion:** There is an impact of Financial Literacy, Adoption of Financial Services on Financial Empowerment according of women respondents.

**Findings:** The correlation analysis reveals a positive and statistically significant relationship among financial literacy, adoption of financial services, and financial empowerment. Financial empowerment shows a moderate positive correlation with financial literacy ($r = 0.318$, $p < 0.01$) and a slightly stronger correlation with adoption of financial services ($r = 0.400$, $p < 0.01$), indicating that individuals who are more financially literate and actively use financial services tend to be more financially empowered. Additionally, financial literacy and adoption of financial services are also moderately correlated ($r = 0.431$, $p < 0.01$), suggesting that better financial knowledge encourages greater use of financial products and services. Since all relationships are significant at the 0.01 level, it confirms that these variables are closely interlinked, and improvements in financial literacy and service adoption can meaningfully enhance financial empowerment among respondents.

## CONCLUSION

The study concludes that financial literacy and adoption of financial services play a significant role in enhancing the financial empowerment of women. Working women and those with higher educational qualifications demonstrate better financial awareness, greater use of financial services, and higher levels of financial independence. The positive correlation among the key variables confirms that improving financial knowledge and access to financial tools can significantly strengthen women’s decision-making power and economic stability. Therefore, policymakers and financial institutions should focus on promoting financial education programs and expanding access to digital and formal financial services to achieve inclusive and sustainable empowerment of women.

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