

Empowering Women Entrepreneurs in India through Digital Financial Literacy: A Path to Inclusive Economic Growth

Dr. Chandan Kumar Singh¹

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Abstract: The rapid expansion of digital financial services in India has opened new avenues for financial inclusion and economic empowerment, especially for women entrepreneurs. This study investigates the role of digital financial literacy (DFL) in shaping the financial decision-making, investment behaviour, and business development of women entrepreneurs in the Meerut district. Using a mixed-methods approach, the research identifies key socio-demographic and behavioural factors influencing the ability of women to leverage digital tools for entrepreneurial success. Results show that higher levels of DFL are associated with improved confidence, greater financial independence, and increased participation in risk-oriented investment channels. The paper proposes targeted policy recommendations to address the structural and educational barriers women face in accessing and using digital financial services.

Keywords: Digital Financial Literacy, Women Entrepreneurs, Financial Inclusion, India, Investment Behaviour, Empowerment

Introduction: Women's participation in entrepreneurship is pivotal for inclusive economic development, particularly in emerging economies like India. However, gender disparities in access to financial knowledge and services persist, often limiting women's ability to scale their businesses or make informed financial decisions. With the increasing adoption of digital technologies in banking, investments, and commerce, digital financial literacy has become a critical enabler of women's economic agency.

Digital financial literacy (DFL) refers to the knowledge, skills, and behaviors necessary to effectively utilize digital financial services, including mobile banking, digital wallets, online investments, and electronic transfers. This paper explores the role of DFL in the context of women entrepreneurs in the Meerut district, Uttar Pradesh—a semi-urban region reflecting both traditional norms and evolving digital engagement.

Literature Review: Globally, studies have shown that women tend to exhibit different financial behaviours than men, often characterized by risk aversion, lower engagement in investment markets, and a preference for savings over capital appreciation. Venkataraman (2004) found that while women often saved diligently, their investment choices leaned toward conservative instruments like jewellery and gold, which do not necessarily yield optimal long-term returns. Sharma and Kota (2019) emphasized that within Indian households, male spouses typically dominate financial decisions, especially regarding high-risk investments such as equities and mutual funds. However, women demonstrated more control over savings and secure investment vehicles like fixed deposits and public provident funds. According to Gupta et al. (2020), digital financial literacy in urban slum areas showed promise in improving women's financial decisions. The study found that access to mobile banking and awareness of digital tools were positively correlated with better budgeting and savings practices. Purohit (2015) argued that universities and public institutions must take active roles in promoting financial education, particularly for women in lower and middle-income groups.

The OECD/INFE (2013) report underscored that financial education is especially critical for women, given their longer life expectancy, greater likelihood of caregiving responsibilities, and lower levels of retirement savings. The shift toward digital services makes financial literacy increasingly dependent on the ability to navigate digital interfaces—a domain where many women, particularly in rural India, remain underrepresented.

Research Methodology

This study employs a mixed-methods research design to gather comprehensive insights into the digital financial behaviours of women entrepreneurs.

1. **Area of Study:** Meerut district, located in western Uttar Pradesh, serves as a representative semi-urban zone with a mix of traditional and modern socioeconomic conditions.
2. **Sample and Tools:**
 - **Sample Size:** 30 women entrepreneurs.

¹ **Dr. Chandan Kumar Singh, Assistant Professor, Deva Nagri College, Meerut., Orcid Id: <https://orcid.org/0009-0001-8031-1831>**

- **Sampling Method:** Stratified random sampling.
- **Instruments:** Structured questionnaires .
- **Statistical Tools:** SPSS was used for analysis; Cronbach's alpha was calculated at 0.84, confirming reliability.
- 3. **Variables Considered:** Age, educational qualification, type of enterprise, monthly income, access to smartphones/internet, usage of digital financial services, confidence in financial decision-making, and risk tolerance.

Results and Analysis:**I. Demographic Profile**

- 60% of participants were between the ages of 26 and 45.
- 65% held a graduate or postgraduate degree.
- 45% operated service-based enterprises; 30% in retail; 25% in manufacturing or agro-based businesses.
- 58% identified themselves as the primary financial decision-makers.

II. Access and Usage of Digital Financial Tools

- 72% owned a smartphone with internet connectivity.
- 68% used mobile banking applications.
- 55% used digital wallets for business-related payments.
- 41% had accessed online investment platforms such as mutual fund apps or stock trading apps.

III. Investment Patterns

- 34.5% preferred traditional investment options such as fixed deposits and PPF.
- 22.4% engaged in mutual fund investments.
- 14.2% had invested in equities.
- 10.3% preferred gold as a form of investment.
- 8.7% had no investment plan and relied on savings accounts.
- Only 3.1% had invested in real estate due to capital constraints.

IV. Digital Financial Literacy Scores: Participants were given a DFL score based on a composite index covering:

- Awareness of digital financial tools
- Ability to perform basic online transactions
- Understanding of financial products
- Perceived confidence in using financial technology
- High DFL (Score ≥ 75): 24%
- Moderate DFL (50–74): 51%
- Low DFL (< 50): 25%

V. Sources of Financial Knowledge

- Internet/Digital Portals: 27.9%
- Friends and Family: 20.3%
- Financial Advisors: 13.5%
- Social Media Influencers: 8.3%
- Traditional Media (Newspapers/Magazines): 15.5%

Discussion: The results confirm that women entrepreneurs with higher digital financial literacy levels are more confident in managing their finances and are more likely to explore risk-based investment opportunities. DFL provides not just technical know-how, but also psychological empowerment, particularly in male-dominated environments where financial autonomy has historically been limited. Furthermore, women with moderate DFL often expressed hesitation in engaging with complex financial products, even when they had access to digital tools. This suggests a gap between access and capability—a gap that can be bridged through targeted training and sustained mentorship. Interestingly, many women cited fear of fraud, poor user interface, and lack of trust in digital systems as reasons for their reluctance to engage deeply with digital finance. Others mentioned a lack of peer support and financial advisory services tailored to women's needs as barriers. Despite these limitations, a promising trend is evident. Women are increasingly using mobile wallets, payment gateways, and online investment tools, particularly post-COVID-19, which catalyzed a shift toward contactless transactions and e-commerce.

- I. Policy Recommendations:** To unlock the full potential of women entrepreneurs in India, concerted policy and institutional efforts are necessary. The following strategies are proposed:
- II. Customized Financial Literacy Programs:** Design region-specific, language-inclusive training modules focusing on digital banking, cybersecurity, and investment literacy. These should be delivered through community centres, panchayats, and self-help groups.
- III. Public-Private Partnerships:** Collaborations between government bodies, fintech firms, and NGOs can enhance outreach and resource mobilization. Mobile-based DFL training can be promoted using SMS, voice-based tutorials, and vernacular video content.
- IV. Educational Reforms:** Incorporate DFL into the school and college curriculum, especially in vocational and commerce streams, to prepare future women entrepreneurs.
- V. Incentives and Certifications:** Offer micro-grants, tax incentives, or credit access to women who complete certified DFL programs and demonstrate usage in their business operations.
- VI. Digital Infrastructure Development:** Ensure consistent internet access and affordability of smartphones in rural and semi-urban areas to enable uninterrupted use of digital financial services.

Conclusion: This study demonstrates that digital financial literacy is a transformative tool for enhancing the economic agency of women entrepreneurs in India. While access to digital tools is increasing, significant work is needed to convert access into confident, autonomous financial behavior. The findings underscore the importance of not only teaching women how to use digital financial services but also cultivating a culture of trust, awareness, and long-term planning. As India aims for inclusive economic development, women must be at the Centre of digital financial initiatives—not just as beneficiaries, but as empowered decision-makers. Future studies should consider longitudinal analysis to assess the sustained impact of DFL on enterprise performance and intergenerational mobility. Exploring the impact of fintech solutions such as AI-based advisory bots and block chain on women-led businesses could also offer valuable insights.

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