Impact of Financial Literacy on Women's Empowerment in Urban India

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Abstract

Financial literacy empowers women through providing necessary financial information and skills. The study has analyzed the impact of FL on women's empowerment within Urban India. India's financial service sector has been changed due to increased market complexity. There are only 33% of women who are investing with confidence while there are 64% of men who invests. Adopting the TPB (*Theory of Planned Behavior*) model is significant and can assist in predicting intentions along with accurate behaviour. This study aims to analyse the impact of financial literacy on the urban Indian women by a primary quantitative analysis of survey responses. The findings of the study indicate that the women who hold higher financial literacy levels exhibit a stronger control over finances and financial independence. This research concludes that building up financial literacy improves economic resilience, drives sustainable development of the society and fosters gender equality.

Chapter 1: Introduction and Review of Literature

1.1. Rationale for the Study and Motivation

Financial literacy drives and empowers women through providing them with necessary financial information and skills. It further enables the women to take accurate economic decisions and allows them to thrive in any financial environments. The goal of the study is to promote digital financial literacy on any financial decision making while considering the impact of support provided by the government on digital financial literacy (Mishra *et al.* 2024). The study will evaluate if there are any requirements to create necessary awareness associated with financial literacy among women. This information that contained in this study will further assist most women in changing their investment behaviour.
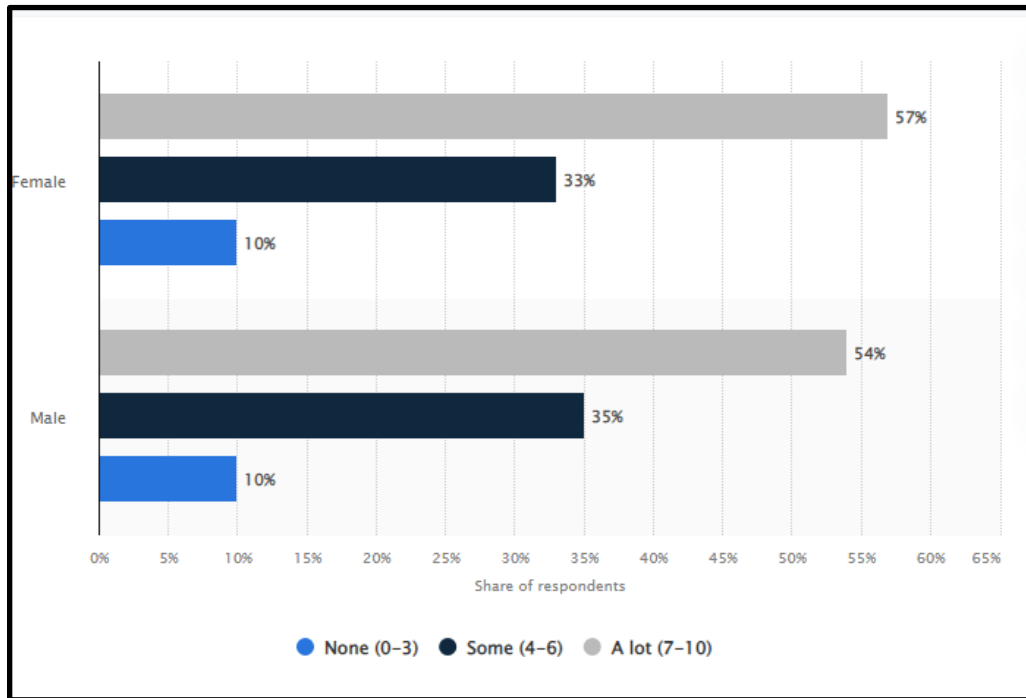
Figure 1.1.1: Opinions on control of women's personal finances India 2020

(Source: Rathore, 2023)

The above image shows the survey that has been conducted in the year 2020. In that survey, over half of the respondents who are resident of India concurred that maximum women would have power over their personal finances that is at 57 percent of females along with around 54 percent of male respondents (Rathore, 2023). While there was also 10 percent of both female and male respondents who used to believe that most of the Indian women had hardly any control. However, the study will address the issues that cause problems in understanding the impact of financial literacy on women empowerment within urban India.

1.2. Statement of the Research Problem

There is insufficient knowledge and awareness about financial literacy among women in Urban India leading to wrong investment behaviour and wrong decision making.

1.3. Review of Literature

The financial service sector of India has almost been changed because of increased market complexity and disclosure to any advanced financial technology and also the financial responsibility of an individual has been increased. The study has mentioned that literacy has been the key indicator that has been significant for development. There are nearly 27% of Indians who are financially literate as per the educational national centre (Kumari and Agrawal, 2022). There are a small percentage of women who are focusing on developing their wealth and any investment with confidence in comparison with males. There are only 33% of females who are investing with confidence while there are 64% of males who invest with confidence. Hence, financial literacy is required for almost every woman that can assist them in living their life according to their own preferences.

The findings of the study have revealed that financial literacy significantly amplifies the advantages of digital financial services in accurately promoting economic empowerment of women. The results of the study have also effectively underscores the critical significance of incorporating financial literacy into numerous digital financial services. It is significant as it can enhance economic engagement of women and also can promote gender equality

(Showkat *et al.* 2025). Along with that, the implications of the findings are also suggesting that both policymakers along with practitioners are required to prioritize many financial literacy initiatives in digital platforms in order to maximize effectiveness.

The study has mentioned that women's empowerment has become one of the major critical issues within global development. Even despite their contribution, women are facing discrimination mainly in different countries. The study has highlighted the importance of women entrepreneurship and mentioned that the growth of women entrepreneurship is necessary in order to empower females (Andriamahery and Qamruzzaman, 2022). It will also assist women in enhancing their financial situation. Though encouraging the women to begin and operate within business, the women SMEs can enhance their financial potential significantly. It helps them to get financial autonomy that ultimately helps in boosting their confidence and can also make their own financial decisions.

1.4. Identification of Research Gaps

Financial literacy is significant in enabling several informed financial decisions while EEW women's economic empowerment is ultimately enhancing the agency as well as social well being of the women. There is a notable gap that exists in the research that is insufficient understanding about the impact of several variables on female's economic outcomes. There is no sufficient information advisable that helps to know about financial literacy and its impact on women empowerment. The study also suggested that future research is required in order to explore more about financial literacy along with digital inclusion. Addressing the gap is necessary for gaining deep insights about the factors that facilitate or may also hinder economic empowerment of women by financial literacy. Due to insufficient information, further research is required that will help in providing deep insights regarding the topic. It will help to make the study informative that is essential for the women in enhancing knowledge regarding financial aspects.

1.5 Theoretical underpinnings

1.5.1 *Theory of Planned Behavior (TPB)*

Adopting the TPB model is very significant and it can help in predicting both intentions along with actual behaviour that is concerning financial inclusion. 'Theory of Planned Behaviour (TPB)' is significant in analyzing the relationships that mainly exist among financial literacy, digital financial services, along with economic empowerment that is among women. Furthermore, this framework is also providing a comprehensive approach that helps in providing deep understanding about the factors that are influencing women's adoption. It also helps in providing understanding about the sustained use of DFS (*Digital Financial Services*) and also their decision-making processes regarding financial areas. These are key areas in accurately achieving EEW (*Economic Empowerment*).

As stated by the TPB theory there are numerous aspects including attitudes, different subjective norms, perceived behavioural control that have influenced both intentions and actions. In the study, TPB has been employed to provide a clear understanding about the perceptions of women about financial literacy (Showkat *et al.* 2025). In addition to that, it also provides knowledge on their FLB (Corresponding Financial Behaviours) and these are almost integral to accurately achieving economic empowerment. Furthermore, attitudes are the keys in indicating the value that is placed on financial knowledge. It also indicates the value of several subjective norms that encompass social influences that is on financial behaviour along with perceived behavioural control that is significant in reflecting confidence in accurately managing finances.

Chapter 2: Research Methodology

2.1 Scope of the Study

The study analyses role of financial literacy in empowering urban Indian women through enhancing their financial decision-making capabilities and economic independence. It evaluates how the dynamic of financial knowledge influences the confidence of women in managing household and personal finances, their access to different investment and banking tools and their participation in economic decision-making. The research covers women from different socio- economic backgrounds, like self-employed individuals, working professionals, unemployed women and homemakers. It evaluates their savings behaviour, investment habits, financial awareness and barriers to financial literacy, like lack of educational resources, limited financial training and societal restrictions. This study is restricted to the urban India, where formal banking access and digital financial services are prevalent. The study aims to give an actionable recommendation for educators, financial institutions and policymakers which help in enhancing initiatives of financial education and ensuring broader financial empowerment and inclusion.

2.2 Research Objectives

● To evaluate the knowledge of financial awareness like budgeting, banking services, financial instruments, saving and investments among urban women.

● To identify the decision-making pattern and financial behaviour of women.

● To assess the barriers to financial literacy and the relationship between financial empowerment and financial literacy.

● To recommend educational strategies and policy interventions to improve financial literacy

2.3 Research Tools and Techniques

Research Tools:

1. **Survey-Based Data Collection** – A structured questionnaire was used to collect primary data from 101 participants.

2. **Google Forms** – Online survey platform utilized for data gathering and distribution.

3. **Stratified Random Sampling** – A probability sampling technique ensuring diversity in participants based on education, employment status, and age.

4. **MS Excel** – Used for statistical analysis, data visualization, and hypothesis testing.

Research Techniques:

1. **Descriptive Statistics** – Mean, standard deviation, and other statistical measures were used to summarize the data.

2. **Correlation Analysis** – Evaluated relationships between financial literacy, financial behavior, and economic independence.

3. **Regression Analysis** – Assessed the linear relationship between dependent and independent variables.

4. **Hypothesis Testing** – Employed p-values and t-tests to validate research hypotheses.

5. **Literature Review** – Analyzed previous studies and theoretical frameworks, including the Theory of Planned Behavior (TPB).

2.4 Framing of Research Hypotheses

- *H1:* Women with higher financial literacy are more financially empowered.

- *H2:* Education and employment level significantly affects financial literacy and decision- making capabilities.

- *H3:* Women who actively participate in financial decision-making in households have greater financial confidence.

2.5 Research Design

This study follows a quantitative research approach through the use of a survey-based primary data collection. A structured questionnaire is used for data gathering. A survey is conducted through Google form and distributed to urban Indian women by online platforms. The research utilises a Stratified Random Sampling method" to ensure diversity in education, employment status and age. Stratified sampling is a probability sampling technique wherein the universe's characteristics are interpreted in relation to a specific variable (Iliyasu and Etikan, 2021). The data is examined by using Excel-based descriptive statistics, t-tests, correlation analysis, regression analysis and hypothesis testing to evaluate the relationships between financial literacy and empowerment. The research design secures a systematic and evidence-based evaluation of financial literacy's influences on women's financial independence and their confidence.

2.6 Methods for Data Collection & Variables of the study

Through using online surveys to gather primary quantitative data from 101 participants, the study successfully integrated a primary quantitative method for data collection. According to Karunarathna *et al.* (2024), primary data refers to distinct, unpublished information that the researcher has personally collected for a specific study goal. For gather quantitative data that can be measured, calculated, and statistically assessed, the study employs primary data collection. The study employs a structured questionnaire distributed through digital platforms, educational institutions and women's organisations which help in ensure diverse representation.

Dependent Variable (DV): Financial literacy

Independent Variables (IV): Financial empowerment, financial behaviour, and economic independence.

Chapter 3: Data Analysis and Interpretation

3.1 Techniques for Data Analysis
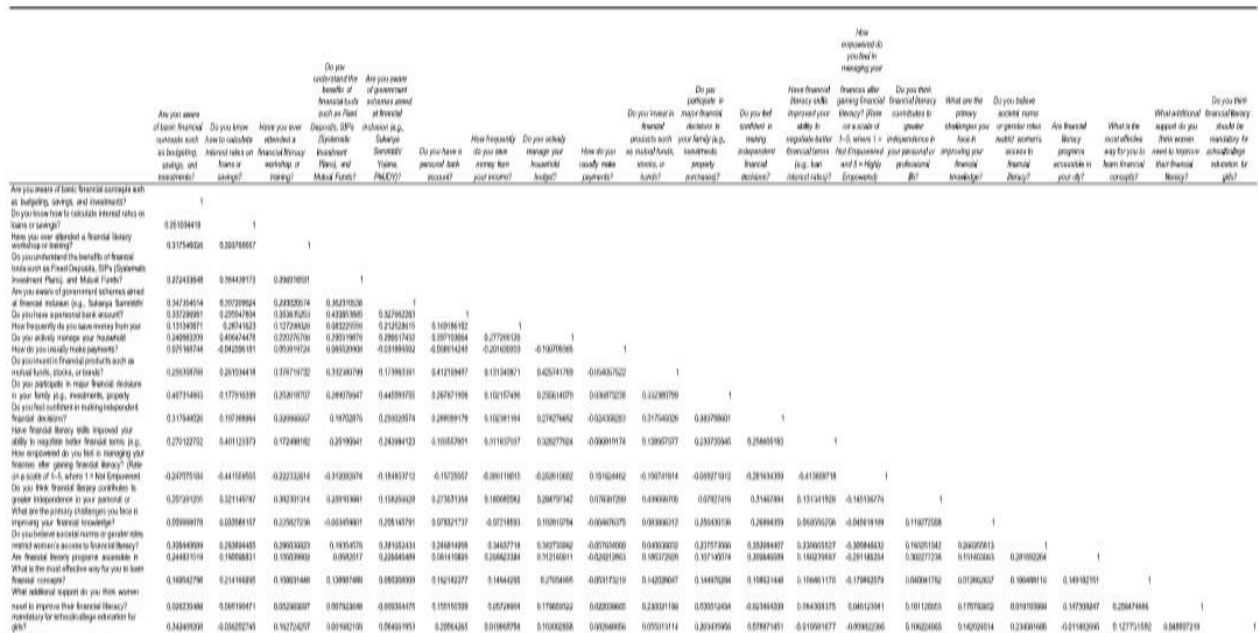
3.1.1 Descriptive Statistics

	What is your age group?	What is your marital status?	What is your highest level of education?	What is your current employment status?	What is your monthly household income?	Are you aware of basic financial concepts such as budgeting, savings, and investments?	Do you know how to calculate interest rates on loans or savings?	Have you ever attended a financial literacy workshop or training?	Do you understand the benefits of financial tools such as Fixed Deposits, SIPs (Systematic Investment Plans), and Mutual Funds?
Mean	2.277228	1.831683	2.792079	2.118812	2.871287	1.178218	1.306931	1.257426	1.247525
Standard Error	0.092403	0.069038	0.085962	0.092584	0.088624	0.03827	0.046122	0.043722	0.043157
Median	2	2	3	2	3	1	1	1	1
Mode	2	2	3	2	3	1	1	1	1
Standard Deviation	0.928642	0.69382	0.863908	0.930453	0.890656	0.384605	0.463521	0.439397	0.433727
Sample Variance	0.862376	0.481386	0.746337	0.865743	0.793267	0.147921	0.214851	0.193069	0.188119
Kurtosis	-0.60761	-0.89359	-0.20298	-0.78463	-0.50091	0.932321	-1.30392	-0.74633	-0.6016
Skewness	0.409254	0.237925	-0.53067	0.366934	-0.43541	1.707118	0.849885	1.12643	1.187733
Range	3	2	3	3	3	1	1	1	1
Minimum	1	1	1	1	1	1	1	1	1
Maximum	4	3	4	4	4	2	2	2	2
Sum	230	185	282	214	290	119	132	127	126
Count	101	101	101	101	101	101	101	101	101
Confidence Level(95.0%)	0.183326	0.136969	0.170546	0.183683	0.175827	0.075926	0.091505	0.086742	0.085623

Figure 3.1.1.1: Descriptive Statistics

(Source: MS EXCEL)

The above descriptive analysis of a clustered condition among the data collected illustrates the clustered condition of the scattering among the data that is evaluated through standard deviation and mean values. In the case of the section of demographic status, the mean values had been identified to be ranging between 1.831683168 and 2.871287129, while the standard deviation value ranges between 0.693819961 and 0.930452887. The section regarding "Awareness and Knowledge of Financial Literacy" had a mean value range of 1.178217822 and 1.306930693, while the standard deviation value range was within 0.384604722 and 0.463520749. The section for the survey on "Financial Behavior and Practices" had a mean value range of 1.138613861 and 2.188118812, while the standard deviation value range was within 0.347266554 and 0.913376935.

The data of the section for "Decision-Making and Empowerment" had a mean value range of 1.128712871 and 3.663366337, while the standard deviation value range was within 0.336552116 and 1.151322958. The data gathered through the survey in the section of "Barriers to Financial Literacy" had a mean value range of 1.188118812 and 2.366336634, while the standard deviation value range was within 0.392756191 and 1.055677719. The data gathered through the survey in the section of "Recommendations and Feedback" had a mean value range of 1.079207921 and 2.227722772, while the standard deviation value range was within 0.27140996 and 0.893097846.

3.1.2 *Correlation Analysis*

Figure 3.1.2.1: Correlation Analysis

(Source: MS EXCEL)

In the case of the correlation analysis, the results indicated the existence of positive and negative correlation among the research variables of "financial literacy" as the dependent variable and the three independent variables included "financial empowerment", "financial behavior", and "economic independence". The statement "Have financial literacy skills improved your ability to negotiate better financial terms (e.g., loan interest rates)?" aligned the most with dependent variables (hereinafter DV), while the data of the statement "How empowered do you feel in managing your finances after gaining financial literacy?" is the representative of the independent variable "financial empowerment" (hereinafter IV 1), with a correlation value of -0.413869718. The data for the question "Do you actively manage your household budget?" had been comprehensively associated with the IV of "financial behaviour" (hereinafter IV 2), that had in relation to the DV resulted in the correlation value 0.328277924. The statement "Do you feel confident in making independent financial decisions?" is selected as the representative of the

independent variable of "economic independence" (hereinafter IV 3) and the correlation value in association to the dependent variable was 0.258605183.

3.1.3 *Regression Analysis*

Regression Statistics

Multiple R	0.413869718
R Square	0.171288144
Adjusted R Square	0.162917317
Standard Error	0.725454793
Observations	101

ANOVA

	df	SS	MS	F	Significance F
Regression	1	10.76910607	10.76910607	20.46251192	1.69178E-05
Residual	99	52.10218106	0.526284657		
Total	100	62.87128713			

	Coefficients	Standard Error	t Stat	P-value	Lower 95%	Upper 95%	Lower 95.0%	Upper 95.0%
Intercept	2.697639677	0.241854386	11.15398285	3.38864E-19	2.217748116	3.177531238	2.217748116	3.177531238
How empowered do you feel in managing your finances after gaining financial literacy? (Rate on a scale of 1–5, where 1 = Not Empowered and 5 = Highly Empowered)	-0.28503137	0.063010538	-4.52355081	1.69178E-05	-0.410057946	-0.160004796	-0.410057946	-0.160004796

Figure 3.1.3.1: Regression Analysis between DV and IV 1

(Source: MS EXCEL)

The above table indicates the linear relation between the DV and IV 1 had the R value and R square value under the regression statistics were 0.413869718 and 0.171288144 respectively. The p- value is identified as resulting as 1.69178E-05, while the t statistics value was -4.523550809. The coefficient value was identified as -0.285031371. These results indicated that there is a negative and insignificant linear relation among the variables.

Regression Statistics

Multiple R	0.32827792
R Square	0.1077664
Adjusted R Square	0.09875393
Standard Error	0.75274498
Observations	101

ANOVA

	df	SS	MS	F	Significance F
Regression	1	6.775411989	6.77541199	11.9574886	0.000803827
Residual	99	56.09587514	0.566625		
Total	100	62.87128713			

	Coefficients	Standard Error	t Stat	P-value	Lower 95%	Upper 95%	Lower 95.0%	Upper 95.0%
Intercept	0.89520624	0.231718713	3.86333167	0.00019983	0.435426056	1.35498643	0.435426056	1.35498643
Do you actively manage your household budget?	0.61761427	0.17860653	3.45796018	0.00080383	0.263220174	0.97200837	0.263220174	0.972008366

Figure 3.1.3.2: Regression Analysis between DV and IV 2

(Source: MS EXCEL)

Through the above presentation of the linear relation between the DV and IV 2, the R value and R square value under the regression statistics were 0.328277924 and 0.107766395 respectively. The p- value is identified as resulting as 0.000803827, while the t statistics value was 3.457960178. The coefficient value was identified as 0.61761427. These results indicated that there is a positive and significant linear relation among the variables.

Regression Statistics	
Multiple R	0.25860518
R Square	0.06687664
Adjusted R Square	0.05745115
Standard Error	0.76980036
Observations	101

ANOVA

	df	SS	MS	F	Significance F
Regression	1	4.204620462	4.20462046	7.09529703	0.009023107
Residual	99	58.66666667	0.59259259		
Total	100	62.87128713			

	Coefficients	Standard Error	t Stat	P-value	Lower 95%	Upper 95%	Lower 95.0%	Upper 95.0%
Intercept	1.06666667	0.233231561	4.57342335	1.3909E-05	0.603884662	1.52944867	0.603884662	1.529448672
Do you feel confident in making independent financial decisions?	0.46666667	0.175194912	2.66369988	0.00902311	0.11904196	0.81429137	0.11904196	0.814291373

Figure 3.1.3.3: Regression Analysis between DV and IV 3

(Source: MS EXCEL)

The linear relation between the DV and IV 3 as seen through the linear regression as depicted by the R value and R square value under the regression statistics were 0.258605183 and 0.06687664 respectively. The p- value is identified as resulting as 0.009023107, while the t statistics value was 2.663699876. The coefficient value was identified as 0.466666667. These results indicated that there is a positive and significant linear relation among the variables.

3.2 Hypotheses Testing and Methods

As seen through the above results, and particularly through the regression analysis of the study, the hypotheses were tested in association of the data assessed and the linear relations that are evaluated for understanding the statistical validity and significance of the hypotheses being statistically significant.

H1: Women with higher financial literacy are more financially empowered.

The p- value had resulted to be 1.69178E-05, that is far greater than the threshold of 0.05 in the standard p- value set for the evaluation of the statistical significance between the dependent
variable "financial literacy" and the independent variable "financial empowerment". Moreover, observing the t statistic and coefficient values were both negative as well. It could be considered that the hypothesis is potentially statically insignificant.

H2: Education and employment level significantly affects financial literacy and decision- making capabilities.
The p- value was 0.000803827, hence $p < 0.05$, indicating a statistical significance between the dependent variable "financial literacy" and the independent variable "financial behaviour". The t- statistics and coefficient values also resulted positive. The H2 hypothesis is potentially valid and significant in statistical context.

H3: Women who actively participate in financial decision-making in households have greater financial confidence.
The p- value is 0.009023107 ($p < 0.0.5$), and the t- statistic and correlation values are positive, all indicating a statistically significant relation between the dependent variable "financial literacy" and independent variable "economic independence". H3 could be considered as statistically significant as a hypothesis.

3.3 Data Interpretation

On interpretation of the findings, it could be seen in the case of descriptive statistics, the research items, as per their categorical sections, had all been illustrated to have clustered condition in terms of their central tendencies. Moreover, the correlation analysis had noted that there was a negative relation among the variables of "financial empowerment" with "financial literacy", however, there is a positive relation between the variables "financial behaviour" and "economic independence" with "financial literacy". Additionally, the same had been identified to be applicable in the case of the linear relations between the variables. In assessment of the data and its interpretations, it is observed that financial literacy is more related with financial behaviour and economic independence.

Chapter 4: Findings and Recommendations

4.1 Research Outcome and Findings

The study reveals that there is a positive as well as negative correlation between women's empowerment and financial literacy in urban India. The dynamic of financial literacy enhances the financial independence of women, as women with higher financial knowledge remain confident in any form of financial decision-making. Employment and education significantly impact financial literacy, highly educated and employed women demonstrate a better skill in financial management. The barriers of financial literacy are remain prevalent, limited accessibility, lack of financial educational dynamic and cultural norms hinder financial empowerment. The result emphasises the need for structured financial literacy programs to strengthen women's financial empowerment. Financial literacy programs can also help in improving empowerment, as women who participate in the initiatives of financial education have more confidence in managing their financial dynamics.

4.2 Theoretical Implication

The study aligns with the Theory of Planned Behaviour (TPB) suggests that investment in financial education helps enhance the economic productivity of women. The findings of the research support the notion which financial education can reduce dependency, foster gender equality and increase financial stability. These theoretical insights emphasise the need for policy interventions and institutional support to integrate financial literacy into the initiative of women's empowerment.

4.3 Managerial Implication

Financial institutions can easily increase their market participants by offering tailored financial products which meet women's needs. High-quality financial products and services that satisfy users' needs and assist them in achieving economic stability and bettering their financial health are required (Bello, 2024). Programs for corporate financial literacy can help the female employees develop their abilities and skills for financial management, which will also help them in increase their economic resilience.

While community-level awareness campaigns can help close the financial literacy gaps among women who are not employed, workplace-based financial literacy training can help women build long-term financial planning skills. Financial literacy programs may benefit from being combined with community-level initiatives and policy changes (Cedeño *et al.* 2021). This program also helps to increase the capital of low-income families and supports the constructive changes that young people from low-income households are attempting to make for themselves.

4.4 Limitations of the Study

The study is urban-centric; it does not address the challenges of financial literacy in rural areas. It collected primary data; respondents may provide only socially desirable answers rather than any accurate behaviour of financial

dynamics. Socio-cultural and psychological factors are affecting the financial empowerment are not explored deeply.

4.5 Conclusions

Financial literacy is the key driver of women's empowerment, economic participation, decision- making capability and influencing financial independence. Women are playing a significant role in every field in the twenty-first century. Any nation's success depends on the empowerment of its women. Financial literacy serves human capital form for empowering the women to participate in the decision-making process of financial dynamics, contribute towards economic growth and improve its financial well-being. Women gain confidence and a means of further development, particularly when they are literate and capable of making their own financial decisions. Women who are financially literate can investigate business opportunities and investments, fostering economic empowerment and wealth creation. Key recommendations are integrating the dynamic of financial education in the formal learning, targeted schemes by the government and different workplace initiatives to enhance women's financial inclusion.

4.6 Scope for Future Research

Future studies can further explore the level of rural financial literacy, assess the psychological factors that influence the financial decision-making process and compare regional variations. Expanding research through includes qualitative insights through accessing the present data and interviews can present a deep understanding of women's financial opportunities and challenges.

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