

## Impact of Digital Financial Literacy on Women Entrepreneurs and Women's Education.

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### Abstract

Financial literacy and digital financial literacy have emerged as essential factors in promoting women's economic empowerment and entrepreneurial development in the modern digital economy. As financial systems increasingly rely on digital platforms and technology-driven services, entrepreneurs must possess not only financial knowledge but also the ability to navigate digital financial tools effectively. Women entrepreneurs, particularly in developing countries, often face structural barriers such as limited financial knowledge, lack of access to digital resources, and socio-cultural constraints that restrict their economic participation.

This study examines the impact of digital financial literacy on women entrepreneurs and its role in enhancing financial inclusion, business performance, and economic empowerment. The research adopts a mixed-method approach by combining primary data collected through surveys with secondary data obtained from scholarly literature and institutional reports.

**Keywords:** Digital financial literacy, Women entrepreneurs, Financial inclusion, Economic empowerment.

### Introduction

The global economy has undergone a significant transformation due to the rapid advancement of digital technologies. Financial services, which were once dependent on physical banking institutions, have increasingly shifted toward digital platforms. Mobile banking, online payment systems, digital wallets, and financial technology (FinTech) applications have revolutionized the way individuals and businesses conduct financial transactions. In this context, digital financial literacy has emerged as an essential skill for participating effectively in the digital economy. Digital financial literacy refers to the ability to understand and use digital financial tools, products, and services in a safe and effective manner. It combines traditional financial literacy with digital competencies that enable individuals to manage financial resources through technology-driven platforms. For entrepreneurs, especially women entrepreneurs, digital financial literacy is becoming increasingly important for sustaining and expanding business activities.

Women entrepreneurs play a crucial role in economic development by creating employment opportunities, fostering innovation, and contributing to local and national economic growth. However, women often face systemic barriers that limit their entrepreneurial potential. These barriers include limited access to financial resources, lack of financial education, restricted mobility, and cultural norms that discourage women's participation in economic decision-making. Digital financial platforms have the potential to address these barriers by providing alternative methods for accessing financial services. For example, mobile banking applications and digital payment systems allow entrepreneurs to conduct transactions quickly and securely without visiting physical banking institutions.

Despite these opportunities, the adoption of digital financial tools among women entrepreneurs remains uneven. A significant gender gap persists in digital financial literacy, particularly in rural and low-income communities. Women are often less familiar with digital financial technologies due to limited exposure, lack of training, and socio-cultural constraints. Closing the digital financial literacy gap is therefore essential for promoting women's economic empowerment. By equipping women entrepreneurs with digital financial knowledge and skills, governments and organizations can enhance their ability to manage businesses, access financial services, and compete in the global marketplace.

This study explores the impact of digital financial literacy on women entrepreneurs and examines how financial knowledge influences business performance and economic empowerment. It also identifies the challenges faced by women entrepreneurs in adopting digital financial technologies and proposes policy recommendations to address these challenges.

Financial literacy has long been recognized as a fundamental factor influencing individuals' financial behaviour and economic well-being. Lusardi and Mitchell (2014) define financial literacy as the ability to use knowledge and skills to manage financial resources effectively for long-term financial security. Financial literacy includes understanding concepts such as budgeting, saving, investing, debt management, and risk assessment. Numerous studies have demonstrated that individuals with higher financial literacy levels are more likely to make sound financial decisions, accumulate savings, and manage debt effectively. In the context of women's economic empowerment, financial literacy plays a particularly important role because it enables women to take control of financial decisions and participate actively in economic activities.

Recent research has emphasized the growing importance of digital financial literacy. As financial services increasingly migrate to digital platforms, individuals must acquire both financial knowledge and digital competencies to access and utilize these services effectively.

Shalini R. C. conducted a study focusing on financial awareness among women entrepreneurs. The study found that women are gradually moving beyond traditional gender roles and are increasingly participating in entrepreneurial activities. Financial literacy was identified as a key factor contributing to this shift. The relationship between financial literacy and women's economic empowerment and found that digital financial services act as an important mediator in this relationship. Women who possess higher levels of financial literacy are more likely to adopt digital financial tools, which in turn improves their economic independence. The financial behaviour of women entrepreneurs and observed that financially literate women demonstrate a strong understanding of financial concepts such as compound interest, inflation, investment diversification, and stock markets. This knowledge enhances their ability to manage business finances and plan long-term investments.

It explored the role of digital financial literacy in shaping financial decision-making among women in India. Their findings suggest that digital technologies enable women entrepreneurs to overcome traditional barriers related to credit access by using alternative data to assess creditworthiness. Another important dimension of financial literacy is the role of microfinance institutions in promoting financial inclusion. It was found that microfinance programs that incorporate financial literacy training significantly improve women's financial capabilities and economic stability.

Advancing entrepreneurs' empowerment through digital literacy is pivotal, especially for women entrepreneurs who often face systemic barriers. Digital literacy equips entrepreneurs with the knowledge and skills needed to navigate the digital landscape, access financial resources, and expand their businesses effectively. By fostering digital literacy among women entrepreneurs, we empower them to take control of their financial futures, make informed decisions, and capitalize on opportunities in the digital economy. Digital literacy enables women to leverage digital platforms for marketing, networking, and accessing financial services, thus leveling the playing field and enhancing their competitiveness in the market. Moreover, digital literacy fosters resilience and adaptability among women entrepreneurs, enabling them to respond effectively to market dynamics and overcome challenges. Through access to digital resources and training programs, women entrepreneurs can enhance their digital skills, innovate in their business practices, and drive sustainable growth.

In addition to financial institutions, several global initiatives aim to improve women's financial literacy. Programs such as the International Finance Corporation's "Women and Money" initiative and Visa's "Financial Independence for Women" program have demonstrated positive outcomes in enhancing financial knowledge and business performance among women entrepreneurs. Despite these initiatives, several barriers continue to limit women's financial literacy.

Addressing these barriers requires comprehensive strategies that integrate financial education with digital technologies and gender-sensitive policies. Still women entrepreneurs continue to face significant challenges in accessing financial resources and developing financial knowledge. Many women lack the digital financial literacy necessary to effectively utilize online banking systems, digital payment platforms, and fintech applications. The lack of digital financial literacy restricts women's ability to manage business finances, access credit, and participate in digital marketplaces. As a result, women entrepreneurs may struggle to expand their businesses or compete with more technologically equipped entrepreneurs.

Furthermore, socio-cultural norms and gender biases often limit women's exposure to financial education and digital technologies. In many communities, financial decision-making is traditionally dominated by men, which discourages women from actively engaging in financial matters. This study aims to investigate the relationship between digital financial literacy and women's entrepreneurship in order to understand how financial knowledge can enhance economic empowerment and business performance. The main objectives of this research is to assess the level of digital financial literacy among women entrepreneurs.

### **Role of Digital Financial Literacy in Women's Empowerment**

Digital financial literacy empowers women by providing them with the knowledge and skills required to manage financial resources effectively. It enhances women's confidence in financial decision-making and enables them to participate actively in economic activities. Through digital financial literacy, women entrepreneurs can utilize digital payment systems, manage online transactions, and maintain digital financial records. These capabilities improve business efficiency and transparency. Digital financial literacy also enables women to access a broader range of financial services, including online credit platforms, insurance products, and investment opportunities. Furthermore, digital financial literacy reduces dependence on informal financial intermediaries and increases financial autonomy.

### **Women's Digital Entrepreneurship**

Digital entrepreneurship refers to the creation and operation of businesses that rely on digital technologies and online platforms. Women entrepreneurs increasingly use digital platforms such as social media and e-commerce websites to market products and services. In 21st Century, the transformation of social fabric of the Indian society, in terms of increased educational status of women and varied aspirations for better living, necessitated a change in the life style of Indian women. Woman constitutes the family, which leads to society and Nation. Entrepreneurship is the state of mind which many women have in her but has not been capitalized in India in way in which it should be. Due to change in environment, now people are more comfortable to accept leading role of women in our society, though there are

some exceptions. She has competed with man and successfully stood up with him in every walk of life and business. These women leaders are assertive, persuasive and willing to take risks. They managed to survive and succeed in this cut throat competition with their hard work, diligence and perseverance. Developing and developed nations have realized that developing women entrepreneurship is indispensable to flourish, as economically dominant nations in the modern high-tech world. Therefore, creation of platforms and networks for entrepreneurial culture are prominent issues globally. —The best thermometer to the progress of a nation is its treatment of its women. - —Swami Vivekananda.

### **Challenges Faced by Women Entrepreneurs:**

Women entrepreneurs in India encounter multifaceted challenges that constrain their ability to start and grow businesses. These can be classified into internal and external barriers.

#### **Financial Barriers:**

Limited access to finance remains a significant impediment. Financial institutions often perceive women entrepreneurs as higher-risk borrowers due to lack of collateral and lower credit history, restricting their access to formal loans and capital. Many women lack formal business education, managerial skills, and training essential for entrepreneurship. This limits their capacity to develop business plans, understand regulatory frameworks, or navigate digital markets. Deeply ingrained gender norms restrict women's mobility, decision-making power, and professional networking opportunities. Traditional social expectations often assign household responsibilities to women, limiting the time and resources they can allocate to entrepreneurship.

Women Entrepreneurs may be defined as the women or a group of women who initiate, organize and operate a business enterprise. The Government of India has defined women entrepreneurs as —an enterprise owned and controlled by women having a minimum financial interest of 51 per cent of the capital and giving at least 51 per cent of the employment generated in the enterprise to women. Women founders often face difficulties in establishing market presence due to intense competition and lack of support networks. Inadequate infrastructure, technology access, and market exposure further constrain growth. Despite challenges, several prospects are transforming women entrepreneurship in India.

#### **Financial inclusion and its impact on India's economic growth:**

Financial inclusion, defined as the provision of affordable financial services to all societal segments, plays a pivotal role in India's economic development. By granting individuals and businesses access to essential financial services—such as banking, credit,

insurance, and digital payment systems—financial inclusion fosters economic growth, reduces poverty, and minimizes income disparities. Empirical studies have demonstrated a positive correlation between financial inclusion and India's GDP growth, highlighting its significance in the nation's economic advancement. Government initiatives, including the Pradhan Mantri Jan Dhan Yojana, have been instrumental in promoting financial inclusion by facilitating the opening of bank accounts and providing access to financial services for the unbanked population. These efforts have led to increased financial literacy, improved savings rates, and enhanced credit availability, thereby contributing to economic stability and growth. Furthermore, the development of Digital Public Infrastructure (DPI), encompassing systems like the Unified Payments Interface (UPI) and Aadhaar, has revolutionized financial transactions in India. This digital transformation has made financial services more accessible, efficient, and secure, thereby accelerating economic activities and fostering inclusive growth.

In short, financial inclusion serves as a catalyst for economic growth in India by integrating marginalized populations into the formal financial system, enhancing resource allocation, and promoting equitable development. Financial inclusion has emerged as a key driver of economic development in India, aiming to provide affordable and accessible financial services to all sections of society. The government, regulatory bodies, and financial institutions have recognized its potential in fostering inclusive growth and reducing poverty.

With advancements in digital banking, microfinance, and fintech innovations, financial inclusion has gained momentum in recent years. This paper explores the Role of Financial Inclusion in Economic Growth and the Role of Digital Financial Services along with a review of relevant literature and policy objectives. Definition of Financial Inclusion Financial inclusion refers to the process of ensuring access to appropriate financial products and services—such as savings accounts, credit, insurance, and payment systems—at affordable costs to disadvantaged and low-income segments of society. The ultimate goal of financial inclusion is to create an inclusive financial system that enables individuals and businesses to participate in the formal economy, leading to overall economic stability and growth. In exploring the role of digital financial services, the study evaluates the adoption of mobile banking, UPI transactions, and fintech innovations. Statistical models and trend analysis are used to measure digital financial services' contribution to financial accessibility and economic growth.

Platforms such as WhatsApp Business, Instagram, and online marketplaces allow women entrepreneurs to reach wider audiences and expand their customer base. Digital entrepreneurship also promotes innovation and flexibility, allowing women to operate businesses from home while balancing family responsibilities. The findings of the study

indicate a strong positive relationship between digital financial literacy and entrepreneurial performance among women entrepreneurs. Women with higher digital financial literacy demonstrated better financial management practices and were more likely to adopt digital financial tools. These entrepreneurs also showed higher levels of business growth, improved customer engagement, and greater financial stability.

However, several challenges were identified, particularly among rural entrepreneurs who face limited internet connectivity and lack of digital infrastructure. Educational background was also found to influence digital financial literacy levels, with more educated women demonstrating greater adoption of digital financial technologies. India is undoubtedly becoming digital at a very rapid pace. In the process, women should not be left out and hence policies to make them virtually inclusive should be the core. Giving women equal access to smartphones and the internet will give them the information and tools they need to contribute to the country's economy. Because smartphone ownership encourages internet usage, it is crucial to increase the number of women who own smartphones. Additionally, digital literacy initiatives should be accelerated by joining hands with the Digital Literacy Mission, and efforts to eradicate gender-based digital discrimination should be made.

## Recommendations

Introduce digital financial literacy training programs specifically designed for women entrepreneurs. Improve digital infrastructure in rural areas to facilitate access to online financial services. Promote collaboration between government agencies, financial institutions, and NGOs to expand financial education initiatives. Develop user-friendly digital financial platforms with regional language support. Encourage public-private partnerships to support women entrepreneurs through digital financial training and mentorship programs.

## Conclusion

Digital financial literacy plays a crucial role in promoting women's entrepreneurship and economic empowerment. Women entrepreneurs who possess digital financial knowledge are better equipped to manage businesses, access financial services, and adapt to the rapidly evolving digital economy. The findings of this study highlight the importance of strengthening digital financial literacy programs to bridge the gender gap in financial knowledge and technology adoption. By investing in financial education and digital infrastructure, policymakers and institutions can empower women entrepreneurs and foster inclusive economic growth.

Enhancing women's digital financial literacy not only improves individual livelihoods but also contributes to broader societal development by promoting gender equality, economic

participation, and sustainable entrepreneurship. To conclude the strengthening digital financial literacy among women entrepreneurs can significantly improve their economic opportunities and business sustainability. The research recommends policy interventions such as digital literacy training programs, expansion of digital infrastructure, gender-sensitive financial education initiatives, and collaboration between government agencies, financial institutions, and non-governmental organizations. Women entrepreneurs remain a vibrant component that not only will boost the economy, but also will render transformational social and personal development.

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