



# Financial Literacy As The Foundation For Women's Economic Empowerment

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**Abstract:** An essential step on the path to women's economic empowerment is financial literacy. Women's ability to achieve financial independence and security is hampered by the gender gap in financial literacy, notwithstanding notable advancements in a number of fields. This article highlights the value of financial education in advancing gender equality as it examines the relationship between financial literacy and women's economic empowerment. It examines recent research, notes socioeconomic and cultural obstacles, and showcases effective financial literacy initiatives across the globe. According to the research, women who possess financial literacy are considerably better able to manage their money, make wise decisions, and engage more actively in the economy. Initiatives like She Counts and the Global Banking Alliance for Women have shown promise in raising women's financial literacy and outcomes. Additionally, internet resources and digital tools have become popular ways to deliver easily accessible financial education, especially in underprivileged areas. The significance of financial literacy in encouraging women to establish and grow businesses is highlighted in this article, which also shows how financially savvy women are more likely to do so. It also looks at how financial services catered to women's needs by microfinance organizations empowers women.

The topic of debate is the necessity of public-private partnerships and gender-sensitive financial policies in order to advance thorough financial education. We can unleash women's potential and reap the rewards of wider economic growth and societal advantages by bridging the gap in financial literacy. In order to support women's economic empowerment, this article ends with legislative proposals and a call to action for stakeholders to finance financial literacy.

Keywords: women empowerment, financial literacy, economic empowerment.

## 1.Introduction

Financial knowledge is a crucial first step toward women's economic empowerment. Despite significant improvements in several industries, women still face obstacles in achieving financial stability and independence due to the gender disparity in financial literacy. This article explores the connection between women's economic empowerment and financial literacy, highlighting the importance of financial education in promoting gender equality. It looks at current studies, highlights socioeconomic and cultural barriers, and highlights successful financial literacy programs around the world.

Financial literacy encompasses a range of skills and knowledge that enable people to make informed financial decisions. One of them is being aware of financial principles such as budgeting, investing, saving, and debt management. Women benefit greatly from financial literacy since it equips them with the knowledge and abilities needed to manage their money, whether it is for running their own businesses or creating household budgets. Data routinely gathered in this area indicates that, on average, women do less well than men on financial literacy tests. For instance, according to the Global Financial Literacy Excellence Center (GFLEC), just 30% of women and 35% of men worldwide are financially literate. Rather from being a simple statistical fluke, this discrepancy is a reflection of larger social, cultural, and educational gaps.

Many factors contribute to the difference in financial literacy between men and women. One significant contributing factor is educational inequality, especially in developing countries where girls often have less access to high-quality education. If women do not have a basic education, they are less likely to acquire the financial literacy needed for economic activity. Cultural norms and gender roles exacerbate this issue significantly. Women are discouraged from getting involved in financial matters since financial decision-making is often perceived as a male domain in many communities. In addition, women are disproportionately impacted by financial limitations such as poverty, which limits their access to credit and educational opportunities. These barriers make it more difficult for women to acquire financial literacy, which lowers their chances of becoming economically independent.

Despite these challenges, numerous international initiatives and organizations are working to increase women's financial literacy. Organizations like the Global Banking Alliance for Women and initiatives like She Counts by Women's World Banking have created financial education and resources especially for women. Encouraging indicators of success have been observed as a result of these activities, which have improved financial results and given women the confidence to take care of their financial lives. Digital and online tools and resources are also crucial for improving financial education accessibility. With the use of smartphone apps like "LearnVest" and "My Money," as well as online courses offered by websites like Coursera and Khan Academy, women may learn vital financial information from any location.

Both personal financial management and entrepreneurship require a certain level of financial literacy. Strong financial literacy increases a woman's chances of starting and expanding successful businesses. In order to help female entrepreneurs secure finance and manage the financial side of their enterprises, organizations like the Cherie Blair Foundation for Women offer financial education and guidance. Furthermore, particularly in marginalized communities, microfinance institutions play a critical role in empowering women financially. By providing small loans and tailored financial services, these groups assist women in launching and expanding their own enterprises. This aids in the financial circumstances of women and fosters community growth.

One cannot overstate the significance of financial literacy in the process of empowering women economically. Planning ahead, making informed decisions, and achieving financial independence are all made possible by this essential skill for women. Closing the gender gap in financial literacy requires comprehensive approaches that include financial services, policy-making, and education. This article explores the intricate connection between women's economic empowerment and financial literacy, highlights successful projects and programs, and makes recommendations for increasing women's financial literacy. By closing the gap in financial literacy, we can unleash the potential of women and set the stage for a more prosperous and inclusive society.

## 2. Literature Review

### 2.1 Why Financial Literacy Is Important ?

It is commonly acknowledged that financial literacy is an essential ability for managing one's own finances and participating in the economy.

Lusardi and Mitchell (2014) define financial literacy as the ability to use knowledge and skills to manage financial resources effectively for a lifetime of financial well-being. Financial literacy encompasses a range of competencies, including budgeting, saving, investing, and understanding financial products and risks. Research consistently shows that higher levels of financial literacy are associated with better financial outcomes, such as increased savings, lower debt levels, and more prudent investment choices (Lusardi & Mitchell, 2014; Atkinson & Messy, 2012).

### 2.2 Current Patterns in Gender Inequalities and Financial Literacy

Having a solid understanding of finance is still essential to achieving economic emancipation, especially for women. Globally, there are still notable gender differences in financial literacy, according to recent studies.

A 2020 study by the Global Financial Literacy Excellence Center (GFLEC) found that women consistently scored lower than men on financial literacy assessments, with only 33% of women displaying basic financial knowledge compared to 45% of men (Lusardi & Mitchell, 2020). This gap is not only prevalent in developing countries but also in developed nations, indicating persistent systemic barriers.

### 2.3 Cultural and Socioeconomic Barriers

There are various cultural and socioeconomic reasons that lead to the disparity in financial literacy between men and women.

A 2021 OECD report revealed that women often have less access to financial education and resources due to long-standing educational inequalities and cultural norms that discourage women from engaging in financial matters (OECD, 2021). Additionally, women are more likely to face economic barriers such as lower incomes and higher rates of poverty, which limit their opportunities to acquire and apply financial knowledge (Demirgüç-Kunt et al., 2020).

### 2.4 The Significance of Digital Financial Knowledge

One important trend that has surfaced in recent years is the increase in digital financial literacy. For women who might not have as much mobility as males or access to traditional financial education resources, digital platforms provide flexible and accessible financial education. A study by the Financial Literacy and Education Commission (FLEC) in 2021 highlighted the effectiveness of digital tools like mobile apps, online courses, and webinars in improving financial literacy among women (FLEC, 2021).

### 2.5 The Effect of Women's Economic Empowerment on Financial Literacy

The financial empowerment of women is significantly impacted by financial literacy. According to recent studies, financially savvy women are better equipped to handle their own finances, choose wisely when making investments, and make long-term plans. A 2022 study by the World Bank found that women who received financial education were significantly more likely to start and sustain successful businesses (World Bank, 2022).

### 2.6 Successful Financial Literacy Programs

Several recent programs have successfully enhanced women's financial literacy. For example, the "Women and Money" initiative by the International Finance Corporation (IFC) focuses on providing tailored financial education to women entrepreneurs in developing countries. The program has shown significant improvements in participants' financial knowledge and business performance (IFC, 2022). Similarly, the "Financial Independence for Women" initiative by Visa provides practical financial education through digital platforms, reaching millions of women worldwide (Visa, 2021).

### 2.7 Microfinance and Women's Financial Empowerment

Microfinance continues to play a crucial role in promoting financial literacy and economic empowerment among women. Recent evaluations of microfinance programs indicate that these initiatives not only provide women with essential financial services but also enhance their financial literacy through integrated training and support (Banerjee et al., 2020). These programs help women build financial resilience, improve their economic stability, and contribute to community development.

### 2.8 Policy Recommendations

Addressing the gender gap in financial literacy requires comprehensive and targeted policy interventions. Recent recommendations emphasize the need for integrating financial education into school curricula, with a focus on gender-sensitive approaches (OECD, 2021). Governments and financial institutions should develop and promote financial products and services that cater specifically to women's needs. Public-private partnerships are also essential in funding and implementing effective financial literacy programs (World Bank, 2022).

### 3. Statement of the problem

Despite significant progress in gender equality and women's rights globally, women continue to face substantial barriers to economic empowerment. One of the most pervasive challenges is the lack of financial literacy, which severely limits women's ability to make informed financial decisions, access financial services, and achieve economic independence. Financial literacy is essential for managing personal finances, planning for the future, and participating fully in the economy. However, many women, particularly in low- and middle-income countries, remain undereducated about financial matters, which hinders their ability to capitalize on economic opportunities.

This problem is compounded by the fact that women often have less access to financial education and resources compared to men. Cultural norms, educational inequalities, and limited access to financial products tailored to their needs exacerbate this gap. As a result, women are more likely to be excluded from formal financial systems, less likely to save or invest, and more vulnerable to economic shocks. This lack of financial literacy not only affects individual women but also has broader implications for their families and communities, perpetuating cycles of poverty and limiting economic growth.

The existing research highlights the importance of financial literacy in enhancing women's economic outcomes, but there is a need for more targeted interventions that address the specific challenges faced by women. These include the development of financial literacy programs that are accessible, culturally relevant, and tailored to the unique needs of women, especially in underserved and marginalized communities. Given the critical role of financial literacy in empowering women and fostering economic development, this study seeks to explore the extent of financial literacy among women and its impact on their economic empowerment. The study will also examine the effectiveness of current financial education initiatives and identify strategies to improve financial literacy among women, thereby enhancing their ability to achieve financial independence and contribute to economic growth.

### 4. Objectives

The primary objective of this research is to investigate how financial literacy can support women's economic empowerment. The study's particular goals are to:

#### 4.1 Evaluate Women's Financial Literacy Level:

To assess women's financial literacy today across a range of socioeconomic categories, emphasizing differences in financial expertise and comprehension.

#### 4.2 Analyse the Effect of Women's Economic Empowerment on Financial Literacy:

To look at the ways that financial literacy affects women's capacity to handle personal finances, obtain financial services, make educated financial decisions, and become economically independent.

#### 4.3 Determine the Obstacles to Women's Financial Literacy:

To determine the main barriers cultural, educational, and institutional that keep women from gaining financial literacy, paying special focus to those who live in low- and middle-income nations.

#### 4.4 Assessing the Programs' Effectiveness in Financial Literacy

To determine best practices and areas for improvement, as well as to assess how well the current financial literacy programs and initiatives are doing at improving women's financial knowledge and skills.

#### 4.5 Formulate Plans to Improve Women's Financial Literacy:

To give suggestions and initiatives for financial companies, educational institutions, and policymakers aimed at enhancing financial literacy among women, especially those from marginalized and underprivileged groups.

#### 4.6 Examine How Technology Can Help With Financial Literacy

The aim of this study is to evaluate the potential of digital tools and Fintech innovations in reaching women who are not reached by traditional financial literacy programs, and to investigate how these technologies may be used to increase women's access to financial education.

#### 4.7 Evaluate the Prolonged Effects of Financial Literacy on Women's Economic Involvement:

To look at how women's employment, investment, and entrepreneurial activities are affected over the long run by financial literacy and how such actions relate to overall economic development and gender equality.

These goals are intended to provide a comprehensive understanding of the relationship between financial literacy and women's economic empowerment. They also wish to offer feasible ideas for enhancing financial literacy in order to support women's economic autonomy and inclusion.

## 5. Background of the Study

The study looks into how women's financial empowerment is affected by the gender gap in financial literacy. In financial literacy tests, women routinely do worse than men, despite advancements in a number of domains. This gap is a result of socioeconomic, cultural, and educational factors. Closing this gap will improve women's capacity to manage resources wisely, make well-informed financial decisions, and engage fully in the economy. The study's ultimate goal is to promote gender equality and women's economic empowerment by identifying successful tactics and initiatives to close this disparity.

## 6. Methodology

### Research Design:

The present study employs a systematic examination of the literature to amalgamate extant information on the disparity between genders in financial literacy and its ramifications on the economic empowerment of women.

### Search Strategy:

1. **Database Selection:** Peer-reviewed publications, reports, and studies published between 2010 and 2024 will be thoroughly searched in pertinent scholarly databases, including PubMed, Google Scholar, JSTOR, and Scopus.
2. **Search Terms:** To find pertinent material, search terms and phrases like "gender gap in financial literacy," "women's economic empowerment," "financial education programs for women," and variations on these will be employed.
3. **Inclusion Criteria:** Research on women's economic empowerment, the gender gap in financial literacy, and associated interventions or programs will be included. Articles written in English only will be taken into consideration.

## 7. Results and Findings

### 7.1 Gender Gap in Financial Literacy

- There is a clear gender difference in financial literacy, as evidenced by the literature, with women frequently performing worse than men on tests of their financial knowledge and abilities.
- Studies link a number of factors, such as cultural standards, economic limitations, and educational gaps, to this disparity.

### 7.2 Impact on Women's Economic Empowerment

- The disparity in financial literacy across genders has a significant impact on the economic empowerment of women.
- Women who possess financial literacy are more capable of making well-informed financial decisions, efficiently allocating resources, and engaging fully in economic activities.

### 7.3 Interventions and Programs

- The gender disparity in financial literacy has been addressed, and numerous interventions and initiatives have been created to support women's economic empowerment.
- Targeted financial education, mentorship, and access to financial services catered to women's needs are common components of successful programs.

#### 7.4 Challenges and Gaps

- Even with initiatives to close the gender gap, women still face obstacles in reaching fair financial literacy outcomes.
- Research gaps include insufficient evaluation of program success, a lack of cultural sensitivity in program design, and a dearth of longitudinal studies

#### 7.5 Policy Implications

- The results highlight how crucial it is to include gender-sensitive financial education in school curricula and to support financial inclusion laws that take into account the special requirements of women.
- Effective financial literacy programs for women must be funded and implemented through public-private partnerships.

#### 7.6 Future Directions

- To evaluate the long-term effects of financial literacy interventions on women's economic results, future research should concentrate on longitudinal studies.
- Interventions that are culturally sensitive and consider the many needs and environments that women face globally are required.

### 8. Discussion

A persisting gender disparity in financial literacy is highlighted by the assessment of the research, which has important ramifications for women's economic empowerment. This disparity is noticeable in a variety of demographic groups and geographical areas, suggesting structural problems that impede women's access to financial literacy. Women's lower levels of financial literacy are frequently ascribed to economic hurdles, sociocultural standards, and educational disparities that together limit their access to financial resources and education.

The gender disparity in financial literacy is mostly caused by differences in education. There are still many places in the globe where women and girls cannot easily access high-quality education. Adults who lack this fundamental education gap will have lower levels of financial literacy. In order to address this, financial knowledge must be included into school curricula and girls must be given equal access to education starting at a young age. Programs that teach women money management skills continuously throughout their lives can also aid in closing this gap.

The way that women engage with financial concerns is greatly impacted by cultural norms and traditional gender roles. Women are deterred from learning financial skills and engaging in financial activities since financial decision-making is often viewed as a male domain in many societies. It will need extensive social efforts to change these conventions, including community-based initiatives, awareness campaigns, and men's participation in the advancement of gender equality. Providing women with financial literacy can also help to reframe attitudes and progressively alter these deeply ingrained conventions.

Economic factors restrict women's access to formal financial services and financial education, including higher rates of poverty and lower income levels. In addition to facing more substantial obstacles to obtaining financial goods, women frequently have fewer resources available to invest in their financial literacy. Women's financial stability can be improved by policies that support economic equality, such as equal pay initiatives and programs that reduce poverty, allowing them to concentrate on acquiring financial literacy.

One major obstacle to women's economic emancipation is the gender disparity in financial literacy. A multifaceted strategy involving economic policies, sociocultural shifts, educational reforms, and the use of digital technology is needed to close this gap. We can improve women's economic independence, encourage entrepreneurship, and support larger societal and economic development by raising women's financial

literacy. In order to attain gender parity in financial literacy and economic participation, politicians, educators, and financial institutions can benefit greatly from the insights and suggestions offered by this study.

## 9. Conclusion

This study highlights the gender disparity in financial literacy that still exists and is rather large, which is a major obstacle to women's economic empowerment. Due to a mix of socio-cultural norms, financial restrictions, and educational discrepancies, women still fall behind males in financial knowledge and abilities despite progress in numerous socio-economic spheres. The assessment emphasizes the value of financial literacy as a vital tool for empowering women to efficiently manage their finances, make educated financial decisions, and engage fully in the economy. In addition to being vital for maintaining one's personal financial stability, financial literacy is also necessary for the growth of society and the economy as a whole. Sufficient programs and interventions, especially those tailored to the individual situation and gender, have demonstrated potential in improving women's financial literacy. Women's economic outcomes and financial literacy have significantly improved as a result of programs like Visa's "Financial Independence for Women" and the International Finance Corporation's "Women and Money" initiative. Tools for digital financial literacy are also a great way to reach and educate women, particularly in isolated and underprivileged places.

Comprehensive initiatives are required to overcome the financial literacy gap between genders. These include encouraging inclusive financial policies, including financial education into school curricula, and utilizing public-private partnerships to create and support successful initiatives. Assuring economic equality and addressing sociocultural barriers are also essential elements of these strategies. In order to evaluate the long-term effects of financial literacy interventions, future research should concentrate on longitudinal studies and investigate creative methods that make use of digital technology. By investing in women's financial education and empowerment, we can unlock their potential, foster greater economic participation, and contribute to a more inclusive and prosperous society.

In summary, increasing women's financial literacy is not only a question of equity but also a critical strategic requirement for economic growth. For the purpose of promoting gender equality in financial literacy and giving women more economic power, this study offers insightful analysis and suggestions to financial institutions, educators, and politicians.

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