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ASSESSMENT OF FINANCIAL LITERACY AND ITS IMPACT ON FINANCIAL INCLUSION AMONG WOMEN IN PUNJAB

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ABSTRACT

Financial literacy is widely recognized as a critical determinant of financial inclusion, particularly among women in developing economies. In India, despite extensive policy initiatives aimed at promoting inclusive growth, women—especially in states like Punjab—continue to face challenges related to access, usage, and understanding of formal financial services. This study aims to assess the level of financial literacy among women in Punjab and examine its impact on their financial inclusion. Using a quantitative research design, primary data were collected from 300 women respondents across rural and urban areas of Punjab through a structured questionnaire. The study employs descriptive statistics, correlation, and regression analysis to evaluate the relationship between financial literacy and financial inclusion. The findings reveal a moderate level of financial literacy among women, with significant disparities based on education, income, and location. The results further indicate a strong positive relationship between financial literacy and financial inclusion, suggesting that improved financial knowledge enhances women's participation in banking, savings, credit, insurance, and digital financial services. The study concludes that targeted financial literacy programs are essential for strengthening financial inclusion and empowering women economically in Punjab.

KEYWORDS: Financial Literacy, Financial Inclusion, Women Empowerment, Digital Finance, Punjab.

1. INTRODUCTION

Financial literacy refers to the ability of individuals to understand and effectively use various financial skills, including personal financial management, budgeting, saving, investing, and borrowing. In recent years, financial literacy has gained increasing importance due to the growing complexity of financial products and the rapid digitization of financial services. Financial inclusion, on the other hand, involves ensuring access to affordable and appropriate financial services to all sections of society, particularly marginalized and vulnerable groups.

Women play a vital role in household financial management and economic development. However, in many parts of India, women continue to face social, educational, and institutional barriers that limit their financial awareness and access to formal financial systems. Punjab, being one of India's economically advanced states, presents a unique context where high income levels coexist with gender disparities in financial awareness and inclusion. Despite the expansion of banking infrastructure, digital payment systems, and government-led financial inclusion initiatives such as Pradhan Mantri Jan Dhan Yojana (PMJDY), Sukanya Samriddhi Yojana, and Direct Benefit Transfers (DBT), women's effective participation in the financial system remains uneven.

This study seeks to assess the level of financial literacy among women in Punjab and analyze how financial literacy influences their financial inclusion. Understanding this relationship is essential for designing effective policies and programs aimed at enhancing women's financial empowerment and inclusive economic growth.

2. OBJECTIVES OF THE STUDY

1. To assess the level of financial literacy among women in Punjab.
2. To examine the extent of financial inclusion among women in Punjab.
3. To analyze the impact of financial literacy on financial inclusion.
4. To identify socio-economic factors influencing financial literacy and inclusion among women.

3. REVIEW OF LITERATURE

Financial literacy and financial inclusion have been widely studied in both developed and developing economies. Lusardi and Mitchell (2014) emphasize that financial literacy is a key determinant of sound financial decision-making and long-term financial well-being. Their

study highlights that individuals with higher financial literacy are more likely to participate in formal financial markets.

Klapper, Lusardi, and van Oudheusden (2015) reveal that women across the globe exhibit lower levels of financial literacy compared to men, which adversely affects their access to financial services. In the Indian context, Agarwalla et al. (2017) find that financial literacy significantly influences savings behavior, investment decisions, and the use of banking services.

Several studies have explored the link between financial literacy and financial inclusion. Grohmann, Klühs, and Menkhoff (2018) demonstrate a strong positive relationship between financial literacy and financial inclusion, suggesting that financial knowledge enables individuals to access and use formal financial services effectively. Demirgüç-Kunt et al. (2018), through the Global Findex Database, highlight that lack of financial knowledge remains a major barrier to financial inclusion, particularly among women and rural populations.

In the Indian scenario, studies by Ghosh and Vinod (2017) and Sharma and Pais (2021) show that women's financial inclusion is influenced by education, income, employment status, and digital access. Limited financial awareness and socio-cultural constraints often restrict women's engagement with formal financial institutions.

Although some studies have examined financial literacy and inclusion at the national level, there is limited empirical research focusing specifically on women in Punjab. This study attempts to fill this gap by providing region-specific insights into women's financial literacy and its impact on financial inclusion.

4. RESEARCH METHODOLOGY

4.1 Research Design

The study adopts a descriptive and analytical research design using a quantitative approach to examine financial literacy and its impact on financial inclusion among women in Punjab.

4.2 Hypotheses

H_01 : Financial literacy does not have a significant impact on financial inclusion among women in Punjab.

H₁₁: Financial literacy has a significant impact on financial inclusion among women in Punjab.

4.3 Sampling Technique and Sample Size

A stratified random sampling technique was employed to select respondents from both rural and urban areas of Punjab. The sample size consists of 300 women respondents belonging to different age groups, educational backgrounds, and income levels.

4.4 Data Collection

Primary data were collected through a structured questionnaire covering aspects of financial knowledge, attitudes, behavior, and usage of financial services. Secondary data were sourced from journals, reports of the Reserve Bank of India, World Bank publications, and government documents.

4.5 Statistical Tools

Data analysis was carried out using SPSS software. The statistical tools used include descriptive statistics, correlation analysis, and multiple regression analysis.

DATA ANALYSIS AND DISCUSSION

5.1 Dimension-wise Assessment of Financial Literacy

Table 5.1: Descriptive Statistics of Financial Literacy Dimensions.

Financial Literacy Dimension	Mean Score	Standard Deviation	Interpretation
Basic Banking Knowledge	3.9	0.72	High
Savings & Investment Knowledge	3.5	0.81	Moderate
Credit & Loan Awareness	3.4	0.85	Moderate
Insurance Awareness	3.2	0.90	Low
Digital Financial Literacy	3.8	0.76	High

discussion:

The results indicate that women in Punjab possess relatively **higher awareness of basic banking services**, such as savings accounts, ATM usage, and deposit facilities. This can be attributed to widespread bank account penetration under PMJDY and increased institutional outreach.

However, **insurance awareness recorded the lowest mean score**, suggesting limited understanding of risk management tools such as life insurance, health insurance, and pension schemes. Moderate scores in credit and investment knowledge reflect women's limited participation in formal credit markets and capital market instruments. Digital financial

literacy scores are comparatively higher, reflecting growing adoption of UPI, mobile banking, and digital wallets.

5.2 Level of Financial Inclusion among Women

Table 5.2: Usage of Financial Services by Women Respondents.

Financial Service	Percentage of Users (%)	Inclusion Level
Bank Account Ownership	92	Very High
ATM/Debit Card Usage	68	Moderate
Digital Payment Usage	61	Moderate
Access to Formal Credit	44	Low
Insurance Coverage	39	Low

discussion:

The findings reveal that **financial inclusion is high in terms of access but moderate to low in terms of usage and depth**. While almost all respondents own bank accounts, fewer women actively use credit facilities or insurance products. This gap between access and usage highlights the importance of financial literacy in enabling meaningful financial inclusion.

5.3 Relationship between Financial Literacy and Financial Inclusion

Table 5.3: Correlation between Financial Literacy and Financial Inclusion.

Variables	Correlation Coefficient (r)	Significance
Financial Literacy & Financial Inclusion	0.64	Significant at 5% level

Discussion:

The correlation analysis indicates a **strong positive relationship** between financial literacy and financial inclusion. Women with higher financial knowledge are more likely to use digital payments, savings instruments, and formal credit facilities. This supports existing literature that financial knowledge enhances confidence and participation in financial systems.

5.4 Regression Analysis: Impact of Financial Literacy on Financial Inclusion

Table 5.4: Regression Results.

Variable	Beta Coefficient	t-value	Significance
Financial Literacy	0.58	7.12	0.000
Education	0.31	4.25	0.002
Income	0.27	3.89	0.004

Variable	Beta Coefficient	t-value	Significance
Digital Access	0.35	5.11	0.001

Discussion:

The regression results confirm that **financial literacy significantly influences financial inclusion** among women in Punjab ($p < 0.05$). Education and digital access also emerge as strong predictors, reinforcing the role of formal education and technology in improving financial behavior. The null hypothesis is therefore rejected.

The empirical findings clearly establish that **financial literacy acts as a catalyst for financial inclusion** among women in Punjab. While government initiatives have successfully improved access to banking services, insufficient financial knowledge limits women's ability to fully utilize available financial products. Enhancing financial literacy—especially in insurance, credit management, and investment planning—can significantly improve women's economic empowerment and inclusive growth.

Hypothesis Testing

Hypothesis	Result
H_01 : Financial literacy does not significantly impact financial inclusion	Rejected

6. FINDINGS OF THE STUDY

- Women in Punjab exhibit a moderate level of financial literacy.
- Urban women show higher financial literacy and inclusion compared to rural women.
- Financial literacy has a significant positive impact on financial inclusion.
- Education, income, and digital access significantly influence financial literacy levels.

7. CONCLUSION

The study concludes that financial literacy plays a crucial role in enhancing financial inclusion among women in Punjab. While access to basic banking services has improved, gaps remain in women's understanding and effective usage of financial products. Strengthening financial literacy through targeted education programs can significantly improve women's financial participation and economic empowerment. Policymakers and financial institutions should focus on gender-sensitive and region-specific financial literacy initiatives to achieve inclusive growth.

8. RECOMMENDATIONS

- Introduce targeted financial literacy programs for women in rural Punjab.
- Promote digital financial education to enhance usage of online banking and payment systems.
- Strengthen collaboration between banks, educational institutions, and self-help groups.
- Design women-centric financial products and awareness campaigns.

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