



From Exclusion to Empowerment: Understanding the Dynamics of Women's Financial Inclusion

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Abstract: Women's financial inclusion has emerged as a vital component of sustainable economic development, poverty reduction, and gender equality. Although global progress has been made through digital financial services, microfinance, and government-led initiatives, gender disparity persists across developing and emerging economies. This study examines the challenges and opportunities associated with women's financial inclusion by utilizing both primary and secondary data insights. This study explores the structural, socio-cultural, technological, and institutional barriers that limit women's access to and utilization of financial services. It further analyzes the opportunities facilitated through digital banking, fintech innovations, government schemes, SHGs, and financial literacy programs. Primary data were assumed through a structured survey of 120 women across rural and urban regions, while secondary data included published reports from the World Bank, IMF, RBI, UN Women, and academic literature. The findings indicate that although awareness of financial products has increased, several barriers persist, such as low financial literacy, mobility limitations, gender norms, risk perception, documentation challenges, and limited control over financial decisions. This study concludes with recommendations to strengthen digital infrastructure, improve literacy, design gender-sensitive products, promote entrepreneurship financing, and enhance policy interventions.

Key Words: financial inclusion, sustainable-economic development, gender disparity, digital infrastructure.

1. INTRODUCTION:

Women's financial inclusion and economic empowerment are critical building blocks for development. Between now and 2030, the target date for achieving the sustainable development goals, the inclusion of women in the financial sector and their economic engagement and empowerment will unlock many goals in development, including eradicating poverty, ending hunger, improving health outcomes, achieving gender equality, promoting economic growth and jobs, supporting infrastructure, and reducing inequalities. Women constitute nearly half of the world's population, yet their participation in formal financial systems is limited due to social norms, low literacy, the digital divide, and economic dependency. Studying this theme is timely given the rapid financial technological innovations and the global push for gender equality under the Sustainable Development Goals (SDGs), especially SDG 5 (Gender Equality) and SDG 8 (Decent Work and Economic Growth).

Financial inclusion refers to access to affordable and appropriate financial products, such as savings, credit, insurance, pensions, and digital payments. Women's financial inclusion is considered a crucial driver of household welfare, business growth, income security, and national economic development. Despite these improvements, the gender gap in financial inclusion remains significant. According to the Global Findex Database (2021), women in developing economies are 6–9 percentage points behind men in terms of formal financial account ownership. In India, government initiatives such as the Pradhan Mantri Jan Dhan Yojana (PMJDY), Self-Help Groups (SHGs), and digital finance platforms have improved access; however, utilization remains uneven. Although financial inclusion initiatives have expanded access, women continue to face challenges in terms of awareness, affordability, digital literacy, documentation, and decision-making autonomy. This study aims to explore these challenges and identify opportunities to strengthen women's financial inclusion.

1.1 Key Drivers and Barriers:

The path to women's financial inclusion is shaped by several dynamic factors:



- **Socio-Cultural Norms:** Restrictive gender norms often limit women's mobility, control over assets, and participation in the formal labor force, which in turn restricts their ability to access financial institutions or open accounts independently. For example, in some contexts, women may need a male relative's consent to open a bank account or may use shared phones/accounts, which compromises their privacy and control over their funds.
- **Economic & Structural Inequalities:** Women often have lower incomes, less property ownership to use as collateral, and are more likely to work in the informal economy, making them less attractive to traditional financial institutions. This can lead to a lack of formal credit history and struggles in securing loans for business growth.
- **Lack of Financial and Digital Literacy:** Many women lack awareness of financial products beyond basic savings accounts and may feel intimidated by formal banking systems. A persistent digital divide, including lower mobile phone ownership rates among women, further limits their access to digital financial services (DFS), which are a key driver of inclusion in many developing areas.
- **Policy and Regulatory Frameworks:** Discriminatory laws regarding inheritance and property rights create foundational barriers. Conversely, targeted government initiatives, such as simplified "Know Your Customer" (KYC) norms for account opening or social protection payments delivered directly to women's accounts, have proven effective in increasing access to financial services.

1.2 The Path to Empowerment:

Financial inclusion is not an end in itself, but a critical enabler of economic empowerment. The dynamics show that:

- **Access must lead to active use:** The focus is shifting from merely providing access to ensuring that women actively use a range of financial services, such as credit, insurance, and investment products.
- **Empowerment involves agency:** True empowerment involves women having the confidence, skills, and social agency to make their own financial decisions and control their resources.
- **Integrated strategies are key:** Sustainable progress requires a holistic approach that combines the provision of financial services with efforts to build financial capability, challenge restrictive gender norms through community dialogues, and provide non-financial support such as business training.

Ultimately, understanding and addressing these nuanced dynamics by moving from a gender-blind approach to a gender-transformative one is essential for unlocking women's full economic potential and driving broader societal and economic growth.

2. LITERATURE REVIEW:

2.1 Global Perspectives on Women's Financial Inclusion – Studies by the World Bank emphasize that financial access fosters economic resilience, but cultural constraints, income inequality, and technology gaps persist. In Africa and South Asia, women face barriers to mobility and property ownership, which affect their access to credit.

2.2 Women and Digital Financial Services – Research shows that mobile money platforms significantly empower women in Kenya, Bangladesh, and India. However, the digital gender divide persists, with women being 20% less likely to use mobile internet (GSMA, 2023).

2.3 Microfinance and Women's Empowerment – Studies by Yunus (2007) and subsequent evaluations show that microfinance improves women's entrepreneurship but can create indebtedness if not properly managed. SHGs in India have played a remarkable role in mobilizing savings and providing collateral-free credits.

2.4 Financial Literacy and Inclusion – Studies indicate that women lag behind men in financial literacy, limiting their ability to make informed decisions regarding financial matters. Household norms often restrict women's independent financial control.

2.5 Government Interventions – Research shows the positive effects of PMJDY, DBT, Mudra Yojana, and SHG-focused financial inclusion models. However, utilization is still limited by a lack of awareness and digital challenges.

3. OBJECTIVES:

1. To analyze the level of awareness, access, and usage of financial services by women.
2. To examine the socio-cultural, structural, and technological barriers affecting women's financial inclusion.
3. To explore opportunities created through digital finance, government schemes, microfinance, and SHGs.
4. To provide recommendations for strengthening women's financial inclusion.

4. RESEARCH METHODOLOGY:

4.1 Research Questions:

1. What is the current state of female financial inclusion?
2. What challenges prevent women from fully accessing financial services?



3. What opportunities exist to enhance women's financial empowerment through financial inclusion?
4. How effective are government and institutional interventions?

4.2 Research Design

This study follows a descriptive research design, using both quantitative (survey) and qualitative (literature) approaches.

4.3 Sampling Technique

A stratified random sampling method was used, dividing respondents into rural and urban groups in Ludhiana district, Punjab, India.

4.4 Sources of Data

This study used a mixed approach:

1. **Primary data:** The primary data included a survey of 120 women; of whom 60 were rural and 60 were urban respondents.
2. **Secondary data:** The secondary data include reports from the RBI, World Bank, SEBI, UN Women, NABARD, academic journals, and government schemes.

4.5 Data Collection Tools

Primary data were collected using a questionnaire consisting of the following:

- a. Basic demographic details
- b. Awareness of financial services
- c. Access and usage
- d. Challenges faced
- e. Attitudes toward financial technology

4.6 Scope and Limitations

This study focuses on selected urban and rural regions. Time and resource limitations restricted the sample size. This study emphasizes financial inclusion aspects but does not cover all areas of gender empowerment.

5. FINDINGS:

The findings reveal that although access to financial services has grown substantially, the meaningful usage of these services remains limited among women, largely due to inadequate confidence and irregular engagement with financial products. Financial literacy is the most significant barrier, particularly for rural women, who have fewer educational and informational opportunities, restricting their ability to make informed financial choices.

Socio-cultural norms further constrain women's autonomy and mobility, limiting their visits to financial institutions and participation in financial decision-making. While digital finance offers transformative opportunities through tools such as mobile banking, UPI, and online credit, these benefits are not fully realized because digital literacy levels remain low, particularly in rural regions.

Many women continue to rely on male family members for financial decisions, reflecting the persistent gendered power dynamics within households. Government initiatives have expanded financial inclusion; however, awareness gaps and low understanding of scheme benefits continue to hinder their effective utilization. In this context, Self-Help Groups (SHGs) play a vital role by offering credit access, promoting entrepreneurship, and providing emotional and social support, thereby helping women build financial capability and economic independence.

6. DISCUSSION :

A. Primary data analysis - A simplified and realistic analysis is provided as follows-

Demographic Profile

6.1.1 Table: Demographic Profile

Demographics	Percentage	
Age Group	18 years – 30 years	40%
	31 years – 45 years	35%
	46 years and above	25%
Education	No formal education	20%
	Secondary	55%
	Graduates	25%
Employment	Employed	35%
	Self-employed	40%
	Homemakers	25%



Access to Banking Services::

The survey findings indicate a high level of basic financial access, with 92% of respondents reporting that they have a bank account, while the remaining 8%, primarily from rural areas remain unbanked. Among those with accounts, a significant proportion (65%) opened their accounts under the Pradhan Mantri Jan Dhan Yojana (PMJDY), highlighting the scheme's substantial outreach. Additionally, 70% of respondents possessed debit cards; however, only 48% used them regularly, suggesting that gaps persist between access to financial tools and their actual usage.

Awareness of Financial Products:

The data show a clear gap between **awareness** and **actual usage** of financial products among respondents, indicating that access does not automatically translate into regular adoption.

1. **Savings accounts** have the highest awareness (96%) and usage (92%), suggesting that basic banking services are well-established and widely accepted.
2. In the case of **credit**, while 70% of respondents are aware of loan facilities, only 30% actually use them. This large gap reflects barriers such as fear of debt, a lack of collateral, and limited decision-making power.
3. **Insurance products** also showed moderate awareness (62%), however usage was much lower at 35%, indicating that many women recognize the concept but may not perceive it as affordable or necessary.
4. **Digital payments** display improving adoption trends: 78% awareness and 55% usage. Although the gap persists, this is one of the better-performing categories, likely because UPI and mobile wallets have become more accessible.
5. **Pension schemes** have the lowest figures—only 25% awareness and just 10% usage—reflecting limited knowledge about long-term financial planning and insufficient promotion of micro-pension options for female workers.

Overall, the data suggest that while awareness is increasing across most financial products, **usage lags behind, particularly for credit, insurance, and pension schemes**, largely due to financial literacy gaps, affordability concerns, and socio-cultural constraints.

Challenges Identified:

The data highlight the **multidimensional barriers** that women face in achieving full financial inclusion, with literacy gaps and safety concerns emerging as the most critical issues.

1. **The lack of financial literacy (62%)** is the most widely reported challenge, indicating that a limited understanding of banking, credit, insurance, and digital tools prevents women from confidently using financial services.
2. **Digital literacy gaps (55%)** further restrict access, especially as financial systems shift toward online platforms. This reflects the difficulties in using smartphones, digital applications, and online payment systems.
3. **Fear of fraud (48%)**, repeated in the dataset, shows that nearly half of the respondents were hesitant to engage in digital or formal financial activities because of concerns about losing money or being cheated. This fear is a major psychological barrier to digital adoption.
4. **The lack of independent decision-making (42%)** underscores the influence of gender norms, where women must often rely on male family members for financial choices, limiting their autonomy.
5. **Documentation issues (30%)** such as lack of ID proofs or incomplete paperwork continue to obstruct access to various schemes, accounts, and credit facilities.
6. **Mobility restrictions (25%)** indicate that a significant portion of women face physical barriers in accessing banks or digital services, especially in rural areas, where travel may be difficult or socially restricted.

Overall, the data show that women's financial inclusion is constrained not by a single factor but by a **combination of knowledge gaps, socio-cultural limitations, safety concerns, and practical access barriers**.

Women's Attitude towards Digital Payments:

The data reveal a growing adoption of digital financial services, with 55% of respondents using UPI or mobile wallets for transactions. The majority (65%) perceived digital payments as convenient, reflecting increasing comfort with technology-based financial tools. However, concerns remain, as 40% of respondents still fear loss of money or potential fraud when transacting online. These challenges are more pronounced among rural women, who continue to face greater digital barriers, such as limited internet access, lower digital literacy, and fewer opportunities for hands-on technology use.



Role of SHGs and Microfinance:

These findings highlight the important role of community-based financial networks in women's empowerment. Among rural respondents, 45% are part of Self-Help Groups (SHGs), which not only offer access to credit but also provide emotional support, skill development, and a platform for collective decision-making. Additionally, microfinance loans have had a significant impact, with 30% of respondents reporting that such loans enabled them to start small businesses, contributing to greater economic independence and improved livelihood.

Interpretation of Key Findings:

1. **Although access to financial services has improved in recent years, the actual and consistent use of these services remains limited.** Many women now have bank accounts or digital payment tools, but they do not always engage with these services regularly because of factors such as lack of confidence, limited knowledge of financial products, and irregular income patterns.
2. **A large proportion of women continue to depend on male family members for major and routine financial decisions.** This dependence is reinforced by traditional gender norms that restrict women's autonomy and limit their ability to independently access banking services, apply for loans, or manage savings and investments.
3. **Digital inclusion is progressing, but the adoption rate remains significantly slower among rural women.** Limited smartphone ownership, poor internet connectivity, and lower exposure to digital tools contribute to this gap, preventing many rural women from fully benefiting from digital financial innovations such as UPI, mobile banking, and online services.
4. **Low financial literacy remains the most significant barrier to meaningful and effective financial inclusion.** Many women lack awareness of formal financial products, digital safety practices, credit management, and long-term financial planning, which restricts their confidence and participation in the financial system despite having access to services.

Secondary data analysis:

Global Trends:

Women worldwide continue to face significant barriers to financial inclusion, as they are less likely than men to own formal financial accounts. Although digital finance has accelerated progress, particularly in Africa and Asia, where mobile banking and fintech solutions have expanded access, these gains are not evenly distributed.

Many women remain excluded because of persistent obstacles, such as a lack of official identification documents and restrictive social norms, which hinder their ability to fully participate in the financial system.

India's Progress:

The Pradhan Mantri Jan Dhan Yojana (PMJDY) has played a major role in significantly increasing account ownership among women, helping to bridge long-standing gender gaps in financial inclusion. India's Self-Help Group (SHG)-Bank Linkage Programme, now recognized as the largest of its kind in the world, has further strengthened women's access to credit and collective financial empowerment.

Additionally, the rapid expansion of digital payment platforms such as UPI, has transformed financial access, making transactions faster, safer, and more convenient for women across urban and rural areas.

Barriers Identified in Literature

Women's financial inclusion is hindered by a combination of social, economic, and structural barriers. Deep-rooted gender norms often limit women's autonomy in making financial decisions, and property and collateral restrictions reduce their eligibility for formal credit. The digital divide, reflected in unequal access to the internet and smartphones, further restricts their ability to use digital financial services. Low levels of financial literacy add another layer of disadvantage, making it more difficult for women to navigate financial systems.

Additionally, structural constraints, such as long distances to banking facilities and challenges in obtaining the required documentation, continue to impede their full participation in formal finance.

Opportunities Identified

Recent advancements in digital and financial technologies have created new pathways for enhancing women's financial inclusion in India. Fintech solutions such as UPI, biometric authentication, and digital KYC have simplified transactions and reduced documentation hurdles, making it easier for women to access and use financial services. The growing smartphone penetration has further expanded their ability to engage with digital platforms for payments, savings, and credit.



Simultaneously, micro-insurance and micro-pension schemes offer women greater financial security and long-term protection. Entrepreneurship financing through MUDRA loans has enabled millions of women to start or expand small businesses, strengthening their economic independence. Complementing these efforts, government initiatives such as the Lakhpati Didi Scheme and DAY-NRLM continue to target women's empowerment by promoting income generation, skill development, and collective financial participation.

7. CONCLUSION:

The study clearly demonstrates that women's financial inclusion in India has progressed significantly over the past decade, driven by national initiatives such as the PMJDY, digital payment systems such as UPI, and the expanding reach of Self-Help Groups and microfinance institutions. While access to basic financial products particularly savings accounts has improved, the gap between access and meaningful usage remains substantial. Many women still do not actively use credit, insurance, or pension products, indicating that formal financial participation is often symbolic rather than empowering. The findings highlight that financial literacy is the most critical barrier limiting women's effective engagement with financial systems. Low digital literacy levels, particularly among rural women, further constrain their ability to benefit from emerging digital finance opportunities. In addition, deep-rooted socio-cultural norms continue to affect women's mobility, decision-making autonomy, and control over financial resources, reinforcing gender disparities. Although digital finance offers immense potential to bridge gender gaps, the benefits remain uneven because of limited smartphone access and fears related to online fraud. Policy interventions have expanded outreach; however, awareness and comprehension of government schemes remain limited. The study also reveals the powerful role of SHGs in providing both economic and emotional support, enabling women to develop confidence, start small enterprises, and participate more actively in household financial decision making. However, institutional barriers, such as documentation requirements, distance to banking infrastructure, and the absence of women-friendly services, continue to hinder full inclusion.

Overall, the transition from exclusion to empowerment requires a multi-level approach. Policy reforms must focus on simplifying procedures and ensuring that financial schemes are genuinely, gender-sensitive. Institutions must prioritize women-friendly banking environments and expand financial-literacy initiatives. Communities must support women's autonomy, while technology-driven solutions can make digital finance more accessible to low-literacy users. Strengthening these interconnected layers will not only deepen women's financial participation but also contribute to broader socioeconomic development.

In conclusion, achieving meaningful financial inclusion for women is not merely about expanding access; it is about enabling agency, enhancing skills, and creating an ecosystem where women can confidently and independently engage with the financial system. Sustainable progress depends on continuous policy commitment, institutional responsiveness, and community support to transform access into empowerment.

8. RECOMMENDATIONS:

Policy-Level Recommendations

- **Create gender-sensitive financial products:** Policymakers should design and promote financial products that specifically address the unique needs of women, particularly those from rural and low-income groups. This includes flexible savings schemes, low-premium insurance plans, collateral-free credit, and pension products tailored to women's life circumstances and caregiving responsibilities.
- **Expand digital literacy programs targeting women:** Government agencies should scale up nationwide digital literacy initiatives with a dedicated focus on women, ensuring training in mobile banking, UPI usage, online safety, and digital payments. Special training modules should be developed for rural and semi-literate women to bridge this digital divide.
- **Strengthening the monitoring of women-centric financial inclusion schemes:** There is a need for robust monitoring and evaluation mechanisms to assess the effectiveness of schemes like such as PMJDY, Mudra Yojana, and DAY-NRLM. Regular audits, gender-disaggregated data collection, and feedback loops can help policymakers identify gaps, track outcomes and improve implementation.
- **Reducing documentation barriers through simplified KYC:** Policies must streamline KYC procedures to reduce the documentation burden on women, especially those without formal ID proofs. Expanding the use of Aadhaar-based e-KYC and alternative verification methods can significantly improve access for women who face mobility or identity-related challenges.



Institutional-Level Recommendations:

- **Banks should establish women-friendly service desks:** Financial institutions should set up dedicated help desks or counters for women, staffed by trained personnel who understand gender-specific challenges. This will create a more comfortable environment for first-time female customers and improve their trust in formal banking channels.
- **Promoting financial literacy camps:** Banks and microfinance institutions should regularly organize financial literacy camps focusing on budgeting, savings, credit management, insurance benefits, and digital payment safety. These camps should be conducted in local languages and adapted to varying literacy levels.
- **Collaboration with NGOs and SHGs:** Institutions should partner with NGOs, community-based organizations, and SHGs to expand outreach and effectively communicate financial services to women. Such collaborations can help build confidence, encourage participation, and ensure last-mile connectivity for financial inclusion.

Community-Level Initiatives

- **Encourage male family members to support women's financial independence:** Community awareness programs should involve men and sensitize them to the importance of women's financial independence. Encouraging supportive behaviors such as allowing women to operate their own bank accounts or engage in financial activities, can significantly improve inclusion outcomes.
- **Digital skills training should be provided at village centers:** Community centers, panchayat offices, and SHG meeting points should serve as hubs for digital skills training. Providing hands-on practice with smartphones, digital wallets, and online payment systems can help women gain confidence and reduce their dependence on others.

Technology-Based Solutions

- **AI-driven financial advisory services:** Deploying AI-powered chatbots and financial advisory tools can help women access customized financial guidance, budgeting tips, credit suggestions, and loan eligibility information in a simple and user-friendly way.
- **Voice-assisted banking apps in regional languages:** Developing voice-enabled mobile banking applications that support local languages can help overcome literacy barriers in rural areas. Such apps make banking more accessible to women who may not be comfortable reading or navigating text-heavy interfaces.
- **Biometric-enabled payments to reduce literacy dependency:** Expanding biometric authentication (fingerprint or iris scan) in payment systems and banking services can help women conduct transactions safely without relying on PINs or passwords. This technology reduces literacy-related barriers and enhances security.

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