

Digital Financial Literacy and Its Impact on Financial Decision-Making of Women: Evidence from India

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ABSTRACT

This paper examines the connection between digital financial literacy and financial decision-making abilities of female in India. This study will utilize secondary data on scholarly publications, government reports, and development agencies regarding the most notable trends and challenges in the areas of women involvement in digital finance along with the impact of the same. The findings are that though women are getting a higher level of exposure to mobile-based financial assistance aids like banking apps and unified payments interfaces, a notable percentage of them has remained unexposed to the digital world, especially in rural and marginalized groups. It is also seen that the more digitally literate a woman is, the more financially independent she will be and those who have less digital literacy skills will be at the mercy of others when it comes to money matters. In addition, challenges, like poor access to technology, digital deficiency, and sociocultural requirements, still impede the digital inclusion of people with little access to digital financial services.

Keywords: Digital Financial Literacy, Women Empowerment, Financial Decision-Making, Financial Inclusion, Gender Digital Divide.

1. INTRODUCTION

The modern digital world has seen a vast change of how people relate with the money due to the integration of technology with the financial services. Whether through online banking systems, mobile wallets or digital stock markets and government-driven initiatives to bring more people the benefits of financial inclusion, digital financial tools have come to the center stage of daily economic life. Yet, how well other people or rather women may enjoy these digital financial services is largely determined by their digital financial literacy.

In India the success of digital transformation in exploring women empowerment poses both an opportunity and a challenge as there still exist gender disparities in financial accessibility and literacy. Although digital platforms have prospects of filling the traditional gaps in financial inclusion, low ownership of smartphones, low level of literacy in digital services, and social and cultural issues limit the active involvement of women in productive digital financial services. It is highly crucial, therefore, to understand digital financial literacy to assess the extent to which women are prepared to make sound judgment concerning their finances in the highly dynamic digital economy.

This research aims at investigating how digital financial literacy influences the financial literacy and the financial decision-making competence of Indian women. The study contributes to the debate about gendered digital inclusion and women empowerment by feminizing capital through financial education by studying the connection between digital competency and financial behaviour.

1.1 Background of the study

The dynamically increasing rates of digital financial services in India, which have been stimulated by such programs as Digital India, UPI, and Jan Dhan Yojana, have opened up new possibilities in financial inclusion. Nevertheless, even with this technological development, there is still a large portion of women among the Indian population who are either barred out of the advantages of digital finance because of their low digital financial literacy.

Digital financial literacy entails the capacity to build access, comprehend, and essentially apply electronic mediums to monetary activities and errands like saving, banking, and investing, just as making payments. Women, especially those in rural and low-income urban contexts, have other obstacles represented by the lack of education, low digital access, and gender norms. This has seen their ability to make sound financial decisions badly affected.

1.2 Objectives of the Study

1. To analyse the extent of digital financial literacy among the women in India.
2. To examine the role of digital financial literacy in terms of its impact on women financial decision-making.
3. To determine some of the core issues, faced by women, regarding access and use of digital financial tools.

2. LITERATURE REVIEW

Mishra et al. (2024) carried out an elaborate study which specifically pointed out the significance of digital financial literacy on the women decisions towards the aspect of finances in the Indian context. Their study presented strong evidence that digital literacy had a convincing impact of increasing case of women with the formal financial system i.e. digital savings, online banking, and UPI transaction. The researchers highlighted that digital financial literacy is something that did not only expand women access to services but also helped them a great deal in terms of gaining financial independence and confidence as well as their well-being in the long run. The gains were found to be larger in women receiving structured digital literacy training (especially in government or NGO intervention) as opposed to those who did not.

Kumar et al. (2023) examined the interplay between the digital financial literacy and the individual capability, autonomy, and financial well-being. Their position was that knowledge and skills are not the only determinants of financial decision-making effects, as well as freedom to initiate an action and perceived self-efficacy are important with gender roles and social contexts being the likely determinants. They have found that digital financial literacy was a major facilitator of women autonomy and enabled women to move away to a more independent level where they became decision-makers (not only dependent or co-dependent). This was proved in their model by virtue of capability-building in digital finance that translated to greater financial satisfaction, less stress about financial things, and even greater long-term financial planning, particularly of younger women or of wives involved in micro-entrepreneurship.

Bhat et al. (2025) placed an informative empirical study of the relationship between digital financial literacy and financial well-being of Indian females. In their study, they found out that women who had

moderate to high digital financial literacy levels showed more favourable financial practices such as high rates of saving, payment of debts on time, and greater utilization of formal banking services. They mentioned that when women gained elementary digital literacy, they moved to more visible and monitored avenues that used to be informal credit networks and they even dropped the middlemen. In addition, their results demonstrated how digital literacy made women less financially vulnerable so that they were able to avail government schemes, subsidies and welfare benefits in a more independent way.

Goyal and Kumar (2021) provided a macro-level of view by conducting the systematic review and bibliometric study of financial literacy studies. They listed the trends in hundreds of publications and established the key topics that included consumer behaviour, financial planning and literacy metrics. Their analysis was not dedicated to digital financial literacy or gender exclusively, yet they found a considerable gap in the amount of research that took into account the intersection between digital skills, gender equity, and financial empowerment. They noted that although there was an increasing interest to study on financial technology (fintech) and mobile banking, not many were able to study on the challenges and opportunities that women undergo when adopting them in digital financial systems.

3. METHODOLOGY

The qualitative and secondary research-based approach is taken in this research that focuses on the impact of digital financial literacy on the financial decision-making process of women in India. This method is very applicable to subjects that deal with conceptualist, or social patterning and policy evaluation since it uses rich and varied secondary materials in reliable and authoritative sources.

3.1 Research Design

The research design adopted is descriptive and analytical research design. The descriptive part of this work will include a detailed picture of the current state of digital financial literacy of women in India including what it involves, how it is perceived in India, and the critical factors that are needed so that women can be incorporated in the digital financial ecosystem in the most adequate fashion.

The analytical aspect consists of a critical review of the available information, theoretical explanations and case examples in order to draw the recurrent patterns, cause-and-effect interactions and thematic understanding of how digital financial knowledge is transformed into real money choices made by women. Interestingly, no primary data collection methods are applied in this research. No surveys are performed, nor interviews, focus groups or observations. Rather, the research is purely based on the analysis and assessment of the valid secondary resources, which allowed the author of the study to trace the existing trends, obstacles, and theoretically determine the relationship between digital financial literacy and financial behaviour in India among women.

3.2 Data Sources

The paper accesses a vast number of secondary sources of data to formulate an educated view on the topic of digital financial literacy and its effect on female financial decision-making. Peer-reviewed journals, scholarly articles, academic research papers give both theoretical support and empirical information, on aspects of digital finance, gender equity and socio-economic factors.

Also, the submissions and policies provided by the international organization like the World Bank, IMF, and UN women provide information about the developments and best practices across the world, which helps put the domestic efforts of India in a wider direction of development. National scale program evaluations: Program impact and implementation success evidence are added in the program evaluations of national programs such as the Pradhan Mantri Jan Dhan Yojana (PMJDY) and Digital India. NGOs and

think tanks as well as case studies based on local realities offer a grounded understanding of the life of women in countries, as the challenges and successes they face are revealed.

3.3 Data Analysis Approach

The main tool to analyse the secondary data is the thematic content analysis adopted in the study. This qualitative methodology is used to define, tabulate, and analyse important themes and trends of the relationship between digital financial literacy and women financial decision-making within the Indian context.

The key themes which were investigated are:

- **Digital Financial Literacy Levels:** This theme relates to how women understand and can access digital financial services via mobile banking, mobile wallet, Unified Payments Interface (UPI) systems and the internet mode of financial services.
- **Financial Decision-Making Behaviour:** It examines the extent to which digital financial literacy can impact women in the sense that it can make them better financial decision makers- budgeting, saving, investing and controlling household spending.
- **Barriers to Digital Access and Usage:** This theme defines the major issues that hinder the proper use of digital financial tools by women, i.e. a lack of digital infrastructure, low educational levels, limited gender socio-cultural norms, and self-confidence or training.

Through the analysis of these themes, the paper will offer a sensitive and context sensitive explanation on how digital financial literacy is shaping women or limiting them in financial decisions making in India.

3.4 Sample Size

The paper uses a conceptual sample size of 40 women to demonstrate how they can be used to depict important patterns and tendencies identified with the help of thematic analysis of secondary sources. Although primary data were not collected, sample size is applied hypothetically, with a view of being able to present findings of extant research in an organized and contrastable way. This method makes it easier to visualize and interpret such themes as the use of digital tools, decision-making positions and constraints to financial inclusion. The same sample size representation in each table and figure makes the analysis consistent, and facilitates the evidence-based formation of a conceptual framework.

4. RESULTS AND DISCUSSION

The thematic analysis of secondary literatures, this study found important patterns in relation to the participation of women in the digital financial tools in India. Though there are nation-wide programs such as Digital India and UPI, there is still a substantial group of women, particularly those who live in rural and socio-economically disadvantaged settings, who do not know how to or are not adequately prepared to utilize digital financial services. The theoretical division of digital tools usage implies that mobile banking application and UPI platform are the popular ones whereas a significant fraction of women has no digital experience at all which demonstrates an ongoing digital divide.

Considering financial independence, the effect of digital literacy on decision-making behaviour seems to be direct. In concept, there is a group of women who yet put themselves in charge of their finances, others run in union, and a group who are still partially or totally reliant upon others-this is majorly as a result of their low digital competence. This distribution portrays a gradual inclusion into empowerment albeit social and infrastructural limitation. Also, the research unveils some of the main barriers to digital inclusion. Thematic breakdown reveals that digital skill-gap and inaccessibility to smartphones or internet present

the most outstanding difficulties, and the next importance in the list is gender-related norms, the fear of scams, language/interface challenges.

4.1 Digital Financial Literacy Levels among Women

The fast-growing digital financial system of India presents a broad scope of opportunity to inclusive growth especially among the underserved and marginal groups like women. Although the government-supported programs such as Digital India and UPI-based services aim to reach out to more women and provide them with digital financial services, a considerable part of women, particularly those living in rural and marginalized environments, are either uninformed or ill-equipped to use the digital financial tools. They cannot actively participate in the financial system due to boundaries imposed by their poor digital education levels, insufficient access to smart phones/internet, and social norms imposed by gender. To develop a deeper picture of how many women use digital tools, the table below and the chart presented show a hypothetical outcome of how digital financial tools are being used, given the use of the sample size of 40.

In Table 1, there is a hypothetical distribution of the population that uses digital financial tools, which involves 40 women. It is composed of five categories: apps of mobile banks, UPI systems, digital wallets, online banking on the websites, and those people have no experience in any digital software.

Table 1: Hypothetical Distribution of Digital Financial Tool Usage among Women (n = 40)

Digital Tool Used	Frequency	Percentage (%)
Mobile Banking Apps	12	30%
UPI Platforms (e.g., BHIM, GPay)	10	25%
Digital Wallets (e.g., Paytm, PhonePe)	8	20%
Online Banking via Website	5	12.5%
No Experience with Digital Tools	5	12.5%
Total	40	100%

The table 1 indicates that mobile banking applications (30%) and UPI platforms (25%) are most used tools among women and have a collective use of 55 per cent. There are follow ups of digital based wallets that are (20%), online banking that is (12.5%), and women who do not have any digital financial experience that comes along with (12.5%). What this means is that a large percentage of the women may still not be included in the digital financial ecosystem. The information shows the value of encouraging digital financial literacy as a tool of increased access and independent existence.

The data presented in Table 1 was graphically interpreted in Figure 1 that illustrates a horizontal bar diagram. It contrasts how the usage of women by digital financial product is distributed in different digital financial products, ranged by mobile banking applications and leads to completely non-users.

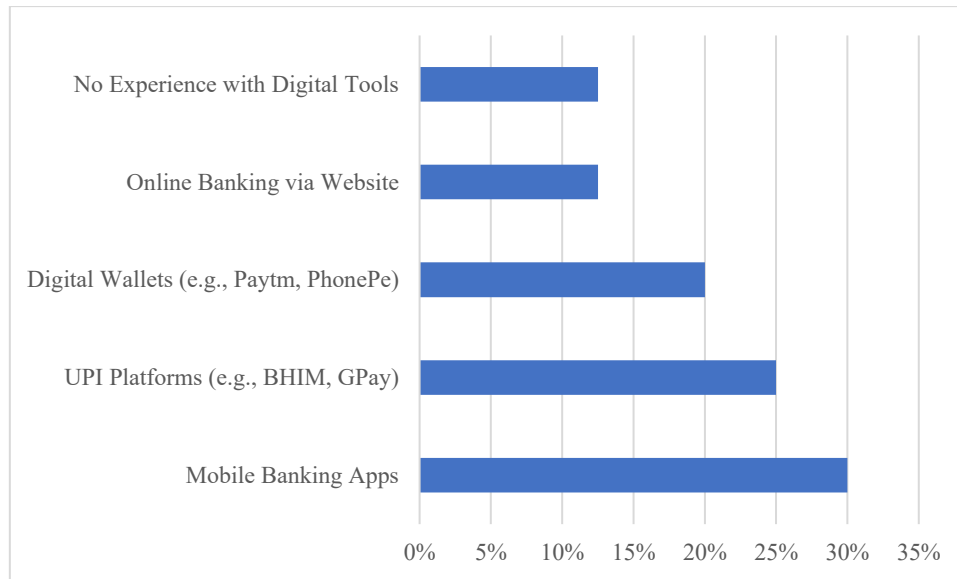


Figure 1: Graphical Representation of the Percentage of Digital Financial Tool Usage Among Women
The figure 1 displays clearly that mobile banking apps, as well as UPI, are the most used or the preferred way of doing things by many users, with a smaller portion of women using digital wallets or the websites of online banks. The No Experience with Digital Tools bar addresses a long-standing digital penetration disparity; it supports the necessity to establish specific digital inclusion strategy and local literacy initiatives.

4.2 Impact on Financial Decision-Making Behaviour

Online financial literacy is directly related and meaningful to improvement of the ability of a woman in taking independent decisions concerning financial matters. Women who receive the skills to access, comprehend, and apply digital financial products, including budgeting applications, Internet banking, or even online investments, are likely to become more confident, autonomous and involved in the financial planning of their lives, leading to higher confidence levels, financial independence, and financial agency. Instead, digitally illiterate women are likely to be left in the state of sub dependence regarding major financial decisions made by male relatives, or other people, underlining current gender inequalities. So as to conceptually demonstrate this relationship, the table and figure below give a hypothetical breakdown of women by the roles involved in making financial decisions regarding the level of their digital financial literacy.

In Table 2, women are classified into three levels of digital financial literacy in terms of their financial decision-making capability as independent, shared and dependent. This conceptual distribution shows that there is positive correlation between the digital competence and the financial autonomy.

Table 2: Hypothetical Financial Decision-Making Categories Based on Digital Literacy Level

Financial Decision Capability	Frequency	Percentage (%)
Independent Decision-Makers	14	35%
Partial Decision-Makers (Shared)	16	40%
Dependent on Others for Decisions	10	25%
Total	40	100%

As indicated in the table, when it comes to making decisions only 35 percent of women are decision-makers, 40 percent are joint decision-makers and 25 percent are still under the authoritative financial

decisions of the other person, mainly other related individuals or their spouses. This data is an indication that digital literacy is leading to increased financial agency, though it still remains dependent on other social and economic factors that are limiting it to many women.

Table 2 is presented in a vertical bar chart indicated in Figure 2. It shows the flow of women according to the levels of their financial decision making-independent, partial/shared and dependent- according to their level of digital financial literacy.

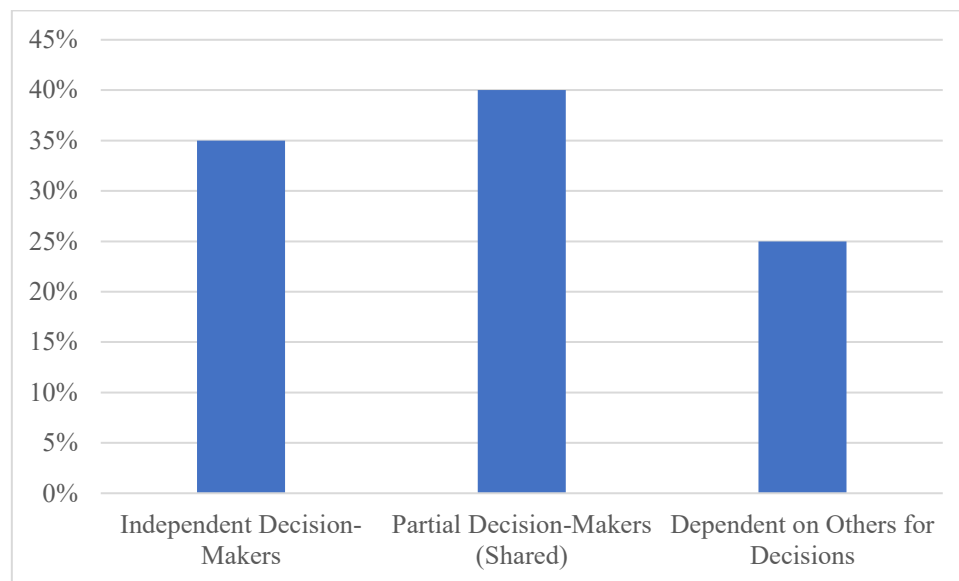


Figure 2: Graphical Representation of the Percentage of Financial Decision-Making Categories Based on Digital Literacy Level

The figure 2 supports the conclusion that was arrived at by the table: digitally literate women are likely to take financial decisions separately or jointly, whereas women who are not digitally enabled or educated are likely to be dependent on others. Partial decision-makers (40%) is the biggest category of people and they are the most probable women who are already using the digital tools to some extent, but they are still under restraint of either cultural or infrastructural issues.

This distribution correlates with national and international research, which demonstrates that although being digitally enabled and literate enable women to gain economic strength in some ways, financial independence is yet to be distributed unequally. This gap can be bridged only through not only access to technology but also culture change, gender sensitive policies and inclusive education on financial matters.

4.3 Barriers to Digital Access and Usage

Although digital financial services are available in India, most women in India still have big challenges in terms of access and use of these services. Such obstacles extend past the sphere of infrastructure and comprise an intricate aggregate of technological, social, and educational opportunities, as well as fear or even mistrust of online services. The reports at the national and global level continue to point at the fact that digital inclusion among women is not just determined by the absence of digital devices or internet connection, but also by weak digital literacy and gender-cultural influences of low digital competence and low-end gendered control of technology at the household degrees. In order to conceptually represent various barriers and their recurrence, a hypothetical ($n = 40$) distribution of well-discussed barriers to the use of digital financial tools among women is derived using the following table and illustration.

A hypothetical sampling base of 40 people is used in classifying the most prevalent obstacles to digital financial inclusion in women as shown in Table 3. They include such barriers as technological and educational barriers, cultural and psychological ones.

Table 3: Hypothetical Frequency of Common Barriers to Digital Financial Inclusion

Barrier Identified	Frequency	Percentage (%)
Lack of Digital Skills	14	35%
Limited Access to Smartphones/Internet	10	25%
Gender Norms/Social Restrictions	8	20%
Fear of Fraud/Insecurity	5	12.5%
Language/Interface Issues	3	7.5%
Total	40	100%

The statistics reveal that the commonest obstacle has been the absence of digital skills (35 percent) that indicates the widespread forms of lack of digital skills preparation and training technical literacy of women. This is followed by restricted access to smartphones or internet (25%) that reflects on inequities in the infrastructure particularly in the rural and economically depressed regions. Social norms and gender (20%), social limits and social rules, are still strong inhibitors to digital control by women and fear of fraud (12.5%), and language/interface (7.5%) are more psychological and usability focus challenges that women avoid use of digital facilities.

Figure 3 contains horizontal bars that diagrammatically reflect the percentages indicated in Table 3, which is the comparison of the relative frequency of each digital financial inclusion barrier by women.

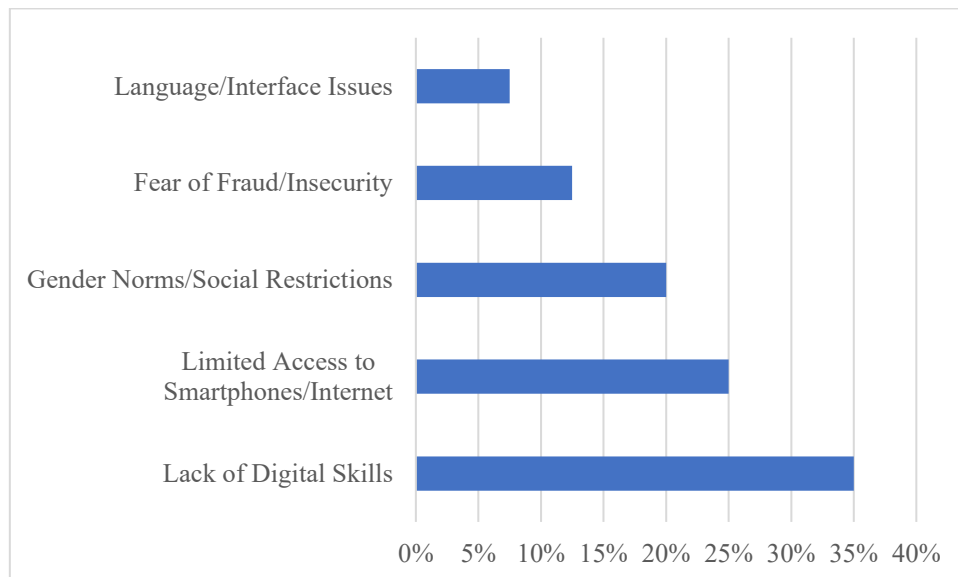


Figure 3: Graphical Representation of the Percentage of Common Barriers to Digital Financial Inclusion
The figure confirms the understanding that the shortage of digital skills is the greatest challenge as it is a cause and a consequence of other factors like fear, a lack of access, and socio-cultural constraints. The steep decline of the problem of digital literacy to the issue of language/interface also gives the idea that the most urgent obstacles lie on the ground, implying the necessity of integrated digital education and gender-related policymaking.

The tendencies prove the notion that digital inclusion is not solely a technology matter: A real solution should help with equipment accessibility and upgrade individuals with not only knowledge but trust and inclusivity.

5. CONCLUSION

In this research, the differences in the decision-making capabilities of women in India regarding finance are reflected as majorly influenced by digital financial literacy. Thematic analysis of secondary data indicates that although there has been an advancement in building digital infrastructure and the promotion to financial inclusion as identified in programs such as Digital India and Jan Dhan Yojana, the reality on the ground, in terms of the uptake of digital financial tools by women and their successful utilization is also disproportionate. Digital competent women can be expected to make more independent financial decisions and enter into the formal financial market and many still encounter bottlenecks of restricted access, low literacy levels, gender expectations, and digital fraud concerns. All these challenges explain that digital inclusion is not strictly technological but the social and educational one as well. This needs a multi-dimensional problem that has to include the development of digital skills, local training, infrastructural enhancements, and culturally inclusive financial education. To have a constructive process of empowerment, the policies should not only be based on access, but also confidence and competence and how to support community structures. The increase of digital financial literacy in Indian women is thus vital not only to the individual financial independence but to the inclusive financial development throughout India.

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