

# DIGITAL FINANCIAL INCLUSION AND ECONOMIC EMPOWERMENT OF WOMEN

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## **Abstract**

*Digital financial inclusion has emerged as a transformative force in the 21<sup>st</sup> century, providing women—especially in developing economies—with unprecedented access to financial tools and services. This paper explores the intricate relationship between digital financial inclusion and women's economic empowerment. It evaluates the role of mobile banking, fin-tech innovations, digital wallets, and government-led digital financial schemes in promoting women's participation in the formal economy. It also highlights barriers such as digital illiteracy, gender norms, and infrastructural gaps, while offering policy suggestions to make financial inclusion more gender-responsive.*

**Keyword :** *Digital Financial Inclusion, Women's Economic Empowerment, Financial, Technology, Mobile Banking, Gender Equality, Digital Literacy, Financial Access.*

## **Introduction**

In the 21<sup>st</sup> century, digital technology has emerged as a transformative force across every sector of the economy. Particularly in the financial domain, digital advancements have fundamentally changed how individuals interact with money and financial services. The increasing availability of mobile phones, expansion of internet infrastructure, and the rise of fintech (financial technology) platforms have made it possible to reach populations that were previously excluded from the formal banking system.

This technological shift is especially significant for women, who in many parts of the world—and particularly in developing countries—have faced systemic barriers to financial inclusion. These barriers include lack of access to bank accounts, collateral, formal identification, legal rights to property, and social norms that discourage women from managing financial affairs. As a result, women have remained underrepresented in formal economic systems.

Digital Financial Inclusion (DFI) addresses this gap by providing financial services—such as savings accounts, digital payments, credit, insurance and remittance services—through digital platforms. This reduces the dependency on physical bank branches and paperwork, thereby lowering costs and making services more accessible, even in remote or rural areas. For women, this means access to financial tools right at their fingertips—often through a simple mobile device.

The economic empowerment of women is more than just access to money; it is about enabling women to participate equally in economic activities, make decisions about income and spending, start and grow businesses, invest in their children's education, and plan for emergencies or future goals. Empowered women contribute not only to their households but also to broader economic development. Research and global development experience show that when women have control over financial resources:

- **Household spending patterns improve**, with more funds allocated to nutrition, health, and education.
- **Child outcomes improve**, especially in terms of school attendance and healthcare access.
- **Poverty levels reduce**, as women tend to reinvest a significant portion of their income in their families and communities.
- **Social status and bargaining power** within the household increase, leading to more gender-equal decision-making.

In summary, digital financial inclusion holds tremendous potential to advance gender equality and economic growth simultaneously. By giving women the tools to manage and grow their finances independently, DFI lays the foundation for sustainable development and inclusive economies. However, this potential can only be realized if the structural, technological, and social barriers that hinder women's participation in digital finance are adequately addressed.

## **Conceptual Framework**

### • **Digital Financial Inclusion**

According to the World Bank (2022), digital financial inclusion encompasses the use of mobile phones, point-of-sale (POS) devices, and the internet to provide access to financial services for marginalized populations. Unlike traditional banking, DFI reduces the need for physical infrastructure, making it more scalable and affordable for the poor, particularly in rural areas.

### • **Women's Economic Empowerment**

Women's economic empowerment is defined by the UN as the process through which women gain control over resources and decision-making in economic spheres. This involves increased access to decent work, equal pay, entrepreneurship opportunities, and financial autonomy.

### Global and Indian Context

Digital financial inclusion has gained global momentum as a strategic tool for promoting economic empowerment among women, particularly in underserved and low-income regions. In sub-Saharan Africa, mobile money services have played a transformative role in improving the financial resilience of women. A notable example is M-Pesa in Kenya, which has helped over 185,000 women transition from subsistence agriculture to income-generating business activities, enabling greater financial autonomy and improved livelihoods (Suri & Jack, 2016). Globally, however, significant disparities persist. According to the Global Findex Database (2021), more than one billion women still remain excluded from the formal financial system. This exclusion reflects not only infrastructural and technological gaps but also deeply rooted social and gender-based barriers. In this context, digital financial inclusion is increasingly recognized as a means to bridge these inequities by making financial services more accessible, secure, and inclusive for women.

India, in particular, has emerged as a strong example of how digital finance can be scaled to include women in the formal economy. The Indian government has launched several flagship programs aimed at improving digital financial access for marginalized populations, with a strong focus on women. The Pradhan Mantri Jan Dhan Yojana (PMJDY), one of the world's largest financial inclusion programs, has successfully opened millions of bank accounts, with women constituting over 56% of account holders. Additionally, the Unified Payments Interface (UPI) has revolutionized the digital payments ecosystem by enabling simple, real-time fund transfers, making it easier for women to transact digitally. The Direct Benefit Transfer (DBT) mechanism has further ensured that government subsidies and welfare benefits are directly deposited into women's bank accounts, minimizing leakages and improving financial autonomy. Furthermore, self-help groups (SHGs) and digital literacy programs have played a crucial role in educating women about financial tools, empowering them to manage their own finances and participate in local economies. Despite these achievements, challenges such as limited smartphone ownership, low levels of digital literacy among women, and prevailing gender norms continue to hinder full and equitable access to digital financial services in India. Addressing these barriers is essential to realizing the full potential of digital financial inclusion as a driver of women's economic empowerment.

### Benefits of Digital Financial Inclusion for Women

Digital financial inclusion offers a wide range of benefits that significantly contribute to the economic and social empowerment of women. One of the most transformative impacts is the increased access to capital and credit. Traditional banking systems often require collateral, formal documentation, or credit history—resources many women, especially in rural or informal sectors, do not possess. In contrast, digital microcredit platforms such as Kiva, Rang De, and BharatPe offer small, collateral-free loans that enable women to start or expand small businesses, invest in productive assets, or support household needs. These accessible credit avenues foster entrepreneurship and financial independence.

Equally important is the autonomy women gain in financial decision-making through the use of digital wallets and mobile banking services. Personal control over earnings empowers women to manage their own finances, make independent choices about saving, spending, and investing, and reduces dependence on male family members. This autonomy is a key indicator of empowerment and helps shift traditional power dynamics within households.

Digital finance also provides secure and convenient transaction mechanisms, which reduce the risks associated with handling physical cash, such as theft or loss. Digital payments simplify everyday financial interactions—whether it is paying for groceries, transferring money to family members, or receiving payments for services—making financial management easier and more transparent for women.

Another major benefit is the improvement in saving and investment habits. Platforms like PayTM Payments Bank, Airtel Money, and Google Pay encourage regular saving by offering easy-to-use digital tools. These services promote financial discipline and allow women to accumulate funds for emergencies, future goals, or family welfare. In some cases, women also gain access to investment options such as recurring deposits, insurance, or pension schemes directly through these apps.

Beyond economics, digital financial inclusion contributes to social empowerment and mobility. When women have control over financial resources, they gain a stronger voice in family decisions and enjoy greater respect in their communities. Access to financial tools helps them invest in health, education, and mobility—critical areas for improving quality of life. Ultimately, digital finance not only opens doors to income generation but also nurtures dignity, confidence, and a sense of self-worth among women.

### Barriers to Digital Financial Inclusion for Women

- **Digital Literacy and Education Gaps:** Many women, particularly in rural areas, lack basic digital skills to navigate mobile banking or fin-tech apps. According to GSMA (2022), women are 16% less likely to own a smartphone in low- and middle-income countries.
- **Cultural and Social Norms :** Patriarchal norms often restrict women's ownership of mobile devices or discourage their engagement with financial decisions.
- **Limited Financial Products Tailored to Women:** Many fin-tech platforms are not designed with a gender-sensitive approach, neglecting women's specific needs such as flexible repayment options or small-ticket loans.

- **Cybersecurity and Trust Issues** : Fear of online fraud, data misuse, or cyber threats dissuade women from embracing digital financial platforms.

**Table 1: Case Studies on Digital Financial Inclusion and Women's Empowerment**

Country	Initiative / Platform	Target Group	Key Features	Impact on Women
India	SEWA + Fintech Collaboration	Street vendors, home-based workers	Digital literacy training, smartphone banking, access to financial services	Increased savings, improved business management, better access to working capital
Kenya	M-Pesa	Rural and urban low-income women	Mobile money transfers, business payments, low transaction costs	Lifted ~2% households out of poverty; women gained control over income and spending
Bangladesh	bKash	Women garment workers	Mobile wallets for wage distribution, secure and direct digital payments	Reduced exploitation, enhanced financial autonomy, improved savings habits

**Case Studies**

Real-world case studies from different countries demonstrate the transformative potential of digital financial inclusion in empowering women. In India, the Self Employed Women’s Association (SEWA) has been a pioneer in combining grassroots mobilization with digital innovation. SEWA collaborated with fintech platforms to offer digital financial literacy training and facilitate access to smartphone banking for women engaged in informal sectors such as street vending and home-based work. This initiative significantly enhanced these women’s ability to save, access working capital, and manage their small businesses more efficiently.

In Kenya, the mobile money platform M-Pesa has had a substantial impact on poverty reduction and women's financial empowerment. Research by Suri and Jack (2016) reveals that M-Pesa helped lift nearly 2% of Kenyan households out of poverty, with female-headed households benefiting the most. Through direct remittances and mobile-based business transactions, women gained greater control over income and spending, improving household stability and economic participation.

**Conclusion**

Digital financial inclusion has the potential to be a powerful catalyst for women’s economic empowerment. By enabling access to financial services, fostering entrepreneurship, and enhancing autonomy, digital tools can help break cycles of poverty and dependency. However, the success of such initiatives hinges on addressing structural barriers—digital, social, and economic—that continue to exclude women from the financial ecosystem. The journey toward gender-equitable financial inclusion is complex, but with thoughtful policy design, inclusive technology, and community-level engagement, digital finance can become a key driver of women-led development in the global economy.

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