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THE ROLE OF GOVERNMENT AND INSTITUTIONAL INITIATIVES IN ENHANCING FINANCIAL LITERACY AMONG THE PUBLIC

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ABSTRACT

Purpose
The primary objective of this study is to examine how government and institutional initiatives contribute to enhancing financial literacy among the public. The research seeks to understand the effectiveness of these initiatives in improving financial knowledge, skills, and decision-making capabilities across different demographics.

Theoretical Framework
The study is underpinned by theories related to financial education, including the diffusion of innovations theory and social cognitive theory. These frameworks help to analyze how institutional support and policy interventions influence financial literacy levels within society.

Design/Methodology/Approach
This research employs a mixed-methods approach, incorporating both quantitative and qualitative data. Surveys and interviews were conducted with participants from various regions to assess the impact of government and institutional initiatives. A purposive sampling method was used to select respondents, ensuring a diverse representation of the public.

Findings
The findings indicate that government and institutional initiatives significantly enhance financial literacy among the public. Educational programs, policy interventions, and awareness campaigns have contributed to improved financial understanding and responsible financial behaviors. However, challenges such as accessibility to resources and regional disparities remain.

Results/Conclusion
The research concludes that well-structured government and institutional initiatives play a crucial role in advancing financial literacy. These initiatives have the potential to bridge knowledge gaps and empower individuals to make informed financial decisions. Continued support and evaluation are necessary to ensure the long-term sustainability and effectiveness of these programs.

Research Practical & Social Implications
The study highlights the importance of integrating financial literacy into educational systems and public policies to foster economic stability and individual well-being. Practical implications include the development of targeted financial literacy programs that address specific needs and challenges faced by various communities. Socially, these initiatives contribute to financial inclusion, poverty reduction, and overall societal empowerment.

KEY WORDS: *Financial Literacy, Government Initiatives, Institutional* Support, Policy Interventions, Educational Programs, Awareness Campaigns.

1. INTRODUCTION

Governments and institutions play a pivotal role in enhancing financial literacy by implementing targeted policies, programs, and initiatives that empower individuals to make informed financial decisions. Governments worldwide have introduced national strategies, such as the U.S. *National Strategy for Financial Literacy* and India's *RBI Financial Literacy Week*, aimed at raising awareness about financial planning, savings, and investments. Many countries integrate financial education into school curricula to build foundational skills early in life (OECD, 2021). Additionally, digital literacy programs, such as India's *Digital India Campaign*, focus on bridging the digital

divide and educating rural populations on the use of digital payment platforms (Ministry of Electronics and IT, 2021). Regulatory interventions also play a key role, mandating transparent disclosure of financial products, thus protecting consumers and enabling them to make sound financial decisions (World Bank, 2018).

Institutional initiatives further complement government efforts by leveraging partnerships, technology, and corporate social responsibility (CSR). Financial institutions and non-profits collaborate to extend literacy programs to underserved communities, with organizations like the Grameen Foundation making significant strides in rural areas (Grameen Foundation, 2019). FinTech companies such as Paytm and Mint use innovative digital tools to simplify budgeting and investment processes, making financial literacy more accessible (Accenture, 2020). Moreover, CSR programs by corporations like HSBC and Citibank provide workshops to improve practical financial knowledge, while employer-sponsored education programs, like those by Prudential Financial, focus on debt management and retirement planning (Prudential, 2020). Collectively, these initiatives contribute to economic stability, reduced financial vulnerability, and greater empowerment, particularly for marginalized groups such as women and rural populations (Ministry of Women and Child Development, 2021).

2. ROLE OF GOVERNMENT AND INSTITUTIONAL INITIATIVES IN ENHANCING FINANCIAL LITERACY

Governments worldwide have implemented comprehensive policies and strategies to improve financial literacy, addressing the unique challenges faced by diverse demographics. For instance, India's *Digital India Campaign* and *Pradhan Mantri Jan Dhan Yojana (PMJDY)* have empowered rural communities by promoting digital payment adoption and increasing access to financial services (Ministry of Electronics and IT, 2021). Many governments also integrate financial literacy into national education systems to ensure that children develop essential financial skills early in life, as seen in Canada and Australia (OECD, 2021). Furthermore, regulatory interventions, such as the *Consumer Financial Protection Act* in the U.S., ensure transparency in financial products, protecting consumers from exploitation (World Bank, 2018).

Institutions play a crucial role in supplementing government efforts through innovative and targeted initiatives. Financial institutions and FinTech companies, such as Paytm and Mint, have developed digital tools and platforms that simplify financial education, offering user-friendly interfaces for budgeting, saving, and investing (Accenture, 2020). NGOs like the Grameen Foundation and BRAC focus on marginalized groups, delivering microfinance and tailored literacy programs that empower individuals in rural areas (Grameen Foundation, 2019). Corporate Social Responsibility (CSR) initiatives by companies like Citibank and Prudential Financial extend financial education to underserved communities and employees, addressing critical areas such as retirement planning and debt management (Prudential, 2020).

These combined efforts have a transformative impact, contributing to increased financial awareness, economic empowerment, and social inclusion. By equipping individuals with the knowledge and tools to make informed financial decisions, these initiatives foster sustainable economic development and improve financial well-being for all segments of society.

3. REVIEWS OF LITERATURE

The studies reviewed provide valuable insights into the barriers, challenges, and opportunities related to financial literacy and inclusion across different regions. Harun et al. (2021) critiqued the structural barriers hindering effective financial inclusion programs, such as low financial literacy and corruption, while also challenging the New Public Management (NPM) ideology that neglected local issues. Smith and Eschenfelder (2013) highlighted the potential of public libraries in bridging financial literacy gaps, emphasizing the need for a deeper understanding of the root causes of these gaps to develop effective educational strategies. Pandey, Kiran, and Sharma (2022) explored the role of financial literacy in enhancing the effects of digitalization and technology on sustainable growth, particularly in northern India. Karatzimas (2020) advocated for a broader public sector accounting education framework to improve citizens' participation in democratic processes, linking government accounting literacy to informed voting decisions and public sector monitoring. Babych, Grigolia, and Keshelava (2018) assessed the challenges and government policies related to financial inclusion in Georgia, particularly among young, poor, and rural populations. Bonga and Mlambo (2016) focused on Zimbabwe, offering methods to raise financial literacy among women, including micro-interventions and market incentives. Ali et al. (2014) conducted a survey of senior secondary students in Australia, assessing key areas of financial literacy such as decision-making and risk awareness, contributing to consumer protection efforts.

Morgan, Zhang, and Kydyrbayev (2018) surveyed economies in the Commonwealth of Independent States (CASC) and identified successful strategies for improving financial inclusion for low-income households and

SMEs. Mavlutova et al. (2021) investigated how the COVID-19 pandemic affected Latvian attitudes toward sustainable investing, emphasizing the role of financial literacy and income level in investment decisions. Wolfe-Hayes (2010) conducted an environmental scan of financial literacy activities, focusing on community-based education efforts, while Singh (2014) highlighted the role of the Reserve Bank of India in enhancing financial knowledge for economic stability. Lusardi and Mitchell (2007) explored the causes and consequences of financial illiteracy, noting that many households lacked the basic economic knowledge required for retirement planning. Morima (2018) discussed Botswana's failure to adopt national strategies for financial literacy, which led to issues with coordination and consumer protection. Khan, Siddiqui, and Imtiaz (2022) mapped financial literacy and inclusion studies, revealing a focus on functional measures and the dominance of research from developed countries. Oehler and Werner (2008) examined the role of consumer education and advice in improving financial literacy, particularly regarding pensions, using Germany and the UK as case studies. These studies highlight the importance of targeted financial literacy initiatives and education policies to enhance financial inclusion and well-being across different demographics and regions.

The reviewed studies emphasize various approaches to improving financial literacy and inclusion, each addressing distinct contexts and populations. ICTs have significantly improved socioeconomic conditions and provided new opportunities for financial empowerment for low-income micro-entrepreneurs in Brazil (Birochi & Pozzebon, 2016). Despite different educational efforts, substantial gaps in citizens' economic and financial knowledge persist, as noted by Gnan, Silgoner, and Weber (2007). In Malaysia, financial behavior is identified as the primary predictor of financial well-being, followed by financial stress and literacy (Rahman et al., 2021). Ramakrishnan (2011) provides a model for financial literacy suitable for both developed and developing countries, specifically for the Indian context. Atkinson and Messy (2015) emphasize the need for enhanced financial literacy support for migrant workers through stronger national and international collaboration.

In Pakistan, financial inclusion plays a critical role in fostering economic stability and reducing poverty, as demonstrated by Saeed et al. (2024). In Africa, financial education programs focus on vulnerable groups like low-income individuals and women, often combining literacy training with access to financial products (Messy & Monticone, 2012). The impact of Fintech adoption and financial literacy on sustainability performance in firms in the Bangladeshi apparel industry is significant, as shown by Siddik, Rahman, and Yong (2023). Atkinson et al. (2015) further reveal that higher financial literacy correlates with better long-term savings and investment behavior, reinforcing the need for quality financial education. In Nigeria, financial literacy is shown to improve the performance of SMEs (Eniola & Entebang, 2016), while university students with a commerce and management background tend to have higher financial literacy levels (Kaur, Vohra, & Arora, 2015).

To improve financial literacy among college students and alleviate financial knowledge deficits, Williams and Oumlil (2015) propose an integrative model that adapts to different institutional contexts. In Asia and the Pacific, Messy and Monticone (2016) analyze financial education trends and offer policy recommendations for improving financial literacy. Raina (2014) focuses on the role of financial literacy initiatives in India’s banking sector, particularly FLCCs. Cordero, Gil-Izquierdo, and Pedraja-Chaparro (2022) find that teaching basic financial concepts in schools significantly boosts financial literacy. Cupak et al. (2021) examine differences in financial literacy across countries, influenced by individual characteristics. Lusardi, Mitchell, and Curto (2010) review the literature on the relationship between financial education and financial outcomes. In Nigeria, Álvarez-Franco, Muñoz-Murillo, and Restrepo-Tobón (2017) propose mobile banking and internet services to improve financial inclusion. Okeke et al. (2022) present a conceptual model for standardizing financial advisory practices to bridge financial literacy gaps. Sukumaran (2015) underscores the importance of financial literacy in promoting financial inclusion and improving access to financial services.

The existing body of literature highlights diverse perspectives on financial literacy and inclusion, emphasizing their critical roles in enhancing economic growth and individual financial capability across various contexts. From the institutional analysis of financial inclusion in Thailand (Tambunlertchai, 2015) to the mediating role of financial behavior in improving financial capability (Çera et al., 2021), studies underscore the multifaceted nature of financial literacy. Challenges such as unemployment, poverty, and high bank fees hinder financial inclusion in South Africa (Chitimira & Ncube, 2020), while India's digital infrastructure and fintech innovations are recognized as transformative tools for inclusive growth (Kadaba et al., 2023). Research in Egypt, Nigeria, and Malaysia further illustrates the interplay between financial literacy, SME performance, and financial distress (Eniola & Entebang, 2017; Idris et al., 2013; Hassouba, 2023). In Asia, financial literacy education is gaining attention for its potential to inform policy and address regional disparities (Xiao, 2020). Meanwhile, the financial security challenges faced by Americans, particularly those lacking essential skills, call for focused interventions to navigate volatile economic conditions (Hung et al., 2009).

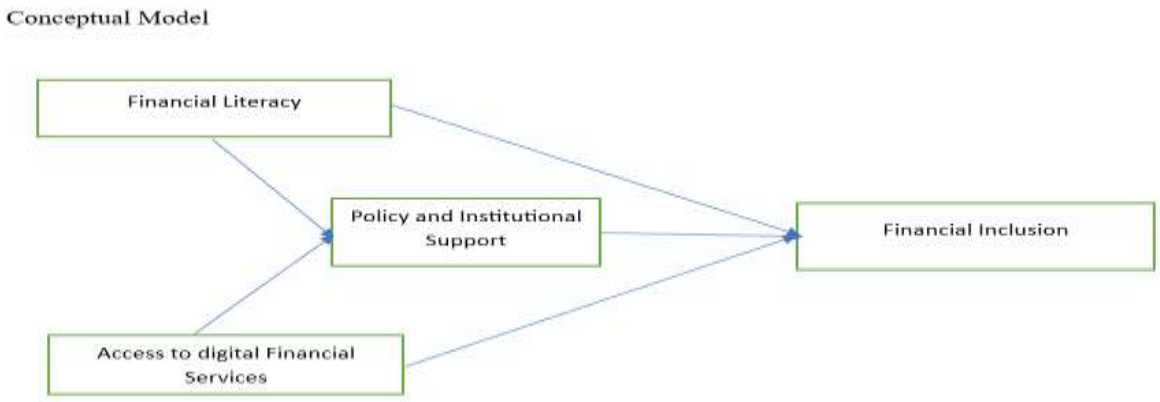
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4. RESEARCH GAP

The reviewed literature highlights significant progress in understanding financial literacy and inclusion, yet several research gaps persist. Region-specific strategies tailored to the socio-economic and cultural dynamics of marginalized groups, particularly in rural and low-income areas, remain underexplored. While studies recognize the transformative potential of fintech and digital ecosystems, there is limited empirical evidence on their inclusivity and long-term sustainability, particularly in addressing systemic barriers like corruption and accessibility in developing economies. Furthermore, although the role of financial behaviours in improving financial capability has been noted, the psychological and social determinants influencing these behaviours across diverse demographics require deeper investigation.

Additionally, the effectiveness of financial education programs, particularly for vulnerable groups like women, youth, and micro-entrepreneurs, has not been rigorously assessed. Similarly, there is a need for comprehensive evaluations of national and institutional frameworks to ensure they effectively address financial literacy and inclusion challenges. The intersection of financial literacy with sustainability goals, as well as its role in empowering SMEs and informal enterprises, also remains under-researched. These gaps underscore the need for targeted, evidence-based interventions and policies to enhance financial inclusion and economic empowerment globally.

5. CONCEPTUAL MODEL



6. SCOPE OF THE STUDY

This study aims to assess the level of financial literacy among rural population in Tamil Nadu and its influence on the adoption and usage of digital financial services. It will examine how varying levels of financial knowledge among these populations correlate with their engagement with digital platforms for financial transactions, savings, and credit. The research further investigates the barriers and challenges those rural residents face in accessing digital financial services, such as infrastructural limitations, lack of awareness, and technological constraints, thereby providing a comprehensive understanding of the current landscape of digital financial inclusion in the region.

In addition to assessing literacy levels and digital service adoption, the study explores the role of policy and institutional support in promoting digital financial inclusion for rural population in Tamil Nadu. It will analyze the effectiveness of government policies, regulatory frameworks, and institutional initiatives that are designed to enhance access to digital financial services. Finally, the research examines the broader socio-economic impact of financial inclusion, particularly how improved financial literacy and digital engagement contribute to the empowerment and economic independence of rural communities.

7. OBJECTIVES OF THE STUDY

- To assess the overall financial literacy levels among the public in Tamil Nadu, with a specific focus on rural populations.
- To examine the impact of government and institutional initiatives on financial literacy.
- To analyse how financial literacy influences the adoption of digital financial services among the public.
- To identify barriers and socio-economic constraints that prevent rural population from accessing and using digital financial services.

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- To evaluate the effectiveness of financial literacy programs in improving digital financial inclusion and economic empowerment.

8. RESEARCH METHODOLOGY

This study employs a quantitative research methodology to analyze the relationship between digital financial inclusion and the socio-economic empowerment of rural populations. A structured questionnaire was used as the primary tool for data collection, capturing responses from 420 participants selected through a stratified random sampling technique. The study focuses on key constructs such as financial literacy (FL), digital financial services (DFS), financial inclusion (FI), and perceived importance of savings (PIS), measured using validated Likert-scale items.

Data analysis includes descriptive statistics to summarize the demographic and socio-economic profiles of the respondents and correlation analysis to explore the relationships among variables. The study also employs advanced techniques like factor analysis for variable reduction and construct validation, alongside inferential statistical tests to assess the significance and strength of relationships. The findings aim to provide actionable insights into how digital financial inclusion can drive socio-economic empowerment among rural women, aligning with the broader objectives of inclusive growth and sustainable development.

8.1 Sampling Method

This study employs a proportionate stratified random sampling technique to ensure a representative selection of participants from the four zones of Tamil Nadu. The total number of rural workers under the Mahatma Gandhi Rural Employment Scheme (MGNREGS) across these zones is 91.65 lakh.
Based on the proportion of workers in each zone, the sample distribution is as follows:

- North Zone: 21.9 lakh workers → Sample Size: 101
- South Zone: 26.45 lakh workers → Sample Size: 121
- East Zone: 18.17 lakh workers → Sample Size: 83
- West Zone: 25.05 lakh workers → Sample Size: 115

This proportionate stratified random sampling method ensures that each zone is represented fairly in relation to its total worker population, enhancing the validity and generalizability of the study findings.

9. PERCENTAGE ANALYSIS OF SOCIO-DEMOGRAPHIC FACTORS

The Percentage Analysis of Socio-Demographic Factors provides an overview of the key demographic characteristics of the target audience in the study. It includes age distribution, gender composition, educational qualifications, and annual income levels of the respondents.

Table No.1
Socio-Demographic Profile

Parameter	Target Audience	Sample size	%
Age	Below 20 years	15	3.6
	21–30 years	32	7.6
	31–40 years	59	14.0
	41–50 years	139	33.1
	51–60 years	155	36.9
	Above 60 years	20	4.8
Gender	Male	212	50.5
	Female	208	49.5
Educational Qualification	High School	142	33.8
	Under Graduation	104	24.8
	Post Graduation	97	23.1
	Professionals	77	18.3
Annual Income	Below ₹10,000	28	6.6
	₹10,001–₹20,000	34	8.1
	₹20,001–₹30,000	59	14.04
	₹30,001–₹50,000	129	30.71
	₹50,001–₹1,00,000	149	35.5
	Above ₹1,00,000	21	5.0

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The above table shows that the demographic profile reveals that the majority of respondents are middle-aged to older individuals, with the largest age groups being 51–60 years (36.9%) and 41–50 years (33.1%). The sample is predominantly male (50.5%), indicating a significant gender imbalance. Most respondents have completed high school (33.8%), followed by undergraduates (24.8%) and postgraduates (23.1%), with fewer professionals (18.3%). Income levels are concentrated in the ₹30,001–₹1,00,000 range, with 30.71% earning ₹30,001–₹50,000 and 35.5% earning ₹50,001–₹1,00,000, reflecting a predominantly low to middle-income respondents.

10. CORRELATION ANALYSIS OF THE RELATIONSHIP AMONG FINANCIAL LITERACY, DIGITAL FINANCIAL SERVICES, AND THE PERCEIVED IMPACT OF DIGITAL SERVICES FACTORS

This analysis was conducted to examine whether a significant relationship exists among the factors related to Financial Literacy, Digital Financial Services, and the Perceived Impact of Digital Services.

Null Hypothesis ($H_0 1$): There is no significant relationship among the factors associated with Financial Literacy, Digital Financial Services, and the Perceived Impact of Digital Services.

Table No.2

Correlations

		FL 1	FL 2	FL 3	FL 4	FL 5	DF S1	DF S2	DF S3	DF S4	DF S5	PIS 1	PIS 2	PIS 3	PIS 4	PIS5
FL 1	Pearson Correlation	1														
	Sig. (2-tailed)															
	N	420														
FL 2	Pearson Correlation	.589**	1													
	Sig. (2-tailed)	**.000**														
	N	420	420													
FL 3	Pearson Correlation	.342**	.208**	1												
	Sig. (2-tailed)	**.000**	**.000**													
	N	420	420	420												
FL 4	Pearson Correlation	.366**	.182**	.509**	1											
	Sig. (2-tailed)	**.000**	**.000**	**.000**												
	N	420	420	420	420											
FL 5	Pearson Correlation	.558**	.366**	.487**	.412**	1										
	Sig. (2-tailed)	**.000**	**.000**	**.000**	**.000**											
	N	420	420	420	420	420										
DF S1	Pearson Correlation	.284**	.153**	.355**	.384**	.456**	1									
	Sig. (2-tailed)	**.000**	**.002**	**.000**	**.000**	**.000**										
	N	420	420	420	420	420	420									
DF S2	Pearson Correlation	1.000**	.589**	.342**	.366**	.558**	.284**	1								
	Sig. (2-tailed)	**.000**	**.000**	**.000**	**.000**	**.000**	**.000**									
	N	420	420	420	420	420	420	420								
DF S3	Pearson Correlation	.573**	.379**	.400**	.417**	.635**	.562**	.573**	1							
	Sig. (2-tailed)	**.000**	**.000**	**.000**	**.000**	**.000**	**.000**	**.000**								
	N	420	420	420	420	420	420	420	420							

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DFS4	Pearson Correlation	.583**	.439**	.357**	.293**	.677**	.395**	.583**	.713**	1					
	Sig. (2-tailed)	**.000**	**.000**	**.000**	**.000**	**.000**	**.000**	**.000**	**.000**						
	N	420	420	420	420	420	420	420	420	420					
DFS5	Pearson Correlation	.538**	.312**	.261**	.347**	.595**	.365**	.538**	.605**	.684**	1				
	Sig. (2-tailed)	**.000**	**.000**	**.000**	**.000**	**.000**	**.000**	**.000**	**.000**	**.000**					
	N	420	420	420	420	420	420	420	420	420	420				
PIS1	Pearson Correlation	.338**	.147**	.062	.116*	.305**	.187**	.338**	.262**	.193**	.177**	1			
	Sig. (2-tailed)	**.000**	**.003**	.206	**.017**	**.000**	**.000**	**.000**	**.000**	**.000**	**.000**				
	N	420	420	420	420	420	420	420	420	420	420	420			
PIS2	Pearson Correlation	.477**	.384**	.239**	.345**	.488**	.437**	.477**	.811**	.572**	.497**	.259**	1		
	Sig. (2-tailed)	**.000**	**.000**	**.000**	**.000**	**.000**	**.000**	**.000**	**.000**	**.000**	**.000**	**.000**			
	N	420	420	420	420	420	420	420	420	420	420	420	420		
PIS3	Pearson Correlation	.292**	.224**	.431**	.360**	.445**	.401**	.292**	.437**	.372**	.343**	-.047	.359**	1	
	Sig. (2-tailed)	**.000**	**.000**	**.000**	**.000**	**.000**	**.000**	**.000**	**.000**	**.000**	**.000**	.338	**.000**		
	N	420	420	420	420	420	420	420	420	420	420	420	420	420	
PIS4	Pearson Correlation	.357**	.255**	.362**	.339**	.444**	.164**	.357**	.304**	.307**	.291**	.063	.191**	.448**	1
	Sig. (2-tailed)	**.000**	**.000**	**.000**	**.000**	**.000**	**.001**	**.000**	**.000**	**.000**	**.000**	.201	**.000**	**.000**	
	N	420	420	420	420	420	420	420	420	420	420	420	420	420	420
PIS5	Pearson Correlation	1.000**	.589**	.342**	.366**	.558**	.284**	1.000**	.573**	.583**	.538**	.338**	.477**	.292**	.357**
	Sig. (2-tailed)	**.000**	**.000**	**.000**	**.000**	**.000**	**.000**	**.000**	**.000**	**.000**	**.000**	**.000**	**.000**	**.000**	**.000**
	N	420	420	420	420	420	420	420	420	420	420	420	420	420	420

**. Correlation is significant at the 0.01 level (2-tailed).

*. Correlation is significant at the 0.05 level (2-tailed).

The above table shows that

Strong Correlations Within Groups:

- The variables within the Financial Literacy (FL) group (FL1 to FL5) exhibit strong positive correlations among themselves, with significant values such as FL1 and FL2 ($r = 0.589$, $p < 0.01$), FL3 and FL4 ($r = 0.509$, $p < 0.01$), and FL5 and FL1 ($r = 0.558$, $p < 0.01$). This suggests internal consistency within the financial literacy measures.
- Similarly, strong correlations exist within the Digital Financial Services (DFS) group and the Perceived Impact of Digital Services (PIS) group, such as DFS3 and DFS4 ($r = 0.713$, $p < 0.01$) and PIS2 and PIS3 ($r = 0.811$, $p < 0.01$).

Moderate Cross-Domain Correlations:

- Financial Literacy (FL) variables show moderate correlations with Digital Financial Services (DFS) variables, such as FL5 and DFS5 ($r = 0.595$, $p < 0.01$), indicating a positive association between higher financial literacy and usage of digital financial services.
- Similarly, PIS variables exhibit moderate positive correlations with both FL and DFS variables, such as PIS2 and FL5 ($r = 0.488$, $p < 0.01$) and PIS2 and DFS3 ($r = 0.811$, $p < 0.01$), suggesting that financial literacy and digital service usage significantly influence perceived impacts.

Lower or Non-Significant Correlations:

- Some variables show lower or non-significant correlations, such as FL3 and PIS1 ($r = 0.062$, $p > 0.05$), indicating limited or negligible relationships in specific cases.

The analysis reveals strong internal correlations within each group (FL, DFS, and PIS), indicating consistency in measuring constructs within these domains. Moderate cross-domain correlations suggest meaningful relationships between financial literacy, digital financial services usage, and their perceived impacts. Lower or non-significant

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correlations highlight areas where variables may be less interrelated, which could guide further investigation or refinement of constructs.

11. CORRELATION ANALYSIS OF FINANCIAL LITERACY, DIGITAL FINANCIAL SERVICES, AND FINANCIAL INCLUSION FACTORS

This analysis was conducted to examine whether a significant relationship exists among the factors related to Financial Literacy, Digital Financial Services, and Financial Inclusion.

Null Hypothesis (H_02): There is no significant relationship among the factors associated with Financial Literacy, Digital Financial Services, and Financial Inclusion.

Table No.3

Correlations

		FL1	FL2	FL3	FL4	FL5	DFS 1	DFS 2	DFS 3	DFS 4	DFS 5	FI1	FI2	FI3	FI4	FI5
FL1	Pearson Correlation	1														
	Sig. (2-tailed)															
	N	420														
FL2	Pearson Correlation	.589**	1													
	Sig. (2-tailed)	**.000**														
	N	420	420													
FL3	Pearson Correlation	.342**	.208**	1												
	Sig. (2-tailed)	**.000**	**.000**													
	N	420	420	420												
FL4	Pearson Correlation	.366**	.182**	.509**	1											
	Sig. (2-tailed)	**.000**	**.000**	**.000**												
	N	420	420	420	420											
FL5	Pearson Correlation	.558**	.366**	.487**	.412**	1										
	Sig. (2-tailed)	**.000**	**.000**	**.000**	**.000**											
	N	420	420	420	420	420										
DFS 1	Pearson Correlation	.284**	.153**	.355**	.384**	.456**	1									
	Sig. (2-tailed)	**.000**	**.002**	**.000**	**.000**	**.000**										
	N	420	420	420	420	420	420									
DFS 2	Pearson Correlation	1.000**	.589**	.342**	.366**	.558**	.284**	1								
	Sig. (2-tailed)	**.000**	**.000**	**.000**	**.000**	**.000**	**.000**									
	N	420	420	420	420	420	420	420								
DFS 3	Pearson Correlation	.573**	.379**	.400**	.417**	.635**	.562**	.573**	1							
	Sig. (2-tailed)	**.000**	**.000**	**.000**	**.000**	**.000**	**.000**	**.000**								
	N	420	420	420	420	420	420	420	420							
DFS 4	Pearson Correlation	.583**	.439**	.357**	.293**	.677**	.395**	.583**	.713**	1						
	Sig. (2-tailed)	**.000**	**.000**	**.000**	**.000**	**.000**	**.000**	**.000**	**.000**							
	N	420	420	420	420	420	420	420	420	420						
DFS 5	Pearson Correlation	.538**	.312**	.261**	.347**	.595**	.365**	.538**	.605**	.684**	1					
	Sig. (2-tailed)	**.000**	**.000**	**.000**	**.000**	**.000**	**.000**	**.000**	**.000**	**.000**						
	N	420	420	420	420	420	420	420	420	420	420					
FI1	Pearson Correlation	.139**	.106*	.445**	.412**	.322**	.341**	.139**	.256**	.218**	.166**	1				
	Sig. (2-tailed)	**.004**	**.031**	**.000**	**.000**	**.000**	**.000**	**.004**	**.000**	**.000**	**.001**					
	N	420	420	420	420	420	420	420	420	420	420	420				
FI2	Pearson Correlation	.343**	.262**	.316**	.280**	.362**	.198**	.343**	.490**	.418**	.285**	.428**	1			
	Sig. (2-tailed)	**.000**	**.000**	**.000**	**.000**	**.000**	**.000**	**.000**	**.000**	**.000**	**.000**	**.000**				
	N	420	420	420	420	420	420	420	420	420	420	420	420			

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FI3	Pearson Correlation	.301**	.239**	.204**	.221**	.352**	.185**	.301**	.435**	.376**	.242**	.404**	.696**	1		
	Sig. (2-tailed)	**.000**	**.000**	**.000**	**.000**	**.000**	**.000**	**.000**	**.000**	**.000**	**.000**	**.000**	**.000**			
	N	420	420	420	420	420	420	420	420	420	420	420	420	420		
FI4	Pearson Correlation	.202**	.085	.220**	.284**	.242**	.181**	.202**	.326**	.275**	.194**	.276**	.239**	.218**	1	
	Sig. (2-tailed)	**.000**	**.081**	**.000**	**.000**	**.000**	**.000**	**.000**	**.000**	**.000**	**.000**	**.000**	**.000**	**.000**		
	N	420	420	420	420	420	420	420	420	420	420	420	420	420	420	
FI5	Pearson Correlation	.231**	.180**	.267**	.293**	.257**	.175**	.231**	.265**	.287**	.214**	.608**	.482**	.501**	.354**	1
	Sig. (2-tailed)	**.000**	**.000**	**.000**	**.000**	**.000**	**.000**	**.000**	**.000**	**.000**	**.000**	**.000**	**.000**	**.000**	**.000**	
	N	420	420	420	420	420	420	420	420	420	420	420	420	420	420	420

**. Correlation is significant at the 0.01 level (2-tailed).

*. Correlation is significant at the 0.05 level (2-tailed).

The above table shows that

Strong Internal Correlations Within Groups:

- Financial Literacy (FL) variables (FL1 to FL5) show strong internal correlations, such as FL1 and FL2 ($r = 0.589$, $p < 0.01$) and FL3 and FL5 ($r = 0.487$, $p < 0.01$), indicating consistent measurement within the domain of financial literacy.
- Digital Financial Services (DFS) variables also exhibit strong internal correlations, such as DFS3 and DFS4 ($r = 0.713$, $p < 0.01$), signifying coherence in measuring digital financial services usage.

Cross-Domain Relationships:

- Financial Literacy (FL) and Digital Financial Services (DFS): Moderate correlations are observed between FL and DFS variables, such as FL5 and DFS5 ($r = 0.595$, $p < 0.01$). This indicates that financial literacy significantly contributes to the adoption and usage of digital financial services.
- Financial Inclusion (FI) and FL/DFS: FI variables demonstrate moderate correlations with FL and DFS measures, such as FI2 and FL5 ($r = 0.362$, $p < 0.01$) and FI2 and DFS3 ($r = 0.490$, $p < 0.01$). This reflects that both financial literacy and digital financial service usage positively impact financial inclusion.

Internal Correlations Within Financial Inclusion (FI):

- FI variables (FI1 to FI5) show substantial intercorrelations, such as FI2 and FI3 ($r = 0.696$, $p < 0.01$), indicating consistency within the financial inclusion construct.

Lower or Non-Significant Correlations:

- Some relationships, such as FL1 and FI4 ($r = 0.202$, $p < 0.01$), show weaker but statistically significant correlations, suggesting limited direct influence between these specific variables.

The analysis highlights significant internal consistency within FL, DFS, and FI variables, reinforcing the robustness of these constructs. Cross-domain correlations reveal a meaningful relationship between financial literacy, digital financial services, and financial inclusion, emphasizing the critical role of digital and financial literacy in promoting financial inclusion. Lower correlations point to specific areas where the relationship is less pronounced, which could guide further investigation or targeted interventions.

12. CORRELATION ANALYSIS OF THE PERCEIVED IMPACT OF DIGITAL SERVICES AND FINANCIAL INCLUSION FACTORS

This analysis was conducted to examine whether a significant relationship exists among the factors related to Perceived Impact of Digital Services and Financial Inclusion.

Null Hypothesis ($H_0 2$): There is no significant relationship among the factors associated with Perceived Impact of Digital Services and Financial Inclusion.

Table No.4

Correlations										
		PIS1	**PIS2**	**PIS3**	**PIS4**	**PIS5**	**FI1**	**FI2**	**FI3**	**FI4**	**FI5**
PIS1	Pearson Correlation	1									
	Sig. (2-tailed)										
	N	420									
PIS2	Pearson Correlation	.259**	1								
	Sig. (2-tailed)	**.000**									
	N	420	420								
PIS3	Pearson Correlation	-.047	.359**	1							

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	Sig. (2-tailed)	.338	**.000**								
	N	420	420	420							
PIS4	Pearson Correlation	.063	.191**	.448**	1						
	Sig. (2-tailed)	.201	**.000**	**.000**							
	N	420	420	420	420						
PIS5	Pearson Correlation	.338**	.477**	.292**	.357**	1					
	Sig. (2-tailed)	**.000**	**.000**	**.000**	**.000**						
	N	420	420	420	420	420					
FI1	Pearson Correlation	-.128**	.184**	.586**	.542**	.139**	1				
	Sig. (2-tailed)	**.009**	**.000**	**.000**	**.000**	**.004**					
	N	420	420	420	420	420	420				
FI2	Pearson Correlation	-.002	.398**	.569**	.345**	.343**	.428**	1			
	Sig. (2-tailed)	.971	**.000**	**.000**	**.000**	**.000**	**.000**				
	N	420	420	420	420	420	420	420			
FI3	Pearson Correlation	.056	.332**	.517**	.327**	.301**	.404**	.696**	1		
	Sig. (2-tailed)	.248	**.000**	**.000**	**.000**	**.000**	**.000**	**.000**			
	N	420	420	420	420	420	420	420	420		
FI4	Pearson Correlation	-.007	.269**	.343**	.260**	.202**	.276**	.239**	.218**	1	
	Sig. (2-tailed)	.879	**.000**	**.000**	**.000**	**.000**	**.000**	**.000**	**.000**		
	N	420	420	420	420	420	420	420	420	420	
FI5	Pearson Correlation	-.036	.225**	.409**	.410**	.231**	.608**	.482**	.501**	.354**	1
	Sig. (2-tailed)	.464	**.000**	**.000**	**.000**	**.000**	**.000**	**.000**	**.000**	**.000**	
	N	420	420	420	420	420	420	420	420	420	420

**. Correlation is significant at the 0.01 level (2-tailed).

The above table shows that

Internal Correlations Within PIS:

- The Perceived Importance of Savings (PIS) variables show moderate to strong intercorrelations:
- PIS2 and PIS5 ($r = 0.477$, $p < 0.01$).
- PIS3 and PIS4 ($r = 0.448$, $p < 0.01$).
- However, some variables have weak or non-significant correlations, such as PIS1 and PIS3 ($r = -0.047$, $p = 0.338$), suggesting variation in the underlying factors being measured.

Cross-Domain Correlations Between PIS and FI:

Positive Correlations:

- PIS3 exhibits strong correlations with FI variables, such as FI1 ($r = 0.586$, $p < 0.01$) and FI2 ($r = 0.569$, $p < 0.01$). This indicates that the perceived importance of savings is closely linked to financial inclusion, especially in terms of access and usage of financial services.
- PIS5 also correlates positively with FI variables, such as FI5 ($r = 0.231$, $p < 0.01$), though the relationship is weaker than PIS3.

Negative Correlations:

- PIS1 demonstrates weak negative correlations with FI1 ($r = -0.128$, $p < 0.01$), indicating that individuals perceiving high importance of savings might not necessarily have high financial inclusion scores for certain dimensions.

Internal Correlations Within FI:

- Financial inclusion (FI) variables maintain strong intercorrelations, as seen with FI2 and FI3 ($r = 0.696$, $p < 0.01$), which highlights internal consistency in measuring financial inclusion.

Weak or Non-Significant Correlations:

- Certain relationships, such as PIS1 and FI5 ($r = -0.036$, $p = 0.464$), are weak and non-significant, suggesting minimal direct association between these specific dimensions

The results suggest:

- PIS3 plays a pivotal role in linking perceived importance of savings with financial inclusion, highlighting its potential as a key variable for analysis.
- Internal correlations within PIS and FI validate the consistency of these constructs.

- Weak or negative correlations for some PIS variables (e.g., PIS1) with FI dimensions may indicate differences in perception or barriers to translating savings awareness into actionable financial inclusion outcomes.

This analysis could guide targeted interventions, emphasizing the need to bridge gaps between perceived importance and practical financial inclusion.

13. FINDINGS OF THE STUDY

The study explores the relationship between Financial Literacy, Digital Financial Services, and Financial Inclusion, as well as the Perceived Impact of Digital Services on Financial Inclusion. Based on the correlation analysis, the key findings are as follows:

1. Relationship Between Financial Literacy, Digital Financial Services, and Financial Inclusion

- A significant positive correlation was found among financial literacy (FL), digital financial services (DFS), and financial inclusion (FI).
- Financial Literacy (FL) is positively associated with Digital Financial Services (DFS), indicating that individuals with higher financial literacy are more likely to adopt digital financial services.
- Financial Literacy (FL) and Financial Inclusion (FI) also showed a strong correlation, suggesting that individuals with higher financial literacy are more financially included.
- Among the financial literacy indicators, FL5 (knowledge about financial products) and FL1 (basic financial knowledge) had the strongest correlations with digital financial services.

2. Influence of Digital Financial Services on Financial Inclusion

- Digital financial services (DFS) demonstrated a strong association with financial inclusion (FI), indicating that access to and usage of DFS play a crucial role in enhancing financial inclusion.
- DFS3 (usage of mobile banking services) and DFS4 (trust in digital transactions) had the highest correlation with financial inclusion, signifying that mobile banking and trust in digital transactions are key drivers of financial inclusion.
- Individuals who actively use digital financial services tend to have higher financial inclusion scores.

3. Perceived Impact of Digital Services on Financial Inclusion

- There is a significant relationship between the Perceived Impact of Digital Services (PIS) and Financial Inclusion (FI).
- PIS3 (improved access to credit through digital platforms) and PIS5 (overall financial empowerment through digital services) showed the highest correlation with financial inclusion.
- This suggests that individuals who perceive digital financial services as beneficial are more likely to experience financial inclusion.
- However, PIS1 (perceived ease of use) had a weak or negative correlation with some financial inclusion indicators, indicating that ease of use alone does not necessarily translate into higher financial inclusion.

4. Overall Findings

- The study confirms that financial literacy and digital financial services significantly impact financial inclusion.
- Trust in digital transactions and the usage of mobile banking are key determinants of financial inclusion.
- The perceived benefits of digital financial services positively influence financial inclusion, particularly in terms of improved access to credit and financial empowerment.

These findings highlight the need for financial literacy programs and digital financial service expansion to promote financial inclusion, particularly among marginalized and rural populations.

14. RESEARCH IMPLICATIONS

The findings of this study have significant implications for policymakers, practitioners, and researchers.

Policy Implications

Policymakers should focus on creating inclusive digital financial ecosystems that prioritize accessibility, affordability, and usability for rural women. Initiatives such as government-backed digital literacy programs and subsidized access to digital devices can bridge the technological divide and foster financial independence. Additionally, tailored interventions, including gender-sensitive policies and localized support systems, can address the unique challenges faced by rural women.

Practical Implications

Financial institutions and service providers should emphasize designing user-friendly digital platforms that cater to the literacy levels and specific needs of rural women. Collaborative efforts involving banks, fintech companies, and non-governmental organizations can amplify the reach and effectiveness of financial services. Training

programs that blend technical knowledge with practical demonstrations can further empower women to utilize digital financial tools confidently.

Academic Contributions

This study enriches the existing literature by offering empirical insights into the interplay between digital financial inclusion and socio-economic empowerment. The multi-dimensional approach to examining financial literacy, digital financial service usage, and their combined impact on rural women provides a robust foundation for future research. Scholars can build on this work to explore longitudinal impacts, regional variations, and the role of emerging technologies such as blockchain and artificial intelligence in advancing financial inclusion.

Research gaps in financial literacy, access, and utilization, this research underscores the transformative potential of digital financial inclusion in achieving broader socio-economic development goals.

CONCLUSION

The findings of this study highlight the critical role of digital financial inclusion in enhancing the socio-economic empowerment of rural women. The analysis reveals significant relationships between financial literacy, digital financial services usage, and financial inclusion, suggesting that improving access to digital financial tools and promoting financial awareness can empower women economically and socially. Furthermore, the study underscores the importance of cultivating a savings culture among rural women, as it contributes to their financial stability and long-term resilience.

By integrating digital financial services into rural communities, policymakers and stakeholders can bridge the financial inclusion gap and foster sustainable development. The results emphasize the need for targeted interventions, such as financial literacy programs and accessible digital platforms, to maximize the benefits of digital financial inclusion for rural women. This study contributes to the growing body of literature by providing empirical evidence on the transformative potential of digital financial tools in rural settings, offering practical insights for fostering inclusive growth.

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