To study on Role & Challenges of financial literacy & Impacts of digital Financial Literary

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Abstract

Financial literacy (FL) and digital financial literacy (DFL) are critical drivers of women's economic empowerment (WEE), working together to provide women with the knowledge, skills, and confidence to make informed financial decisions and achieve greater autonomy. Financial literacy has become an essential component for improving individuals' financial well-being and promoting inclusive economic growth. It enables individuals to make informed financial decisions regarding saving, investing, borrowing, and managing financial risks. In recent years, the rapid growth of digital financial services such as online banking, mobile payments, and digital wallets has increased the importance of digital financial literacy. This study examines the role of financial literacy in enhancing financial decision-making and economic stability, while also exploring the challenges individuals face in acquiring adequate financial knowledge.

The research highlights how digital financial literacy helps individuals effectively use digital financial platforms, access financial services, and participate in the digital economy. However, several barriers such as lack of awareness, limited access to technology, low education levels, cybersecurity risks, and digital divide continue to restrict the effective adoption of digital financial tools. The study also analyses the impact of financial literacy programs, government initiatives, and technological advancements in improving financial inclusion.

The findings suggest that strengthening both financial literacy and digital financial literacy can significantly enhance individuals' financial capability, promote responsible financial behavior, and reduce vulnerability to financial fraud and poor financial decisions. The study concludes that collaborative efforts from governments, financial institutions, and educational organizations are necessary to improve financial education and overcome existing challenges in the digital financial ecosystem.

Keywords: *Financial Literacy, Decision-Making, Business, Economic. Etc.*

Introduction

Digital technology revolutionized financial industries to provide broader access for banking, payments, savings and investments than traditional methods. The implementation of secure digital financial services as quick financial management tools will assist in reducing economic disparities between social classes. Digital financial inclusion has become more prevalent yet women from undeveloped and developing regions face major digital gaps when it comes to financial inclusion. The collection and application of digital financial services face more challenges for women than for men. These problems stem from women's limited financial skills as well as their reduced digital capability and restricted mobile device and internet access and traditional societal limitations on women's financial autonomyThe advancement of women depends increasingly on understanding how to access and operate digital platforms for financial services which include obtaining credit and handling transactions and managing their funds. Financially literate women utilizing digital tools become better suited for sound financial decision-making because they save money for their future while stimulating their family and local economies. Women who achieve financial independence gain both improved decision-making power within their families and enhanced participation in social events as well as better rights for women.

Digital financial services remain inaccessible to numerous women since they lack awareness and fear using digital tools. This investigation examines the effects of both digital tools and financial understanding on women's economic capabilities and social engagement by studying digital financial capabilities in achieving female empowerment. The research evaluates what stands as the primary challenge in digital literacy acquisition for women then recommends workable solutions to address these hurdles.

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Objectives of the study:

1. To study the Role of Financial Literacy.
2. To study the impact of Digital Financial Literacy.
3. To study on Synergies and Challenges of combination of financial and digital literacy.

The Role of Financial Literacy

Financial literacy provides women with foundational knowledge that is essential for economic participation and well-being. Key aspects include:

1. Informed Decision-Making: Financially literate women are better able to make decisions about saving, investing, debt management, and financial planning, which improves household financial stability.
2. Entrepreneurship: A strong understanding of financial concepts like cash flow management and basic accounting enables women to start and grow scalable businesses beyond subsistence activities.
3. Protection: Financial knowledge helps women identify and avoid predatory lending practices, scams, and financial exploitation, which is a significant risk for those with limited financial understanding.
4. Intergenerational Impact: Financially literate mothers are more likely to involve their daughters in financial discussions, helping to break cycles of financial dependence across generations.

The Impact of Digital Financial Literacy

In the modern era, traditional financial literacy is insufficient on its own. The rise of financial technology (Fintech) makes digital financial literacy (DFL) a necessity. DFL expands WEE by:

1. Increased Accessibility: Digital platforms like mobile banking and online payment systems allow women to access financial services without needing to visit a physical bank branch, overcoming barriers like limited mobility and cultural norms that restrict their movement.
2. Enhanced Privacy and Autonomy: Access to personal, digital accounts provides women with privacy and control over their own money, enabling independent financial decision-making that might not be possible in more traditional, male-dominated settings.
3. New Economic Opportunities: Women who are comfortable with digital payment processing and e-commerce platforms can expand their businesses beyond local markets, access broader networks, and participate in the gig economy.
4. Greater Overall Influence: Research indicates that DFL often has a greater influence on a broader range of WEE dimensions (such as economic decision-making power, control over income, and overall financial well-being) compared to traditional FL alone.

Synergies and Challenges:

The combination of financial and digital literacy creates a powerful synergy for women's empowerment. However, several barriers persist:

1. Gender Gap: A persistent gender gap in financial literacy exists globally, often linked to educational inequalities and cultural norms that assign financial matters to men.
2. Digital Divide: Women in rural areas and with lower incomes often lack access to the necessary digital infrastructure (smartphones, internet) and digital literacy skills, hindering their ability to use digital financial tools effectively.
3. Socio-cultural Norms: Deeply ingrained societal expectations can prevent women from acquiring financial knowledge or exercising financial autonomy, even when resources are available.

Addressing these challenges requires targeted interventions, such as gender-sensitive financial education programs integrated into school curricula, community-based initiatives (like self-help groups), and supportive government policies that promote inclusive digital infrastructure and gender equality.

Conclusion:

Financial literacy and digital financial literacy are crucial catalysts for women's economic empowerment (WEE), leading to increased financial independence, improved decision-making power, and greater participation in the formal economy. However, significant gender disparities in access to technology, education, and social norms remain persistent barriers.

Suggestions:

The evidence suggests that comprehensive strategies are required to bridge the gender gap. These include targeted, gender-sensitive financial education programs (often delivered through community groups or digital platforms), improved access to technology and financial services, and policy interventions that promote gender equality in all economic spheres.

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Conflicts of interest

The authors declare that there are no conflicts of interest regarding the publication of this paper

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