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## **A Study on Financial Literacy among Women: Challenges and Opportunities of Shngimawlein Area, South West Khasi Hills District, Mawkyrwat**

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### **ABSTRACT**

Financial literacy is the knowledge and ability to manage your money in a way that helps you grow stability and feel confident and resilient. It is the ability to understand and effectively use various financial skills, including personal financial management, budgeting and investing. Financial literacy is an essential skill for managing personal finances, fostering economic independence and promoting societal growth. Women in rural areas, often face significant barriers to achieving financial literacy, including cultural norms, lack of education and limited access to financial resources. This study examines the challenges and opportunities associated with financial literacy among women with a focus on empowering them through targeted interventions. The study highlights key barriers such as economic dependency and the digital divide but identifies opportunities in government initiatives, community driven programs and digital tools for education. The research concludes that bridging the financial literacy gap can significantly enhance women's empowerment, reduce economic inequality and foster greater financial independence. Policy recommendations include launching women centric financial literacy campaigns, integrating financial education into curriculums and leveraging technology to make learning accessible to underserved

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## **Introduction**

Financial literacy is a vital skill that empowers individuals to make informed financial decisions, effectively manage their resources and secure long-term economic stability. For women, financial literacy has far-reaching implications, influencing not only their personal financial well-being but also their ability to contribute to household and community economic growth. Women in rural areas and underserved areas, often face unique challenges in acquiring financial knowledge and skills. The challenges to financial literacy among women are multifaceted, encompassing socio-cultural barriers, limited access to education and insufficient exposure to financial tools and services. In many societies, traditional norms and roles restrict women's participation in financial decision-making further exacerbating the gap. Further, financial education programs often fail to address the unique needs and circumstances of women, leaving a significant portion of the population underserved.

On the other hand, the rise of digital financial tools and government-led financial inclusion initiatives presents opportunities to bridge these gaps. Programs targeting rural areas can be instrumental in building women's financial literacy, enabling them to manage household finances, access credit and participate in local economic activities. Moreover, community driven approaches such as self-help groups and awareness campaigns have shown promise in addressing the unique challenges faced by rural women. This study explores the current state of financial literacy among women in examining the challenges they encounter and identifying opportunities for enhancing their financial capabilities. By understanding the local context, this research aims to contribute to the development of effective strategies for promoting financial inclusion and economic empowerment among rural women.

## **Statement of the problem**

Financial literacy is a crucial element of economic empowerment, yet women in rural areas often face substantial challenges in accessing financial knowledge and resources. In rural areas, these challenges are compounded by socio-economic and cultural factors. Despite efforts to promote financial inclusion, a significant gap remains in the financial literacy levels among women in these communities. Women in rural areas, often encounter barriers such as limited access to banking services, inadequate awareness of financial tools, and low levels of formal education and traditional societal norms that restrict their

involvement in financial decision-making. This lack of financial literacy not only affects their ability to manage personal and household finances but also limits their participation in economic activities, perpetuating cycles of poverty and dependency. At the same time, opportunities to address these issues are emerging through digital financial platforms, government led inclusion initiatives and community-based programs. However, the extent to which these interventions have reached or benefited women in rural areas. The study seeks to address this gap by investigating the financial literacy levels of women in rural areas, identifying the key challenges they face, and exploring opportunities to enhance their financial knowledge and skills. The findings aim to provide actionable insights for policymakers, local authorities and organizations working towards the socio-economic empowerment of women in rural areas.

### **Research objectives**

1. To assess the current level of financial literacy among women
2. To identify the key challenges faced by women in managing personal and household finances
3. To explore opportunities for enhancing women's financial knowledge through education and policy initiatives
4. To offer suggestions and strategies for improving financial literacy and promoting economic empowerment among women.

### **Literature review**

Financial literacy is critical for empowering women, particularly in rural areas, to improve their socio-economic status. This section reviews the existing literature on the challenges and opportunities faced by women in acquiring financial literacy with a focus on rural areas in South West Khasi Hills District, Mawkyrwat.

### **Concept of Financial Literacy**

Lusardi and Mitchell (2014) explained financial literacy is essential for effective decision-making in modern economies. For women in rural areas, financial literacy is not just a skill but a pathway to economic independence and empowerment (Kumar, 2020). Huston (2010) explained financial literacy as a component of human capital that individuals use to improve financial outcomes. It includes understanding and applying financial concepts such as budgeting, saving and investing. Schuchardt et.al. (2009) viewed financial literacy as “the ability to read, analyse, manage and communicate about the

personal financial conditions that affect material well-being”. U.S. Commission on Financial Literacy and Education (2007) described financial literacy as the skills, knowledge and tools necessary to make informed decisions about personal finances to achieve financial goals. It focuses on equipping individuals to understand financial concepts and manage financial resources effectively.

### **Challenges in Financial Literacy Among rural women**

Education is a significant of financial literacy. Rural women often have limited access to education, which hinders their ability to understand financial concepts (OECD,2013). Traditional roles confine women to household activities, restricting their exposure to financial decision-making (Sarma,2019). Digital platforms are increasingly central to financial transactions. However, limited digital literacy and internet access create additional hurdles for rural women (World Bank,2021). Women on average score lower on financial knowledge tests compared to men (Lusardi & Mitchell, 2014). This disparity is attributed to a combination of societal norms, limited access to financial education, and traditional roles that have historically excluded women from financial decision-making. In many societies, financial decision-making is viewed as a male responsibility, which restricts women’s exposure to financial management and investment opportunities ( Hug, Yoog& Brown,2012). Women are more likely to face economic challenges like lower income levels, wage gaps and career interruptions due to caregiving responsibilities leading to reduce their ability to save, invest and access financial services, further impeding their financial literacy development ( Klapper& Lusardi,2020). Atkinson & Messy,2012) noted that women prefer collaborative and practical learning environments but often lack access to such resources.

### **Opportunities for Financial Literacy Development**

Programs such as Pradhan Mantri Jan Dhan Yojana (PMJDY) and Self-Help Groups (SHGs) encourage women’s participation in financial systems. Studies indicate that such initiatives improve women’s ability to manage personal finances (Chakraborty, 2020). Involving local institutions and NGOs in financial literacy programs ensures cultural sensitivity and better outreach. Technology can bridge the gap by providing financial education through mobile apps and SMS-based platforms, even in remote areas (RBI,2021). Lusardi et al. (2010) emphasized the effectiveness of youth-targeted financial education programs in promoting informed financial behaviours during adulthood. Governments play a crucial role in creating an enabling environment for financial literacy development. Policies that

mandate financial education in schools, provide incentives for financial literacy programs, or require transparent financial products promote a culture of financial awareness and education (OECD,2013).

### **Research Gap**

Although existing studies provide a foundation, limited research focuses on the intersection of financial literacy and women's empowerment in specific villages in rural areas. Further studies should explore the role of indigenous knowledge, community networks and localized financial solutions.

### **Methodology**

The main focus of the present study is to find out the key challenges and opportunities for enhancing women's financial knowledge through education and policy initiatives. The study aims at the extraction of the information through questionnaire from the women of the two villages, i.e., Sohma and NongbreiNongdom.

**POPULATION:** The population of the present study consisted of all the women of seven villages of Shngimawlein Area of South West Khasi Hills District of Meghalaya. The number of the targeted women was about 7605.

**SAMPLE:** A representative sample for the present study included 51 women and the headmen of the villages. The sample is taken to know the challenges faced by women in personal and household saving and opportunities to enhance women's knowledge about financial management.

### **TOOLS AND TECHNIQUES**

In the present study Questionnaire was used as a tool in data collection. The Questionnaire is to find out the problems and initiatives for enhancing women's financial knowledge of the two villages. The Questionnaire was also prepared in such a way that the respondent was faced many problems and barriers on financial knowledge how to overcome it. The dimensions of the Questionnaire included budgeting, savings, investments, loans, interest rates, savings accounts, insurance, credit, ability to manage daily finances, plan for future needs, family expenses, availability of workshops, lack of income etc.

## PROCEDURE OF THE DATA COLLECTION

In the data collection for the study the investigator went into 51 women of two villages and also to the headman of the villages. Then when everything is ready the questions were asked one by one and from door-to-door visit. When investigation was completed, the investigator thanked the host and hopped into the other household.

When data collection was completed, the scores thus obtained were subjected to tabulation and calculation was done by percentages. The same was followed by interpretation. Is subjected followed by tabulation and interpretation.

### Major Findings

1. Women from diverse age groups, with a notable concentration in the 21-40 age range, indicating a mix of younger and middle-aged participants with varying financial priorities
2. Majority of the respondents reported low educational attainment (primary or below), which may correlate with limited financial literacy.
3. Most of the women are homemakers or small-scale farmers, suggesting that many depend on informal income sources, impacting their financial practices.
4. Majority of the households fall in the low-income group (below Rs. 10,000), implying affordability challenges for accessing financial services.
5. All the respondents were unaware of the concept of financial literacy and its importance, highlighting a gap in community-level financial education initiatives
6. All women responded that they do not understand basic financial terms such as savings, investments, loans and budgeting.
7. All the respondents responded that they have not attended any financial literary workshops, indicating a lack of outreach or accessibility at all in these areas.
8. Most of the women are unfamiliar with how to open and operate a bank account, which limits their access to formal financial systems.
9. Majority of the women were unaware of government financial inclusion schemes which meanlack of dissemination of information about these initiatives that could support their financial growth.



10. It was found that around 80% of the respondents are dependent on informal saving practices like saving at home, saving through self-help groups, which are less secure and offer no growth potential.
11. All the respondents reported their challenges such as, lack of knowledge, low income, and societal norms which hamper the financial management.
12. Most of the women face difficulties in accessing credit due to procedural complexities, lack of collateral or restrictive cultural norms.
13. Majority of the women reported that societal norms, limiting women's financial independence remain a significant challenge in the community.
14. A majority of women were unfamiliar with basic financial terms and services such as savings accounts, loans, insurance and budgeting.
15. It was found that women were confined mainly to informal knowledge such as cash savings at home, with little awareness of formal financial systems.
16. All the women responded that financial decision-making was primarily handled by male members of the household, leaving women with limited control over personal or household finances created barriers to their active participation in managing finances.
17. Most of the women responded that lacked access to banking facilities due to logistic challenges such as the distance to banks and limited awareness of banking processes.
18. It was found that the digital platforms like mobile banking apps or digital wallets were under utilised due to low digital literacy and lack of access to smart phones or the internet
19. It was observed that limited income-generating opportunities were restricted the ability to save or invest of women in this area.
20. Most of the women were engaged in subsistence farming or small-scale activities, which left them with negligible disposable income.
21. Younger women showed greater interest in learning about digital financial tools compared to older generations, indicating a potential opportunity to target different age groups with tailored strategies.
22. Social norms and cultural beliefs often discouraged women from taking active roles in financial decision-making in the family.
23. Majority of the respondents do not have adequate knowledge in financial management or lack of confidence in financial decision-making.



24. Most of the women responded that they did not receive any training or education about financial management.
25. Around 70% of women responded that they have little knowledge of saving but unable to do it. It shows that most of them are familiar the basic financial literacy.
26. All the respondents reported that husband used to manage the finances in the family implies that there is a gender imbalance in financial autonomy and decision-making.
27. All the women responded that they do not have the power to make financial decisions independently which could be due to cultural norms, lack of financial knowledge or limited access to financial services.
28. All the women have their own bank account number indicating that women are included from formal banking systems which building financial knowledge or access to savings and credit.
29. All the women are not used mobile banking which means that women may have limited access to digital tools due to lack of access to mobile technology, internet or financial services.
30. Most of the women have limited access to credit indicating that financial inclusion which often affects lower-income or rural women. It may also reflect a lack of financial education on how to use credit responsibly.

## SUGGESTIONS

1. To organize regular workshops and seminars on financial literacy for women in this area. These sessions should cover topics such as saving, investment, budgeting, debt management and understanding basic financial products like bank accounts, loans and insurance.
2. Partner with local radio stations, community centres and social media platforms to disseminate financial education materials in the local language. This will increase accessibility for women who may not attend formal sessions.
3. Work with banks and microfinance institutions to offer simplified banking products tailored to women's needs such as low-fee savings account or flexible microloans that do not require heavy collateral.
4. Train community-based financial advisors who can help women navigate financial services, open bank accounts and make informed decisions about savings, loans and insurance.
5. Promote mobile banking apps and digital payment platforms that are user-friendly for rural women.





6. Organise digital literacy programs that focus on mobile banking and online financial management tools, ensuring women can access these services confidently.
7. Encourage women to explore e-commerce platforms for small businesses by providing training on how to use online tools to start and manage businesses which can improve their financial independence.
8. Strengthen the existing Self-help groups or form new ones that focus on financial empowerment. These groups can act as a platform for women to save, invest and access micro credit.
9. To provide training on group-based financial management and how to leverage these groups to improve financial literacy.
10. Establish mentorship networks where financially literate women can mentor others. This peer-learning approach fosters trust and makes financial education more relatable and accessible.
11. To introduce financial literacy as part of the school curriculum in the region. This will help young girls with foundational financial skills, which they can carry into adulthood and pass on to their communities.
12. Ensuring that women are aware of Government schemes like Pradhan Mantri Jan Dhan Yojana (PMJDY), the National Pension Scheme (NPS) and other social security measures that offer financial support, insurance and savings plans. Create easy-to-understand guides or infographics to explain these schemes.
13. Work with local leaders, including traditional heads and influential community figures by creating awareness campaigns to break down social and cultural barriers that hinder women's participation in financial matters.
14. Encourage male family members to participate in financial literacy programs as well. This will promote a more inclusive environment and reduce resistance from households that are traditionally patriarchal.
15. Introduce incentives such as subsidies or grants for women who actively participate in financial literacy programs or open and maintain their own bank accounts. These incentives can provide motivation for women to take their first step toward financial independence.
16. Develop easy access to low-interest loans for women starting small business or investing in personal financial growth. This would help bridge the gap between financial literacy and practical financial empowerment.
17. To include financial literacy in vocational training programs like tailoring, farming, or handicrafts to teach women how to manage their earnings effectively.



18. To provide training on small business management, bookkeeping and accessing microloans to encourage women entrepreneurs.
19. To provide training to the local women on financial literacy to ensure that the knowledge is continuously passed on within the community.
20. NGOs should create outreach programs and ensure financial education programs are consistent and sustainable.
21. The banks should set up more rural mobile banking vans ensuring women in remote areas can access formal financial services.
22. The financial institutions should offer flexible operating hours, accommodating women who have household or farming responsibilities during the day.
23. To create groups where women can collectively save money and invest in small community projects, reinforcing good saving habits and offering mutual financial support.
24. The financial institutions should introduce low-cost savings plans tied to specific goals such as education, healthcare or home improvement to encourage disciplined savings.
25. To teach women about the importance of creating emergency funds to handle unexpected financial challenges.
26. To educate women about insurance products (life, health and crop insurance) and their benefits in safeguarding financial stability.
27. The financial institutions should provide simplified and collateral-free loans specifically designed for rural women entrepreneurs.
28. The government bodies must subsidized the cost of organising financial literacy workshops and training in rural areas.
29. To share inspiring success stories of women who financially independent from the region on social media platforms to encourage others to take similar steps.
30. Engage with local influencers or leaders to promote the importance of financial literacy and participation in training programs.
31. To include children in basic financial education to build a financially literate in next generation while involving mothers in the process.

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