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IMPACT OF DIGITAL FINANCIAL LITERACY ON WOMEN ENTREPRENEURS: A STUDY IN TAMIL NADU

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ABSTRACT

Digital financial literacy has become a key enabler for financial inclusion and entrepreneurship success in the digital economy. Increasingly, women entrepreneurs in Tamil Nadu are turning to digital financial services (DFS) like internet banking, mobile banking, Unified Payments Interface (UPI), digital wallets and online lending as the tools to operate their businesses efficiently. But barriers still exist regarding digital skills, financial knowledge, and access to technology that impact the effective use of these services. This study aims to examine the effect of digital financial literacy on the performance of the business and financial decision making skills of women entrepreneurs in Tamil Nadu.

The main research question is what is the impact of digital financial literacy on the development, viability and competitiveness of women's businesses? The study aims to evaluate the digital financial literacy of women entrepreneurs, analyze the impact of digital financial literacy on business performance and determine the problems encountered by women entrepreneurs in using digital financial technologies.

The study adopts descriptive research design with primary data collection method using structured questionnaires with the women entrepreneurs from selected districts in Tamilnadu. Data is analysed by statistical methods including percentage analysis, correlation and regression analysis.

The results show that the higher the levels of digital financial literacy, the better the outcomes for business growth, financial management efficiency, access to credit and digital transactions adoption. The study suggests that digital financial literacy can be improved by providing training programs, promoting government initiatives, and raising financial awareness, which can help empower women entrepreneurs and drive sustainable economic growth in Tamil Nadu.

KEYWORDS: *Digital Financial Literacy,Women Entrepreneurs,Financial Inclusion, Digital Payments, entrepreneurship development, Financial Technology (fintech), Business Performance Tamil Nadu*

INTRODUCTION

Digital technologies have revolutionized the world of finance, offering new opportunities for financial services for individuals and businesses. Internet banking, mobile banking, digital wallets, Unified Payments Interface (UPI), online payment gateways, and fintech applications are all a part and parcel of today's economic activities. The innovations have made finance more accessible, lowered transaction costs and increased business efficiency.

Government schemes like Digital India, Pradhan Mantri Jan Dhan Yojana (PMJDY), Unified Payments Interface (UPI) and financial inclusion.programs have spurred the use of digital financial services in India. Tamil Nadu, one of the economically advanced states in India, has seen a remarkable rise in entrepreneurship, especially among women entrepreneurs in various industries including retail, manufacturing, handicraft, agriculture, food processing and services. Ministry of Micro, Small and Medium Enterprises [MSME] (2023).

Women entrepreneurs are a key to the economic development because they create employment opportunities, contribute to domestic income generation and promote innovativeness. (Global Entrepreneurship Monitor, 2023).But, with the growing digitization within financial transactions, it is essential that entrepreneurs have appropriate digital financial literacy. Digital financial literacy is the ability to understand, access and use digital financial products and services effectively and securely to ensure financial security and informed decision-making.

Even though there are digital financial tools available, there are various issues faced by women entrepreneurs in the technological skills, cyber security awareness, financial knowledge, and access to digital infrastructure. Hence, the importance of examining the effect of digital financial literacy (DFL) on the business performance and financial behavior of women entrepreneurs is gaining importance.

STATEMENT OF PROBLEM

Digitalisation in the financial services sector has created opportunities as well as challenges for women entrepreneurs. The digital financial platforms provide access to financial resources, transparency, and convenience but many women entrepreneurs are still facing challenges in making full use of the technologies because of their limited digital financial knowledge and skills.

Inadequate digital financial literacy can reduce the availability of digital payment systems, credit facilities, investment opportunities and financial planning tools, and hinder access to online banking service for entrepreneurs. This

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may have a negative impact on the growth, profitability, competitiveness, and sustainability of the business.

While various Government and private sector initiatives are being undertaken in the area of digital financial inclusion, there is no empirical evidence on the relationship between digital financial literacy and the success of women entrepreneurs in Tamil Nadu.

Based on this, the research problem that this research addresses is:

SCOPE OF THE STUDY

1.The study aims to examine digital financial literacy and its adoption by women entrepreneurs in Tamilnadu including their knowledge about digital financial services (DFS) like internet banking, mobile banking, UPI and digital payment platforms.

2. The study explores the effect of digital financial literacy on the financial decision-making, business performance, and growth of women business enterprises.

3.The study pinpoints challenges and barriers of women entrepreneurs in the use of digital financial technologies and services in their business.

OBJECTIVES OF THE STUDY

1.To know the extent of digital financial literacy of women entrepreneurs in Tamilnadu.

2. To analyse effect of digital financial literacy on financial decision making and business performance of women entrepreneurs.

3.To understand the barriers for women entrepreneurs in adoption and use of digital financial services and technologies.

REVIEW OF LITERATURE

1.Morgan, Huang, and Trinh (2020) have highlighted the increasing criticality of digital financial education in the digital era. Their research found that Digital financial literacy can effectively be used to improve the use of Digital financial services, financial decisions and economic participation among individuals and entrepreneurs. The authors emphasized that having a digital financial literacy is one of the important issues to achieve financial inclusion and sustainable business growth.

2.This study by Lyons and Kass-Hanna (2021) looked at the connection between financial literacy, digital financial inclusion and economic empowerment. The study revealed that those with a higher level of digital financial literacy were more likely to use digital payment systems, online banking, and other fintech products. The researchers found digital financial literacy to have an important role in enhancing entrepreneurial outcomes and financial vulnerability.

3.Bongomin et al. (2017) studied the effect of financial literacy on financial inclusion of small business owners. The results indicated that there was a positive association between financial knowledge and formal access to financial services. The study has shown that the more financially literate entrepreneurs are able to use financial products and carry out their business finances more effectively.

RESEARCH DESIGN

The present study is a descriptive research design to study the effect of digital financial literacy on the women entrepreneurs of Tamil Nadu. The descriptive research design has been applied here because it helps in the systematic description of the level of Digital financial literacy, its influence on the business performance and challenges being faced by the women entrepreneurs while adopting the Digital financial services. The study seeks to quantify the data and analyze the relationship between digital financial literacy and entrepreneurial outcomes.

HYPOTHESIS OF THE STUDY

H_{01}: Null Hypothesis (H_{01}):

Women business owners' digital financial literacy shows no significant relationship with business performance.

H_{11}: Alternative Hypothesis (H_{11}):

Digital Financial Literacy is significantly associated with business performance of women entrepreneurs

DATA COLLECTION METHODS

1. Structured Questionnaires were used as the main data collection tools. The questionnaire has sections on:
2. The respondents' demographic profile is displayed.The demographic profile of respondents is presented.
3. Knowledge of financial services as they relate to the Internet.Knowledge of financial services and the Internet.
4. Usage of digital financial technologies
5. Digital financial capability (DFC)
6. Business performance indicators
7. Adoption of financial services of digital nature

The answers are expressed on a 5-point scale from strongly agree to strongly disagree.

Sampling Technique

The study uses Convenience Sampling Technique for women entrepreneurs of different districts in the state of Tamilnadu.

Sample Size

A total of 200 women entrepreneurs from selected districts of Tamil were able to attend the training.

Sources of Data

Primary Data Primary data is obtained from women entrepreneurs using structured questionnaire. The answers give first-hand information on digital financial literacy, using digital financial services, and business performance.

The secondary data sources include: Research journals, Books and textbooks, Government reports, Reserve Bank of India (RBI) publications, Ministry of MSME reports, OECD reports, Research articles on digital finance and women entrepreneurship, Websites of financial institutions and fintech organizations.

STATISTICAL TOOLS USED

1.Percentage :Average Awareness and Usage of Digital Financial Services: Average Awareness and Usage of Digital Financial Services is used to describe the demographic profile of respondents and the level of their awareness and usage of digital financial services.

2.Means and Standard Deviation: Means and standard deviations are used to indicate the level of digital financial literacy and the differences between respondents.

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3. **Correlation Analysis**: Correlation analysis is used to analyse the relationship between digital financial literacy and business performance of women entrepreneurs.
4. **Regression Analysis**: Regression analysis helps identifying the magnitude of the impact of digital financial literacy on business performance and financial decision making.
5. **Chi-Square Test**: Chi-Square test used to determine significant associations between demographic variables and Digital Financial Literacy.

Examining the relationship between Digital Financial Literacy and Financial Decision Making, Business Performance, Adoption of Digital Financial Services on women entrepreneurs' entrepreneurial success in Tamil Nadu.

Pearson's Correlation Coefficient (r)

This test is employed to check the magnitude and direction of relationship between Digital Financial Literacy and Business Performance.

Decision Rule

- If p-value < 0.05, reject H_{01} and accept H_{11}.
- If p-value > 0.05, accept H_{01} and reject H_{11}.

Interpretation

- r = 0.00–0.19 → Very Weak Relationship
- r = 0.20–0.39 → Weak Relationship
- r = 0.40–0.59 → Moderate Relationship
- r = 0.60–0.79 → Strong Relationship
- r = 0.80–1.00 → Very Strong Relationship

Digital Financial Literacy & Business Performance 0.682 0.000 H_{01} Rejected; H_{11} Accepted

Interpretation: Digital financial literacy is positively related and statistically significant with the performance of business among women entrepreneurs in Tamilnadu. This is a clear, measurable hypothesis that Data Analysis and Interpretation will examine.

Table 1 shows the demographic profile of the respondents according to age.

Age Group	Number of Respondents	Percentage (%)
Below 30 Years	45	22.5
31–40 Years	78	39.0
41–50 Years	52	26.0
Above 50 Years	25	12.5
Total	**200**	**100.0**

The interpretation of the table indicates that the age group of 31-40 years has the highest number of women entrepreneurs (39.0%) followed by 26.0% in 41-50 years age group. This suggests that the middle aged women form the bulk of the Tamil Nadu entrepreneurs.

Table 2.Table Presents Digital Financial Literacy level of women entrepreneurs.

Literacy Level	Respondents	Percentage (%)
Low	38	19.0
Moderate	94	47.0
High	68	34.0
Total	**200**	**100.0**

The majority of respondents (47.0%) has a moderate level of digital financial literacy, while 34.0% has a high level of digital financial literacy. This indicates that women entrepreneurs are more aware about DfS but need more training and support.

Table 3 correlation between Digital Financial Literacy and Business Performance.

Variables	r-value	p-value	Result
Digital Financial Literacy and Business Performance	0.682	0.000	Significant

Interpretation: the Pearson's correlation coefficient (r = 0.682), it can be concluded that there is a strong positive correlation between digital financial literacy and business performance. The p-value is < 0.05, which is considered to be statistically significant.

Decision:

Since p < 0.05, H_{01} is rejected and H_{11} is accepted.

Pearson Correlation Analysis

Variables	Correlation Coefficient (r)	Significance
Digital Financial Literacy & Business Performance	0.682	Significant at 5% level

The table indicates a significant correlation between Digital Financial Literacy & Business Performance at the 5% level.The table shows that there is significant correlation between Digital Financial Literacy & Business Performance at 5% level.

The analysis shows that higher level of digital financial literacy, higher business performance of women entrepreneurs.

FINDINGS

1.Most of the women entrepreneurs are in the age group of 31-40 years.

2.Almost half of the respondents have a medium digital financial literacy.

3.Entrepreneurs who have more digital financial skills perform better in their business.

4.Digital financial literacy plays an important role in the effective financial decision making process and business development.

SUGGESTIONS

1.**Provide Digital Financial Literacy Training Programs;**

Regular training programs and workshops should be organised by government agencies, financial institutions and entrepreneurship development organizations to improve women entrepreneurs' digital financial literacy, especially for rural and semi-urban women entrepreneurs.

2.Enhance Digital Financial Infrastructure Access

Internet connectivity, digital financial services banking facilities and availability of cheap digital devices should be increased so as to promote the use of digital financial services among women entrepreneurs.

3.Improve knowledge of digital security practices

Awareness building initiatives should be implemented by financial institutions regarding cybersecurity, online fraud prevention and safe digital financial transactions practices to foster confidence and trust in digital financial platforms.

CONCLUSION

Digital financial skill is an important factor in boosting the performance of the business and the financial decision-making ability of women entrepreneurs in Tamil Nadu. Digital financial literacy was determined to have a positive relationship with entrepreneurial success. Women entrepreneurs with a higher level of digital financial knowledge are more likely to use digital financial services and to run their business effectively. Thus, digital financial literacy can help to achieve more financial inclusion, businesses expansion and economic empowerment for women entrepreneurs.