Financial Literacy and Women Empowerment in Chitwan

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Abstract

In this study, the relationship between Financial Literacy and Women's Empowerment is investigated. In order to investigate women's empowerment with age and education serving as moderating variables, the scholar used Financial Literacy (Financial Knowledge, Financial Skill, Financial Behaviour, Financial Attitude, and Financial Awareness) as independent variables. 385 samples were taken using the purposive sampling technique, and data were gathered from individuals in the 18–44 age range using a structured questionnaire survey. SPSS, a statistical analysis program, was used to examine the data. Descriptive analysis and inferential analysis for association and proposition testing are the proper statistical techniques used in research. The results of the study demonstrate a negative and substantial relationship between women's empowerment and financial knowledge and abilities. Additionally, there is a strong and positive correlation between women's employment and financial conduct, attitude, and awareness. Moreover, there is a strong and positive correlation between moderating age and education variables. The research findings establish the critical role that financial literacy plays in promoting gender equality and raising the socioeconomic standing of women.

Keywords: *Financial Knowledge, Financial Skills, Financial Knowledge, Financial Attitude, Financial Behavior, Women Empowerment*

Introduction

In today's society, financial literacy has emerged as a critical factor influencing women's empowerment and gender parity. Research has repeatedly demonstrated that compared to their male counterparts, women often have lesser financial literacy

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and engage in fewer economic activities. In addition to having an effect on women's personal financial security, this disparity contributes to broader gender disparities in the economy, impeding the achievement of sustainable development goals. More than simply basic reading and math abilities are included in financial literacy. Understanding, behaviour, attitudes, perception, and general awareness of the financial environment are all included in this wide field of study.

According to Kabeer (2005), the phrase "women's empowerment" is wide and includes the advancement of women's activity, freedom, and participation in policymaking across a range of societal domains. In order to enable women to take control of their lives and positively impact society, it means giving them the means, instruments, and chances to confront and subvert discriminatory norms and gender-based disparities.

In addition, the emergence of digital technology has created new avenues for improving women's financial literacy. According to recent research (Haliassos et al., 2022; Jappelli & Padula, 2019), digital platforms and online resources can effectively bridge the knowledge gap between women and finance by offering accessible and customised financial education.

Thus, there have been a rising number of financial crises in both established and emerging countries in recent years as a result of the quick change in the financial environment. Financial literacy enables consumers to evaluate products and make well-informed decisions by educating and enticing them with knowledge that will have a substantial impact on their life (Wachira & Kihiu, 2012).

Chaulagain and Devkota (2018) express worry about the potential for a mutually reinforcing connection between financial literacy and women's empowerment as a strategy of uplifting marginalised Nepalese individuals. According to Ali et al. (2021), women's education may be strengthened through mindfulness programs. Women's confidence grows as financial education advances, enabling women to question traditional orientation roles, assert their independence, and plan for financial opportunities (Lusardi & Mitchell, 2014). Hence, empowered women are more likely to engage in financial education and put their skills to use, maintaining the upward trend. This oddity transcends personal wealth since financially involved women may collectively contribute to the economic development of their families, communities, and nations.

Despite the fact that there has been a great deal of research focusing on the importance of financial education, it is frequently maybe the most overlooked component contributing to the financial advancement of women in Nepal. Most members of the group want to see the financial standing of women continue to rise. For instance, in Nepal, the financial literacy of women is 17.9 % greater than that of men (NRB, 2022). It is another cause why the association can strengthen the women even more.

A higher level of life may be achieved via effective financial knowledge acquisition through financial literacy. Furthermore, studies conducted recently have emphasised the significance of incorporating digital financial literacy into the comprehension of women's empowerment in the digital age. These studies emphasise the necessity of analysing the effects of technological innovations on women's financial activity and financial inclusion (Vegas et al., 2021; Goyal & Sahn, 2017). In this case, financial illiteracy is not exclusive to Nepal; rather, it is an issue that affects many different demographic groups globally, irrespective of economic progress.

Even while the data now available points to a positive correlation, more investigation is   required to separate the roles played by institutional impediments, cultural norms, and socio-demographic variables. The purpose of the study is to evaluate how financial behaviour, awareness, knowledge, and skills relate to the empowerment of women in Nepal. The purpose of the study is to draw attention to how crucial financial literacy is for the nation's female families and enterprises. Anticipated outcomes have the potential to furnish   significant insights into Nepal's unique characteristics and stimulate more investigation in this crucial domain.

Therefore, the objective of this study was to look at the connection between financial literacy and women's employment.

1. Regarding women's empowerment, what is the status of financial literacy?
2. What are the aspects of financial literacy that affect empowerment of women?

Examining the connection between financial literacy and women's empowerment is the study's main goal. Thus, the following are the study's precise objectives:

1. To assess the current state of women's empowerment and financial literacy.
2. To examine the impact of women's empowerment and financial literacy.

Literature Review

Raman (2022), among the main rising economies, India has the lowest rate of financial literacy, which is explained by differences between states, a lack of formal education, and general ignorance. While some emerging economies have higher rates of financial literacy than others, there is still a great deal of space for improvement. According to a research by Tinghog et al. (2021), there is still a gender disparity in financial literacy even when discussing non-numerical financial matters. This implies that the disparity goes beyond numerical data and involves comprehending financial ideas that are presented in disparate ways. Furthermore, it was discovered that variations in confidence levels were not the cause of the gender disparity in financial literacy.

According to a research by Koomson et al. (2021), how the course is designed and presented has an impact on how financial literacy influences family spending. Lessons on financial literacy delivered separately have a less noticeable impact. Incorporating financial literacy training into a curriculum focused on women's empowerment, however, has a more immediate influence on household spending. Iran et al. (2021) demonstrate how loss aversion, regret aversion, mental accounting, and self-control have a significant impact on women entrepreneurs' financial literacy and investment decision-making processes.

According to Bhaskaran et al. (2021), rural women are aware of the variety of investment possibilities on the market, but familiarity, safety, and guaranteed returns have an impact on their decision-making. This report emphasises how important it is for governments to focus on raising financial awareness instead of just financial literacy programs. Islam et al.'s (2020) study explores the complex relationship between financial literacy and women's empowerment and makes the case for combining sound financial literacy with entrepreneurship to increase women's empowerment. The findings of Kumari et al. (2020) demonstrate that financial literacy significantly affects rural poor women's capacity to direct their own economic destiny. The results of the study, according to Niazi and Malik (2019), show that the respondents had a poor degree of financial knowledge.

Hypothesis of the Study

H1: Financial knowledge significantly affects women empowerment

People's attitudes towards money and financial affairs are summed up in their financial beliefs, feelings, and values, which influence how they spend, save, invest, and handle debt (NRB, 2022). Empirical studies demonstrate the connection between favourable financial attitudes—like anticipating needs and being eager to learn about personal finance—and better financial results. Decision-making is impacted by the interaction of attitudes towards risk, debt, and financial objectives; this interaction provides insights into how to encourage prudent financial decisions (Lown & Grable, 1993; Mann, 2013). Refining financial education tactics and encouraging healthy financial habits for people and families are made easier with an understanding of the relationship between financial attitudes and behaviours.

H2: Financial behaviour significantly affects women empowerment

A person's degree of comprehension and familiarity with different financial ideas, goods, and procedures is referred to as their financial awareness (NRB, 2022). It includes having knowledge of things like retirement planning, taxes, loans, investments, savings, and budgeting. People with a strong understanding of money are better able to set objectives, make well-informed decisions, and negotiate the challenges of personal finance. According to research, financial education is crucial for raising awareness and has a good effect on people's financial well-being (Hastings, Madrian, & Skimmyhorn, 2013). A greater understanding of finances enables people to organise their finances more skilfully and make decisions that support their long-term financial objectives.

H3: Financial attitude significantly affects women empowerment

The practical aptitudes and capabilities people possess to efficiently manage their financial resources are referred to as financial skills (NRB, 2022). These abilities cover a variety of duties, such as managing debt, tracking spending, analysing financial documents, making investment decisions, and budgeting. Strong financial abilities are positively correlated with better financial outcomes, according to research, as these people are more likely to make wise financial decisions, reach their financial objectives, and overcome obstacles in their financial lives (Peng & Bartholomae, 2014). Increasing one's financial literacy through education and training provides people with the means to negotiate complicated financial environments, increasing one's economic flexibility and general comfort.

H4: Financial awareness significantly affects women empowerment.

Theoretical Framework

The study's dependent variable is women's empowerment, whereas the independent variable is financial literacy. Financial Knowledge, Financial Behaviour, Financial Attitude, and Financial Awareness are the operational definitions of financial literacy.

Independent Variables   **Dependent Variable**

Financial Knowledge

Financial Behavior

Financial Attitude   Women's Empowerment

Financial Awareness

Financial Skills   Age Education

Moderating Variables
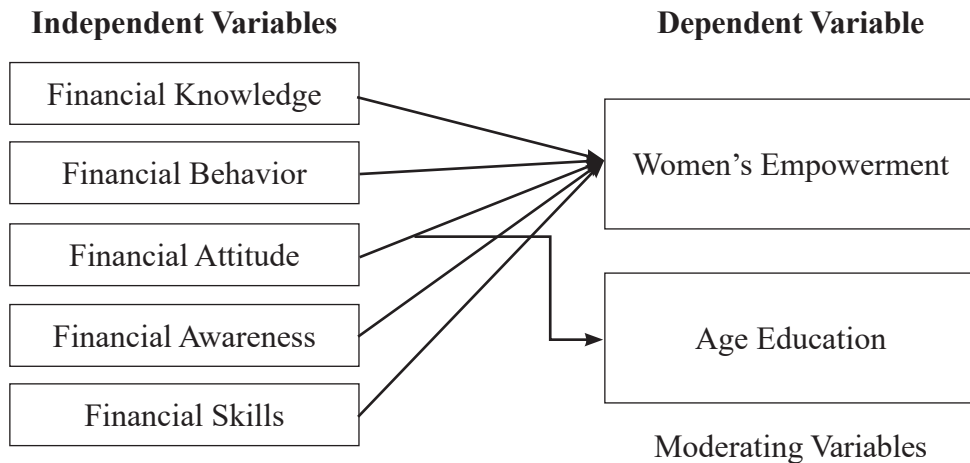
Research Methods

A descriptive and inferential research approach was employed in the study. This design aims to explain the facts and features related to the research problem, offer in-depth insights, and conduct a thorough examination of the research topic. These layouts are very useful for locating factual data (Cooper & Schindler, 2009).

The women people living in the Chitwan district who worked in jobs and were active in entrepreneurship, financial activities and decision-making were the population of this study. The research has a sample size of 385. Purposive sampling, or non-probability sampling, was used in this investigation. Purposive sampling involves choosing participants based on predetermined standards that match the goals of the study, such as women who actively make financial decisions and businesses who take part in microfinance programs. Primary data gathering was employed in the study. In order to get quantitative data, a structured questionnaire was used to collect primary data.

To determine relationships between the variables, correlation analysis was examined. For variables with straightforward multi-option answers, Pearson's correlation analysis was performed. The degree of association between the research variables was evaluated by computing a correlation matrix. When two variables increase in response to each other's increase, there is a positive correlation, indicating that the relationship is positive in direction.

Table 1

Correlation Coefficients

	WE	FK	FB	FA	FW	FS
WE	1					
FK	.17**	1				
FB	.27**	.23**	1			
FA	.40**	.39**	.15**	1		
FW	.53**	.49**	.16**	.51**	1	
FS	.16**	.39**	.03	.27**	.52**	1

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

(Source: Calculated by using SPSS)

Relationship between women empowerment and financial knowledge

Women Empowerment (WE) and Financial Knowledge (FK) have a 0.17 association coefficient. This positive correlation implies that people's degrees of women's empowerment tend to rise along with their level of financial literacy. The correlation is minimal even though it is statistically significant (p = 0.001).

Relationship between women empowerment and financial behavior

A moderately good association is indicated by the correlation coefficient of 0.27 between WE and Financial Behaviour (FB). This implies that people who engage in more advantageous financial practices typically have greater degrees of women's empowerment. At p = 0.000, the association is statistically significant.

Relationship between women empowerment and financial attitude

The relationship between WE and Financial Attitude (FA) has a 0.40 correlation coefficient. People who have more positive financial attitudes are more likely to have higher degrees of women's empowerment, according to this moderate to strong positive correlation. At p = 0.000, the association is very statistically significant.

Relationship between women empowerment and financial awareness

There is a strong positive correlation (r = 0.53) between WE and Financial Awareness (FW). This implies that people who are more financially conscious typically display higher degrees of women's empowerment. One of the strongest correlations in the table, the correlation is highly statistically significant (p = 0.000).

Relationship between women empowerment and financial skill

Indicating a comparatively weak positive relationship, the correlation between WE and Financial Skill (FS) is 0.16. This implies that although the relationship is not as strong as it is with other financial factors, people who are more financially literate also tend to be somewhat more empowered women. The correlation coefficient (p = 0.002) indicates statistical significance.

Multiple Regression Analysis

The aim of multiple regression is to model the relationship between the variables so as to facilitate testing hypotheses, making predictions, and providing an explanation.

Table 2

Model Summary

Model	R	R square	Adjusted R square	Std. Error of estimate
1	.61	.38	.37	.44

Predictors: (Constant), FK, FB, FA, FW, and FS
(Source: Calculated by using SPSS)

Table 2, which displays the model summary, shows the coefficient of determination, or R-square, which is a useful tool for explaining variance. 0.38 is the R-square value. Independent variables (FK, FB, FA, FW, and FS) account for 38%

of the variation in investment decisions. That still leaves 62% (100 percent - 38%) of the findings in this study unexplained.

Table 3

ANOVA

	Model	Sum of Squares	df	Mean Square	F	Sig.
	Regression	44.84	5	8.97	45.83	.00
1	Residual	74.16	379	.19		
	Total	118.99	384			

a. Dependent Variable: WE

b. Predictors: (Constant), FS, FB, FA, FK, FW

(Source: Calculated by using SPSS)

The regression model, which includes the predictors FA (Financial Attitude), FB (Financial Behavior), FK (Financial Knowledge), and FW (Financial Awareness), is highly statistically significant (F = 45.83, p < 0.001), according to ANOVA table 3. This suggests that the dependent variable, WE (Women Empowerment), is significantly influenced by at least one of these financial factors. The large sum of squares for the regression (44.84) in comparison to the residual sum of squares (74.16) indicates that the model accounts for a significant amount of the variance in WE. These findings show that the financial variables taken as a whole are highly significant in predicting the levels of women's empowerment.

A group of statistics that are used to estimate the relationship between the independent and dependent subjects. Since this analysis is conducted under more than two variables, the results are displayed as follows.

Table 4

Multiple regression

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.86	.25		7.36	.00
	FK	-.13	.04	-.17	-3.55	.00
	FB	.23	.045	.20	4.77	.00
	FA	.19	.05	.19	4.05	.00
	FW	.32	.03	.55	9.89	.00
	FS	-.07	.03	-.11	-2.34	.02

a. Dependent Variable: Women Empowerment

(Source: Calculated by using SPSS)

The "Constant" component in Table 4 indicates the estimated value of WE when all independent variables are zero. In the context of unstandardised coefficients, this value is 1.86. The standardised measure of the contribution of each independent variable to the WE prediction for the standardised coefficients is called beta. Financial Awareness (FW), with a value of 0.55, is the highest of the predictors. This suggests that an increase in FW of one standard deviation is correlated with an increase in women's empowerment of 0.55 standard deviations. Furthermore, all three financial domains—financial behaviour, financial attitude, and financial knowledge—show positive values, indicating a favourable correlation between the level of women's empowerment and advances in these financial domains.

FS (Financial Skill) is negative (-0.11), suggesting that a rise in financial skill is correlationed to a fall in women's empowerment, however this effect is much smaller than that of the other predictors. It is noteworthy that each of these financial indicators strongly contributes to predicting women's empowerment, as indicated by the extremely low significance values (Sig.) correlationed with each coefficient (all < 0.05) in their t-statistics.

Moderating of Age

Table 5

One way ANOVA test of Age with women empowerment

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	3.81	3	1.27	4.19	.01
Within Groups	115.19	381	.30		
Total	118.99	384			

(Source: Calculated by using SPSS)

The analysis of variance (ANOVA) presented in Table 5 indicates that there are statistically significant differences in the Women Empowerment (WE) ratings among the four distinct age groups. There is a statistically significant difference between the groups in terms of their Women Empowerment scores, as indicated by the between-groups variation (F = 4.19, p = 0.01). This shows that different conditions or factors are causing differences in women's empowerment across the dataset.

Moderating of Education

This table illustrates how women's empowerment and education are moderating each other.

Table 6

One way ANOVA test of education

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	5.38	2	2.69	9.04	.00
Within Groups	113.62	382	.29		
Total	118.99	384			

(Source: Calculated by using SPSS)

Table 6 presents statistically significant variations in the dependent variable (not included in the table) between different groups or categories. The significant sum of squares within groups (113.62) compared to between groups (5.38) indicates that the differences between these groups may account for a sizable amount of the variation in the dependent variable. The statistical significance of these differences is supported

by the F-statistic of 9.04, with a corresponding p-value of 0.00, which shows that the groups or categories under comparison have unique traits or contributing variables to changes in the dependent variable. To identify the precise conditions or groups causing these notable variations, more research or post hoc testing would be required.

Discussions and Conclusion

The findings indicate a significant and negative relationship between financial knowledge and empowerment, with a beta coefficient of -0.135 and a p-value of 0.00<0.05. Thus, a decline in women's empowerment is caused by an increase in financial knowledge. The findings, therefore, are inconsistent with those of (Abinfin et al., 2023), (Raman, 2022), and (Ali et al., 2021), which demonstrate the favourable connection with empowerment.

Studies by Abindin et al. (2023), Raman (2022), and Ali et al. (2021) demonstrate the beneficial association with empowerment. Therefore, there is a positive and significant association between financial behaviour and women's empowerment. This relationship differs from Rachmadini and Damayanti's (2023) finding of an insignificant relationship with empowerment, with a beta coefficient of 0.23 and a p value of 0.00<0.05.

Regression analysis demonstrates a positive and significant relationship between financial attitude and women's empowerment, with a beta coefficient of 0.198 and a P-value of 0.00<0.05. It implies that as financial attitudes rise, so does women's empowerment. Accordingly, studies conducted by Abinfin et al. (2023), Struckel et al. (2022), and Ali et al. (2021) have indicated that women who possess greater financial literacy are more likely to work for themselves.

The findings indicate a positive and statistically significant association between financial awareness and women's empowerment, with a beta coefficient of 0.324 and a P-value of 0.00<0.05. Thus, the outcome is comparable to that of Streckell et al. (2022) and Raman et al. (2022).it increases women's empowerment as financial understanding rises.

The findings indicate a statistically significant negative relationship (beta coefficient of -0.072 and P-value of 0.020) between financial skill and women's empowerment. The findings, therefore, are consistent with those of Rachmadini and

Damayanti (2023) and divergent from those of Abindin et al. (2023), Mishra, Pham, Cavaliera, et al. (2022), Struckell et al. (2022), and Ali et al. (2021), demonstrating a favourable influence on empowerment.

The moderating variables indicate that age and education are important factors in raising financial literacy. There appears to be a strong positive correlation between financial knowledge and women's empowerment. The findings indicate that financial literacy and empowerment rise with age and education.

Among the financial variables examined, it was found that financial behaviour, financial attitude, financial awareness, and financial skill had a significant and beneficial impact on women's empowerment. This implies that women's empowerment may be greatly increased by encouraging good financial habits, developing a positive financial mindset, raising financial awareness, and improving financial skills. These results offer organizations and legislators useful information for creating successful empowerment initiatives. In addition, one of the study's goals was to evaluate how demographic factors affected women's empowerment. Although the precise results about the demographic parameters are not provided, this goal emphasises how crucial it is to customise empowering tactics for certain populations. Developing contextually appropriate and successful empowerment programs requires an awareness of the variety of women as well as a comprehension of the ways in which demographic factors intersect with financial literacy.

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