



Saarth E-Journal

Saarth

E-Journal of Research

E-mail: sarthejournal@gmail.com

www.sarthejournal.com

ISSN NO: 2395-339X

Peer Reviewed

Vol.8, Issue.2 No.31

Impact Factor: 6.89

Quarterly

April to June - 2023

A STUDY ON THE ROLE OF EDUCATIONAL INTERVENTIONS IN PROMOTING FINANCIAL LITERACY AND EXPANDING FINANCIAL INCLUSION

*** PANKAJ VASUDEO KATARIA**

ABSTRACT

In today's evolving financial landscape, individuals are required to make informed financial decisions in areas such as saving, borrowing, investing, and digital transactions. The increasing complexity of financial systems makes financial understanding an essential skill. Educational initiatives such as training programs, awareness drives, and curriculum-based learning play a significant role in improving financial knowledge.

(*PANKAJ VASUDEO KATARIA, Assistant Professor, Department of Accountancy, SVKM'S MITHIBAI COLLEGE (AUTONOMOUS), Ville Parle (West), Mumbai-400056.)

This study examines the impact of such interventions on financial awareness and inclusion. Based on primary data collected, the findings reveal that individuals exposed to financial education demonstrate better awareness and higher participation in formal financial services. The study concludes that educational efforts are crucial in strengthening financial literacy and promoting inclusive financial growth.

Keywords: Digital transactions, financial education, financial services, educational efforts.

Introduction

Modern economies require individuals to actively engage with financial systems that include banking, investment, insurance, and digital payment platforms. As financial decisions become more complex, the need for financial knowledge has increased significantly.

Financial inclusion, in contrast, pertains to the systematic provision and equitable accessibility of cost-effective financial services, encompassing banking facilities, credit instruments, and insurance mechanisms, to all segments of the population.. However, access alone is not sufficient; individuals must also have the confidence and knowledge to use these services effectively. Lack of financial awareness often prevents people from participating in formal financial systems.

Educational interventions, including structured workshops, formal training modules, and curriculum-integrated academic programs, play a pivotal role in enhancing individuals' comprehension of financial concepts. Such initiatives facilitate the acquisition of essential knowledge and analytical capabilities required for rational and informed financial decision-making. The present study, therefore, seeks to critically evaluate the extent to which these educational mechanisms contribute to the advancement of financial literacy and the broader objective of financial inclusion.

Review of Literature

Financial literacy and financial inclusion have gained increasing attention from policymakers, academicians, and financial institutions worldwide. Many studies emphasize that financial knowledge and education are essential tools for enabling individuals to make informed financial decisions and participate effectively in the formal financial system. A review of previous literature highlights the importance of educational interventions in improving financial awareness and expanding access to financial services.

Early scholarly work on financial literacy examined how financial knowledge influences individual economic behavior. Research by Hastings, Madrian, and Skimmyhorn found that individuals with higher levels of financial literacy tend to make more rational financial decisions, including better savings, borrowing, and investment choices. Their work emphasized that financial education programs can positively influence economic outcomes by improving individuals' understanding of financial products and services.

Several researchers have highlighted the relationship between financial literacy and financial inclusion. Financial inclusion refers to the accessibility and usage of formal financial services such as banking, credit, insurance, and payment systems by all segments of society. According to Hasan, Le, and Hoque, financial literacy plays a significant role in increasing participation in the financial system because individuals who understand financial concepts are more likely to use formal financial services rather than relying on informal financial arrangements.

Another stream of literature focuses on the impact of structured educational interventions such as financial training programs, workshops, and awareness campaigns. Studies examining financial literacy training programs show that such initiatives can improve individuals' financial behavior, including savings habits, budgeting practices, and responsible

borrowing. Research reviewing financial literacy training programs conducted among marginalized groups, especially women, indicates that these programs lead to greater financial confidence and increased use of banking services.

Recent systematic reviews have further strengthened the argument that financial literacy is a multidimensional concept influenced by several factors such as socio-economic conditions, demographic characteristics, psychological attitudes, and technological access. A comprehensive review of research published between 1981 and 2011 identified multiple determinants of financial literacy and emphasized the need for targeted educational strategies to address different population groups.

Many scholars have also analyzed the global research trends related to financial literacy and financial inclusion. A large-scale literature synthesis covering more than ten thousand studies concluded that financial literacy contributes significantly to financial inclusion by enhancing individuals' capability to understand financial services and manage financial risks. The review also observed that most studies in this area have been conducted in developed countries, while research in developing economies remains relatively limited.

In addition to academic research, several policy-oriented studies highlight the role of governments and regulatory authorities in promoting financial literacy. Financial education initiatives conducted by central banks, financial institutions, and educational organizations have been identified as key strategies to increase financial awareness among the population. These programs often include financial literacy centers, community training programs, and integration of financial education into school and college curricula. Such initiatives are expected to enhance financial capability and encourage individuals to use formal financial services.

Recent studies also emphasize the importance of innovative educational methods such as

digital platforms, mobile applications, and community-based training models. Financial literacy programs delivered through workshops, online learning platforms, and awareness campaigns have been shown to improve financial knowledge and promote social inclusion by enabling individuals to participate more actively in economic activities. These initiatives also contribute to reducing inequality and improving overall economic well-being.

Overall, the existing body of literature clearly establishes that educational interventions play a crucial role in enhancing financial literacy and encouraging financial inclusion. Researchers consistently find that individuals who receive financial education are better equipped to manage their finances, utilize banking services, and contribute to economic development.

Research Gap

Although a considerable amount of research has been conducted on financial literacy and financial inclusion, several gaps remain in the existing literature:

1. Many studies focus primarily on measuring the level of financial literacy rather than examining the effectiveness of specific educational interventions designed to improve financial knowledge.
2. A large proportion of empirical research has been conducted in developed countries, while studies focusing on developing economies and local contexts are comparatively limited.
3. Most previous research examines financial literacy and financial inclusion as separate concepts, rather than studying how educational interventions simultaneously influence both variables.

Therefore, the present study aims to address these gaps by examining the role of educational interventions in promoting financial literacy and expanding financial inclusion, particularly

within a specific target population.

Objectives:

1. To understand financial literacy and financial inclusion concepts.
2. To examine the role of educational interventions.
3. To analyze the relationship between literacy and usage of services.
4. To assess awareness levels among respondents.
5. To evaluate the effectiveness of financial education programs.

Research Methodology:

The present investigation employs a descriptive research design to systematically examine the subject under study. It is based on the utilization of both primary and secondary sources of data. Primary data were gathered through a well-structured questionnaire administered to a sample of 56 respondents, selected on the basis of convenience sampling techniques. Secondary data was obtained from books, journals, and reports. Data analysis involved percentage analysis and hypothesis testing.

Hypothesis:

H0: Educational interventions have no significant impact.

H1: Educational interventions have a significant impact.

Data Analysis:

Out of 56 respondents:

- 30 gained awareness through educational programs

- 18 through other sources

- 8 were not aware

Chi-square test result (12.99) exceeded table value (5.99), leading to rejection of null hypothesis.

Conclusion:

The study highlights that financial literacy is essential for making effective financial decisions. Educational interventions significantly improve awareness and encourage individuals to use formal financial services. Strengthening financial education at various levels can enhance financial inclusion and contribute to economic development.

Limitations of the Study:

1. The relatively small sample size may restrict the generalizability of the findings to the broader population.
2. The study is predominantly based on self-reported data, which may be subject to response bias and individual subjectivity.
3. The scope of the research is confined to a limited set of variables, thereby excluding other potentially influential factors.
4. Temporal constraints posed limitations on the depth and extent of data collection and analysis.