

A STUDY ON FINANCIAL LITERACY AND ITS ROLE IN EMPOWERING MARGINALIZED COMMUNITIES

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ABSTRACT

Financial literacy is an essential component of economic development and individual well-being, particularly for marginalized communities that face systemic barriers to financial inclusion. This paper examines the role of financial literacy in empowering these communities by enhancing their ability to manage financial resources, make informed decisions, and access formal financial services. It highlights how financial knowledge contributes to improved saving habits, responsible borrowing, and increased participation in economic activities. The study also addresses the key challenges in promoting financial literacy, including low levels of education, lack of awareness, limited digital access, and socio-cultural constraints. Furthermore, it emphasizes the importance of targeted interventions such as financial education programs, community-based initiatives, and supportive government policies. The findings suggest that strengthening financial literacy can lead to greater economic independence, reduced vulnerability to exploitation, and overall social empowerment of marginalized groups, thereby contributing to inclusive and sustainable development.

Keywords: Financial Literacy, Marginalized Communities, Financial Inclusion, Economic Empowerment, Financial Education.

INTRODUCTION OF THE STUDY

Financial literacy refers to the knowledge and ability of individuals to understand and effectively use financial skills such as budgeting, saving, borrowing, investing, and managing risk. In India, despite rapid economic growth and expansion of financial institutions, a large section of marginalized communities including rural households, women, low-income groups, and informal sector workers continues to remain financially excluded or under-informed. Lack of financial literacy often results in poor financial decision-making, over-dependence on informal credit sources, low savings, and vulnerability to financial exploitation. Recognizing this, the Government of India has introduced various initiatives such as Jan Dhan Yojana, Direct Benefit Transfer (DBT), digital payment systems, and financial inclusion programs. However, mere access to financial services does not guarantee empowerment unless accompanied by adequate financial awareness and literacy. This study seeks to examine the role of financial literacy in empowering marginalized communities by improving their financial behaviour, access to formal financial services, and overall socio-economic well-being.

Objectives of the Study

- To assess the level of financial literacy among marginalized communities.
- To examine the awareness and usage of formal financial services such as banks, insurance, and digital payments.

- To analyse the impact of financial literacy on savings, borrowing, and investment behaviour.

Statement of the Problem

Despite the availability of financial institutions and government-led financial inclusion initiatives, marginalized communities in India continue to face significant barriers in effectively accessing and utilizing financial services. Low levels of financial literacy limit their ability to understand banking products, manage finances, plan, and protect themselves against financial risks. This lack of financial awareness often leads to poor savings habits, dependence on informal moneylenders, and continued economic vulnerability. Therefore, the problem addressed in this study is to understand whether and how financial literacy contributes to the empowerment of marginalized communities, and to identify the gaps between financial access and financial capability that hinder inclusive economic growth.

Scope of the Study

The study focuses on marginalized communities such as low-income households, rural populations, women, and informal sector workers. It covers aspects of financial literacy including savings, credit, insurance, digital payments, and financial planning. The study evaluates the role of financial literacy in enhancing financial inclusion and socio-economic empowerment. The research provides insights useful for policymakers, educational institutions, and financial service providers.

Limitations of the Study

- The study is based on a limited sample size, which may not represent all marginalized communities.
- The study is restricted to a specific geographic area and may not reflect wider regional differences.
- The study focuses on general financial literacy and does not cover all aspects like digital finance or investment behaviour

RESEARCH METHODOLOGY

Research methodology refers to the systematic process used to collect, analyse, and interpret data for a particular study.

1. Research Design

This study adopts a descriptive research design to assess the level of awareness and risk perception of online gambling among college students. The design is suitable as it focuses on describing existing conditions, attitudes, and perceptions without manipulating any variables.

2. Sample Size and Sampling Technique

A sample of respondents was selected from the target population using a convenience sampling method. The total sample size for the study was 100 students.

3. Data Collection Methods

The study uses both Primary and Secondary data.

a) Primary Data: Primary data is collected through a structured questionnaire distributed among college students.

b) Secondary Data: Secondary data is gathered from Research articles and journals, Government reports and publications, Websites and online sources related to online gambling.

4. Tools for Data Analysis

Simple percentage analysis.

REVIEW OF LITERATURE

1. According to **Reserve Bank of India (RBI)**, financial literacy initiatives have been instrumental in increasing awareness about banking services in rural and marginalized communities in India. RBI reports highlight that financial education helps individuals understand financial products and avoid fraudulent schemes.
2. A study by Lusardi and Mitchell (2014) found that financial literacy is directly linked to better financial planning, retirement savings, and wealth accumulation. Their research shows that individuals with higher financial literacy are more capable of managing risks and making informed investment decisions.
3. Further research by Atkinson and Messy (2012) points out that marginalized groups, including low-income households and less-educated individuals, tend to have lower financial literacy levels. This gap limits their ability to participate in formal financial systems and increases financial vulnerability.

DATA ANALYSIS AND INTERPRETATION

Table 1.1 showing the Financial Literacy Level

S.NO	PARTICULARS	RESPONENTS	PERCENTAGE %
1	LOW	45	45%
2	MODERATE	35	35%
3	HIGH	20	20%
	TOTAL	100	100%

Interpretation

The table shows, out of 100 respondents Majority peoples have low financial literacy they need for awareness programs.

Table 1.2 showing the Digital Payment Usage

S.NO	PARTICULARS	RESPONENTS	PERCENTAGE %
1	USERS	75	75%
2	NON-USERS	25	25%
	TOTAL	100	100%

Interpretation

The table shows, out of 100 respondents Majority peoples using digital payment system and non-users of digital payment system was low.

Table 1.3 showing the investment Participation

S.NO	PARTICULARS	RESPONENTS	PERCENTAGE %
1	INVESTING	20	20%
2	NON-INVESTING	80	80%
	TOTAL	100	100%

Interpretation

The table shows, out of 100 respondents very low numbers of peoples are investing and majority peoples are not investing and there are many peoples haven't knowledge about investing.

CONCLUSION

Financial literacy plays a vital role in empowering marginalized communities by equipping individuals with the knowledge and skills needed to make informed financial decisions. The study highlights that although there is a growing awareness of financial services, the overall level of financial literacy remains low to moderate among marginalized groups. This gap limits their ability to effectively utilize banking services, manage savings, and make sound investment decisions. The findings also reveal that individuals with higher financial literacy demonstrate better financial behavior, including regular saving habits, responsible borrowing, and improved financial planning. However, barriers such as lack of education, limited access to financial resources, digital illiteracy, and socio-economic constraints continue to hinder their full participation in the financial system.

In conclusion, financial literacy is not just a skill but a powerful tool for social and economic empowerment, and it plays a crucial role in achieving inclusive and sustainable development.

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