
**FROM EXCLUSION TO EMPOWERMENT:
FINANCIAL INCLUSION CHALLENGES AND SOLUTIONS FOR RURAL WOMEN**

Discipline: Commerce

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Abstract

Financial inclusion is a fundamental aspect of empowering women, especially in rural areas where various socio-economic barriers persist. Despite considerable efforts to improve financial access for rural women, challenges such as cultural norms, gender roles, limited financial literacy, and restricted access to financial services continue to hinder their full participation in the financial system. This review examines the factors that contribute to these barriers, including the role of microfinance institutions, self-help groups (SHGs), and digital financial tools such as fintech, mobile banking, and agent banking. While these initiatives have provided some benefits, their impact has been limited due to insufficient financial literacy and inconsistent policy implementation. Furthermore, existing literature predominantly focuses on individual aspects of financial inclusion, such as loan provision or gender equality, without addressing the broader systemic issues that rural women face. This review emphasizes the need for comprehensive and sustainable solutions that combine financial education, culturally sensitive policies, and long-term institutional support to address these deep-rooted barriers. By synthesizing findings from various studies, this paper underscores the importance

of integrated approaches that not only promote access to financial services but also foster economic empowerment, gender equality, and social development. The review concludes with recommendations for future research and policy reforms aimed at enhancing financial inclusion for rural women, ensuring their full participation in the economic mainstream.

Keywords: Financial inclusion, Women’s empowerment, Rural women, Microfinance, Digital financial services, financial literacy, Policy implementation

Introduction

Financial inclusion is a crucial driver of economic empowerment, particularly for rural women who face significant barriers in accessing financial services ((Angelucci et al., 2023; Manta, 2019). Despite numerous global initiatives aimed at promoting financial inclusion, women in rural areas continue to struggle with cultural norms, gender roles, financial illiteracy, and limited access to banking and credit services (Assaf, 2024). These challenges not only restrict their participation in formal financial systems but also hinder their ability to achieve economic independence (Manta, 2019). While microfinance institutions (MFIs), self-help groups (SHGs), and digital financial services have emerged as effective tools for enhancing financial inclusion, their impact remains uneven due to inconsistent policy implementation, infrastructural constraints, and a lack of financial education (Aziz et al., 2022).

This review explores the barriers to financial inclusion that rural women face and examines the role of government policies, institutional support, microfinance, SHGs, and digital financial services in addressing these challenges. Furthermore, it highlights the need for a holistic and sustainable approach that integrates financial literacy, culturally sensitive outreach programs, and long-term policy interventions. By synthesizing findings from multiple studies, this paper aims to provide valuable insights into the existing gaps in financial inclusion efforts and recommend strategies for creating an equitable financial ecosystem that ensures rural women’s active participation in economic development.

Methodology

This review article adopts a systematic literature review approach to examine the factors influencing financial inclusion among rural women, with a specific focus on the role of microfinance, self-help groups (SHGs), digital financial tools, and policy interventions. The study follows a structured methodology to ensure comprehensive, unbiased, and relevant insights into the subject matter.

1. Data Sources and Search Strategy

The primary data for this review was extracted from the Scopus database, one of the most widely recognized academic repositories for high-quality peer-reviewed research. A keyword-based search strategy was used to identify relevant literature, focusing on the following search terms:

- a) “Financial Inclusion”
- b) “Women Entrepreneurs”
- c) “Rural Women and Financial Services”
- d) “Microfinance and Women’s Empowerment”
- e) “Digital Financial Inclusion”

The search was conducted with filters to include peer-reviewed journal articles, conference proceedings, and book chapters published in the last two decades to ensure relevance and up-to-date insights into financial inclusion trends.

2. Selection Criteria

A total of 51 studies were selected based on the following inclusion and exclusion criteria:

a. Inclusion Criteria:

- Studies focusing on financial inclusion policies, challenges, and opportunities for rural women.
- Research analyzing the impact of microfinance institutions, SHGs, and digital financial tools on women’s economic participation.
- Empirical and theoretical studies published in high-impact journals and conferences.

b. Exclusion Criteria:

- Studies not specifically addressing women’s financial inclusion.
- Research focusing exclusively on urban women or developed economies, as the scope of this review is centred on rural contexts.
- Studies lacking sufficient empirical or theoretical contributions to financial inclusion.

3. Data Extraction and Analysis

The selected studies were systematically reviewed to extract relevant data on:

- Barriers to financial inclusion (e.g., cultural norms, lack of financial literacy, limited access to banking).
- The role of microfinance and SHGs in enhancing women’s financial participation.
- Digital financial tools and fintech innovations in financial inclusion.
- Policy and institutional support for rural women’s financial empowerment.

A thematic analysis was conducted to categorize findings under key themes, ensuring a structured and coherent synthesis of existing knowledge. The extracted data was analyzed to identify trends, gaps, and potential future research directions.

Results and Discussions

This section discusses the key themes emerging from the literature on financial inclusion for rural women. Each theme highlights specific barriers, policy interventions, and financial mechanisms that contribute to or hinder women's financial inclusion. The discussion integrates findings from multiple studies, emphasizing the need for a holistic and sustainable approach to financial empowerment.

A. Barriers to Financial Inclusion

Women in rural areas face significant barriers to financial inclusion due to deeply rooted cultural norms, restrictive gender roles, financial illiteracy, and lack of access to banking and credit services. These factors collectively limit their ability to participate in formal financial systems, thereby restricting their economic independence and empowerment. While efforts have been made globally to improve financial access for women, structural and systemic challenges persist, making it difficult for rural women to benefit from financial inclusion initiatives.

1. Cultural Norms and Gender Roles as Barriers to Financial Inclusion

Cultural norms and gender roles have historically marginalized women in financial decision-making, reinforcing their economic dependence on male family members. Studies by Manta (2019), Aziz et al. (2022), Bhatia & Singh (2023), and Chakraborty (2014) emphasize that patriarchal structures play a critical role in excluding women from financial autonomy. In many regions, societal expectations dictate that men are the primary financial decision-makers, leaving women with limited agency over financial matters. Research by Kaur & Kapuria (2020) found that female-headed households in rural India are less likely to access formal financial services than male-headed households, largely due to gendered social expectations that discourage women from handling financial affairs independently. Similarly, Singh & Pande (2023) highlight that women in rural areas often need permission from male guardians to open bank accounts or apply for loans, further limiting their financial freedom. Traditional gender roles, therefore, often limit women's decision-making power in financial matters (Bhatia & Singh, 2023; Binsuwadan et al., 2024).

2. Limited Access to Financial Services and Banking Infrastructure

Another significant barrier to financial inclusion is the lack of accessible banking infrastructure in rural areas. Studies by Bhatia & Singh (2023), Chakraborty (2014), and Nguse et al. (2022) show that women in rural areas often have to travel long distances to access financial institutions, making banking services impractical and inconvenient. In sub-Saharan Africa, only 37% of women

have access to a formal financial institution due to geographic constraints and inadequate financial infrastructure (Kim, 2020). Similarly, Ha & Nguyen (2024) found that rural Vietnamese women struggle to access banking services because of poor internet connectivity and a lack of digital banking awareness. This limited banking accessibility disproportionately affects women, as they are often burdened with household responsibilities, making it difficult for them to travel to distant financial institutions. Duvendack et al. (2020) suggest that mobile banking and agent banking could address this issue, but adoption rates remain low due to digital illiteracy and a lack of trust in technology-based financial services. As noted by Biswas & Deb (2020) and Dotsey (2022), the inadequacy of rural banking infrastructure forces women to travel long distances for financial services.

3. Lack of Collateral and Financial Documentation

One of the biggest challenges in accessing credit services is the requirement of collateral, which many women in rural areas do not possess. Arshad (2023) and Mukendi & Manda (2022) point out that women in developing countries typically do not have property or land registered in their names, making them ineligible for formal credit. The lack of financial documentation, such as credit history or identification proof, further exacerbates the issue. Many rural women, therefore, rely on informal lending systems due to their inability to meet banking requirements (Chakraborty, 2014; Reichel, 2020). However, this often subjects them to high interest rates from informal lenders, leading to cycles of debt and financial insecurity. As noted by Duvendack, Sonne, & Garikipati (2023) and Gatto (2023), the absence of registered land or property further prevents rural women from accessing formal credit.

4. Financial Illiteracy and Low Awareness of Banking Services

Financial illiteracy is a major barrier preventing rural women from accessing and effectively using financial services. Studies by Mishra et al. (2024), Daher et al. (2022), and Pal & Gupta (2023) indicate that financial literacy significantly influences women's ability to make informed financial decisions. However, due to low educational attainment in rural areas, many women lack basic financial knowledge, such as understanding interest rates, loan terms, and savings options. Kandpal & Nautiyal (2023) argue that financial literacy programs are often designed without considering the specific needs of rural women, leading to limited participation. Additionally, Bravo (2024) highlights that traditional financial literacy training focuses on technical aspects without addressing cultural and gender-related barriers that prevent women from engaging in financial activities. Limited financial education, therefore, prevents women from effectively using financial services (Kaur & Kapuria, 2020; Kini & Patil, 2022).

5. Societal Bias Against Women Handling Finances

In many cultures, there is a long-standing bias against women managing financial matters. Esmailpour Moghadam & Karami (2023) found that even when women gain access to financial services, they often face scepticism and resistance from their families and communities. This discourages them from taking advantage of available financial resources.

A study by Sandya Rani & Sundaram (2024) found that in rural India, women who take loans or open bank accounts are sometimes perceived as financially irresponsible or challenging traditional gender roles. This social stigma prevents many women from actively participating in financial decision-making.

The barriers to financial inclusion for rural women are deeply intertwined with cultural, institutional, and systemic factors. While policies and financial programs exist to address these challenges, their impact remains limited due to deeply embedded social norms, inadequate infrastructure, and a lack of targeted financial literacy programs. To improve financial inclusion, policymakers must adopt a multi-faceted approach that includes gender-sensitive financial policies, digital financial literacy initiatives, and community-driven banking solutions.

Table 1 : Studies Identifying Barriers to Rural Women’s Financial Inclusion

Common Concept	Authors Supporting the Concept
<i>Barriers to Financial Inclusion:</i> Cultural norms, gender roles, lack of financial literacy, and limited access to services restrict rural women’s financial inclusion.	Manta A (2019), Aziz F et al. (2022), Bhatia S & Singh S (2023), Chakraborty S (2014)

Overcoming these barriers requires targeted policy interventions that address both structural and socio-cultural challenges. The next section examines how government policies and institutional support influence financial inclusion efforts.

B. Policy and Institutional Support

Government policies and institutional frameworks play a crucial role in promoting financial inclusion among women by creating an enabling environment for equitable access to financial services. However, the effectiveness of these policies depends largely on their proper implementation, accessibility, and outreach to the target population. While numerous financial inclusion programs have been introduced globally, structural and administrative challenges continue to hinder their full potential.

1. Role of Government Policies in Promoting Financial Inclusion

Studies by Nguse et al. (2022), Johnson (2009), Sharma & Changkakati (2022), and Arshad (2023) emphasize the significance of well-structured financial policies and social welfare schemes in addressing financial disparities. In developing economies, targeted financial inclusion initiatives such as Jan Dhan Yojana (India), Grameen Bank (Bangladesh), and Women's Economic Empowerment Initiatives (Africa) have played an instrumental role in increasing women's access to formal banking, credit, and savings programs.

For instance, Jan Dhan Yojana (JDY) in India has significantly increased women's financial participation by providing no-frills bank accounts, direct benefit transfers, and overdraft facilities. According to Sharma & Changkakati (2022), the scheme has led to a substantial rise in the number of women holding bank accounts, thereby improving their financial independence. Similarly, the Grameen Bank model in Bangladesh, as highlighted by Johnson (2009), has successfully empowered millions of rural women through microfinance, allowing them to establish small businesses and participate in household financial decision-making.

In Africa, Women's Economic Empowerment Initiatives (Arshad, 2023) have integrated financial inclusion into broader gender development strategies, enabling rural women to access credit, insurance, and digital banking solutions. These programs highlight the need for government-backed financial models that not only provide financial access but also ensure long-term sustainability through training and support mechanisms.

2. Challenges in Policy Implementation

Despite the presence of robust financial inclusion policies, their impact remains inconsistent due to several structural and institutional barriers. Studies by Nguse et al. (2022), Bhatia & Dawar (2024), and Esmaeilpour Moghadam & Karami (2023) indicate that financial programs often fail to reach the most marginalized women due to bureaucratic inefficiencies, corruption, and lack of localized implementation strategies.

- **Bureaucratic Delays and Complex Documentation:** Many financial programs require extensive paperwork and eligibility verification, which rural women often struggle to fulfill due to lack of proper documentation (Sharma & Changkakati, 2022).
- **Low Awareness and Outreach:** Rural women frequently remain unaware of financial schemes due to inadequate outreach efforts. Daher et al. (2022) found that despite government efforts, women in remote areas of Peru remain excluded from formal banking due to a lack of information and financial literacy.

- Short-Term Focus vs. Long-Term Inclusion: Many financial policies focus on short-term loan distribution rather than long-term capacity-building programs that educate women on financial management, credit utilization, and investment strategies (Pal & Gupta, 2023).

1. International Collaborations and Financial Inclusion Policies

International organizations such as the World Bank, UN Women, and the International Monetary Fund (IMF) have recognized financial inclusion as a key driver of women's economic empowerment. Research by Duvendack et al. (2020) and Bravo (2024) suggests that multi-stakeholder collaborations involving governments, non-governmental organizations (NGOs), and private financial institutions can significantly enhance financial inclusion outcomes.

For example:

- The G20 Global Partnership for Financial Inclusion (GPFI) has provided policy recommendations to integrate gender-responsive financial services into mainstream banking.
- The African Development Bank (AfDB) has implemented "Affirmative Finance Action for Women in Africa" (AFAWA), which has mobilized millions in credit guarantees to support women entrepreneurs.
- The Better Than Cash Alliance, an UN-led initiative, has worked to transition developing economies from cash-based transactions to digital financial systems, benefiting women by reducing transactional barriers.

However, as Nguse et al. (2022) and Tripathi & Rajeev (2023) argue, while such programs have yielded positive results, they often lack localized solutions tailored to the socio-economic conditions of rural women. Effective financial inclusion policies must consider factors such as cultural norms, legal constraints, and access to technology to create a truly inclusive financial ecosystem.

2. The Need for Gender-Sensitive Financial Policies

A critical gap in many financial inclusion programs is the lack of gender-specific financial products and policies. Research by Reichel (2020) and Sandya Rani & Sundaram (2024) suggests that financial institutions often fail to design products that cater specifically to women's needs, such as flexible repayment options, lower collateral requirements, and customized savings plans.

To bridge this gap, governments and financial institutions should:

- Develop tailored financial products that address women's economic realities, such as informal labour and home-based enterprises.

- Strengthen financial literacy programs to equip women with the knowledge to make informed financial decisions (Mishra et al., 2024).
- Encourage community-driven financial models, such as self-help groups (SHGs), that allow women to build financial credibility and independence (Mathan & Sunderaraj, 2024).

While financial inclusion policies and institutional frameworks have made progress in expanding women's access to banking and credit, significant challenges remain in terms of implementation, outreach, and sustainability. Addressing these issues requires a multi-pronged approach that combines policy reforms, grassroots financial education, and gender-sensitive banking solutions. By ensuring that financial policies are inclusive, accessible, and sustainable, governments and institutions can play a crucial role in empowering rural women economically and socially.

Table 2 Studies Highlighting Policy and Institutional Support for Financial Inclusion

Common Concept	Authors Supporting the Concept
Policy and Institutional Support: Government policies, institutional frameworks, and international collaborations are crucial for promoting financial inclusion.	Nguse T et al. (2022), Johnson S (2009), Sharma U & Changkakati B (2022), Arshad A (2023)

While policy frameworks provide a foundation for financial inclusion, their success depends on effective implementation through financial institutions and community-driven models. The next section examines how microfinance and self-help groups contribute to this effort.

A. Role of Microfinance and Self-Help Groups (SHGs) in Empowerment

Micro finance institutions (MFIs) and Self-Help Groups (SHGs) play a pivotal role in bridging the financial gap for rural women by providing them with access to credit, promoting savings habits, and enhancing financial literacy. These community-driven financial models have been instrumental in reducing gender disparities, encouraging entrepreneurship, and boosting household financial security.

1. Microfinance as a Tool for Women's Economic Empowerment

Microfinance has proven to be a transformative tool in empowering women, especially in rural areas where traditional banking services are either absent or difficult to access. Studies by Mathan & Sunderaraj (2024), Kandpal & Nautiyal (2023), Mukendi & Manda (2022), and Laha & Kuri (2014) emphasize that microfinance loans have enabled women to start and sustain small businesses, thereby increasing their income levels and financial independence. Additionally,

microfinance institutions provide women with access to small loans and promote financial literacy, further supporting their economic empowerment (Mandiangu et al., 2024a; Maruta, Edjigu, & Kassa, 2023)

- **Microfinance and Entrepreneurship:** According to Sandya Rani & Sundaram (2024), microfinance institutions have played a crucial role in financing women-led enterprises, particularly in the informal sector. The Kudumbashree Mission in Kerala, India, is a prime example of how microfinance has enabled women to establish and scale microenterprises, thereby contributing to economic development.
- **Financial Inclusion through Microfinance:** Research by Mukesh Pal & Gupta (2021) highlights that microfinance helps integrate women into the formal financial system by offering collateral-free loans, group lending mechanisms, and training programs that enhance their financial decision-making capabilities.

2. Self-Help Groups (SHGs) as Catalysts for Social and Economic Empowerment

Self-Help Groups (SHGs) have emerged as powerful community-based models that foster financial independence among rural women. These groups encourage collective savings, provide small loans, and create a platform for financial education. Studies by Kandpal & Nautiyal (2023), Mukendi & Manda (2022), and Laha & Kuri (2014) suggest that SHGs help women gain financial autonomy, develop leadership skills, and enhance their social standing.

- **Savings and Credit Model:** The SHG model is based on peer lending and collective savings, ensuring that women have access to funds in times of need. Jacob Mathan & Sunderaraj (2024) found that SHG members in Tamil Nadu, India, were more likely to save regularly and invest in productive activities compared to non-members.
- **Women's Empowerment and Social Impact:** According to Duvendack et al. (2020), SHGs not only improve financial inclusion but also increase women's participation in household decision-making, improve their negotiation power, and reduce their vulnerability to financial crises.

3. Challenges Faced by Microfinance and SHGs

Despite the numerous benefits of microfinance and SHGs, these models face several challenges that limit their effectiveness in empowering rural women. High interest rates and debt cycles hinder financial independence and can undermine the intended goals of these initiatives (Mandiangu et al., 2024b; Mersland, Nyarko, & Szafarz, 2019).

a) High Interest Rates and Debt Cycles

One of the primary concerns with microfinance institutions is the high interest rates charged on small loans. Unlike traditional banks, many microfinance institutions operate in an unregulated environment, leading to exploitative lending practices.

- Mukendi & Manda (2022) found that in Zambia, many women borrowers struggle with repayment due to high interest rates, leading to increased indebtedness rather than financial empowerment.
- Bravo (2024) argues that while microfinance provides access to credit, the lack of financial education leads many borrowers into a cycle of debt, especially when they take out multiple loans to repay previous ones.

b) Difficulty in Repayment and Financial Sustainability

While microfinance loans provide immediate financial relief, many women face repayment challenges due to unpredictable income streams. Kandpal & Nautiyal (2023) highlight that a significant portion of microfinance borrowers in India default on repayments due to economic instability and lack of consistent earnings.

- Limited Profitability of Microenterprises: Many women-led businesses operate on small margins and face market competition, making it difficult to generate enough income to repay loans while sustaining their households (Pal & Gupta, 2023).
- Overdependence on Microfinance: According to Bhatia & Dawar (2024), excessive reliance on microfinance without parallel investment in skill development and market access limits women's long-term financial independence.

c) Lack of Financial Training and Business Support

For microfinance and SHG models to be successful, women need proper financial education and business management training. However, many microfinance programs do not include capacity-building initiatives, leaving women vulnerable to poor financial decisions.

- Tripathi & Rajeev (2023) argue that financial literacy is critical for ensuring that women use microfinance effectively rather than just as a means of short-term consumption.
- Esmailpour Moghadam & Karami (2023) suggest that governments and NGOs should integrate business development services and market linkage programs into microfinance initiatives to increase the sustainability of women-owned businesses.

4. The Need for Policy Interventions and Sustainable Solutions

To maximize the benefits of microfinance and SHGs, there is a need for policy interventions and structural reforms that enhance their sustainability and effectiveness.

- **Regulating Microfinance Institutions (MFIs):** Governments should implement interest rate caps and fair lending practices to prevent financial exploitation (Nguse et al., 2022).
- **Integrating Financial Literacy Programs:** Training programs should be mandatory for microfinance borrowers and SHG members to ensure that they utilize funds productively (Mishra et al., 2024).
- **Encouraging Digital Financial Inclusion:** Digital tools such as mobile banking, fintech applications, and agent banking should be integrated into SHG and microfinance programs to expand financial access (Ha & Nguyen, 2024).

Microfinance and Self-Help Groups (SHGs) have proven to be effective models for financial inclusion, especially for rural women. SHGs encourage savings and collective financial decision-making (Okesina, 2021; Razak & Asutay, 2021), empowering millions. However, their success largely depends on proper regulation, financial education, and sustainable business support. Addressing challenges such as high interest rates, repayment difficulties, and skill development gaps is crucial for ensuring their long-term impact. To maximize these initiatives' potential, governments, financial institutions, and NGOs must collaborate to create holistic financial inclusion strategies that go beyond credit access and focus on economic empowerment through training, entrepreneurship support, and policy reforms.

Table 3 Studies Highlighting the Empowerment Role of Microfinance and SHGs

Common Concept	Authors Supporting the Concept
<p>Role of Microfinance and SHGs in Empowerment: Microfinance institutions and self-help groups play a key role in enabling financial inclusion and reducing gender disparities.</p>	<p><i>Mathan S.J & Sunderaraj R (2024), Kandpal V & Nautiyal N (2023), Mukendi S & Manda S (2022), Laha A & Kuri P.K (2014)</i></p>

While microfinance and SHGs play a crucial role in expanding financial access, digital financial tools are emerging as game-changers in overcoming traditional barriers. The following section explores how digital financial inclusion can revolutionize access to banking services for rural women.

B. Digital Financial Inclusion – The Emerging Solution

Digital financial inclusion refers to the use of technology-driven financial solutions to provide women, especially those in rural and underserved areas, with access to banking, credit, and payment systems. The increasing penetration of fintech applications, mobile banking, and agent banking has played a transformative role in expanding financial access, reducing dependency on physical banking infrastructure, and enabling seamless transactions. However, several barriers such as digital illiteracy, lack of technological infrastructure, and security concerns continue to limit its effectiveness.

1. Role of Fintech and Mobile Banking in Enhancing Financial Inclusion

The rapid expansion of financial technology (fintech) has revolutionized the way women access financial services. Digital financial tools, such as mobile banking, digital wallets, and agent banking, have significantly improved women's financial accessibility (Setiawan et al., 2023; Shehnaz & Kumar, 2019). Studies by Ha & Nguyen (2024), Kim (2022), Tripathi & Rajeev (2023), and Sohrab et al. (2024) highlight how fintech solutions have significantly improved financial accessibility for rural women.

- **Mobile-Based Financial Services:** According to Kim (2022), mobile banking platforms have reduced the gender gap in financial access by allowing women to conduct transactions without visiting bank branches. This is particularly important in regions where social norms restrict women's mobility.
- **Agent Banking and Mobile Money:** In many developing countries, agent banking models have brought banking services closer to remote populations. Sohrab et al. (2024) found that in rural Bangladesh, agent banking networks enable women to deposit savings, apply for loans, and receive remittances without needing a bank account.
- **Digital Credit and Savings Solutions:** Fintech innovations such as micro-loans, peer-to-peer lending platforms, and automated savings applications have empowered women by providing them with easier access to credit without the need for collateral (Tripathi & Rajeev, 2023).

2. Impact of Digital Financial Inclusion on Women's Economic Empowerment

Digital financial inclusion is not just about access to financial services but also about economic empowerment. Research by Duvendack et al. (2020) and Esmaeilpour Moghadam & Karami (2023) suggests that when women have access to digital financial services, they are more likely to:

- Increase their savings and investment capabilities, leading to financial security.

- Engage in entrepreneurial activities, using digital credit to fund microenterprises (Bravo, 2024).
- Strengthen their role in household financial decision-making, improving economic stability (Ngango, 2022).

A study by Kim (2020) on the impact of mobile money in Nairobi, Kenya, found that mobile financial services helped reduce the financial exclusion gap by 35%, particularly among women engaged in the informal sector. Similarly, Mabrouk et al. (2023) observed that post-COVID-19, digital financial tools have played a crucial role in helping women rebuild their businesses and regain financial stability.

3. Challenges Hindering Digital Financial Inclusion

Despite its benefits, digital financial inclusion is often hindered by multiple challenges, including low digital literacy, lack of internet access, affordability issues, and concerns about cybersecurity. Limited smartphone access, poor internet connectivity, and security concerns restrict digital financial inclusion (Torrance et al., 2023).

a) Low Digital Literacy and Lack of Awareness

One of the biggest barriers to digital financial inclusion is low digital literacy among rural women. Research by Mishra et al. (2024) and Daher et al. (2022) found that many women are unfamiliar with using smartphones for financial transactions, limiting their ability to leverage digital banking services.

- **Lack of training programs:** Most financial literacy programs focus on traditional banking concepts rather than teaching women how to use fintech applications, mobile wallets, and digital payment platforms (Ha & Nguyen, 2024).
- **Fear of digital transactions:** Many women hesitate to use online banking due to concerns about fraud, identity theft, and security risks (Esmailpour Moghadam & Karami, 2023).

b) Limited Access to Smartphones and Internet Connectivity

Access to smartphones and reliable internet remains a significant challenge, especially for women in remote rural areas. According to Tripathi & Rajeev (2023), rural women are 28% less likely than men to own a smartphone, restricting their ability to engage in digital financial transactions.

- **Infrastructure Gaps:** Poor internet connectivity in remote areas makes mobile banking and fintech applications unreliable (Sohrab et al., 2024).
- **Affordability Issues:** Smartphones and data plans are often expensive for women in low-income households (Kim, 2022).

c) Trust and Security Concerns in Digital Transactions

Many rural women lack trust in digital financial services, fearing fraud and cyber threats. Reichel (2020) and Sandya Rani & Sundaram (2024) highlight that the absence of consumer protection mechanisms discourages women from fully embracing online financial services.

- **Scams and Fraud Risks:** Many women avoid digital banking due to reports of scams, phishing attacks, and unauthorized deductions (Bravo, 2024).
- **Limited Legal Frameworks:** In many developing countries, regulations on digital financial consumer protection are weak, leading to a lack of confidence in fintech solutions (Nguse et al., 2022).

4. Strategies to Overcome Barriers and Enhance Digital Financial Inclusion

To ensure that digital financial inclusion benefits all women, including those in rural areas, targeted strategies must be implemented:

- **Digital Financial Literacy Programs:** Governments and NGOs should introduce women-centric digital financial literacy initiatives that focus on using mobile banking apps, digital wallets, and online credit systems (Mishra et al., 2024).
- **Subsidized Smartphone and Internet Access:** Policymakers should work with telecom companies to offer low-cost smartphones and affordable data plans to encourage women's participation in digital financial ecosystems (Tripathi & Rajeev, 2023).
- **Enhancing Cybersecurity and Fraud Protection Measures:** Strengthening fraud prevention mechanisms, launching women-focused consumer protection policies, and improving digital banking security can help increase trust and adoption (Ha & Nguyen, 2024).
- **Leveraging Community-Based Digital Financial Services:** Governments should promote agent banking models and community fintech centres, where local female agents can help rural women navigate digital financial tools and transactions (Sohrab et al., 2024).

Digital financial inclusion has tremendous potential to bridge the gender gap in financial access by providing women with greater control over their financial resources. However, low digital literacy, limited smartphone access, poor internet connectivity, and security concerns continue to hinder widespread adoption. Addressing these challenges requires a multi-stakeholder approach, including government interventions, fintech innovations, and digital literacy programs tailored specifically for women. With proper policy support and infrastructure development, digital financial services can become a powerful tool for economic empowerment and financial independence among rural women.

Table 4 Studies Highlighting Digital Tools for Women's Financial Inclusion

Common Concept	Authors Supporting the Concept
<i>Digital Financial Inclusion:</i> Digital tools such as fintech, mobile banking, and agent banking expand women's financial access and support economic empowerment.	Ha D & Nguyen K (2024), Kim K (2022), Tripathi S & Rajeev M (2023), Sohrab T et al. (2024)

Despite multiple interventions, financial inclusion efforts must be assessed holistically to identify persistent gaps and areas for improvement.

The following section synthesizes key findings from this review.

Findings of the Study

This section synthesizes key insights from the literature, grouping them under four major themes:

1. Structural Barriers to Financial Inclusion

- **Limited Banking Access:** Inadequate banking infrastructure forces rural women to travel long distances to access financial services, making participation impractical.
- **Lack of Collateral and Financial Documentation:** Many women lack property ownership and official financial records, making them ineligible for formal credit.
- **Challenges in Digital Access:** Poor internet connectivity and limited smartphone penetration further restrict financial participation through digital tools.

2. Socio-Cultural Barriers to Women's Financial Independence

- **Gender Norms and Financial Decision-Making:** Cultural restrictions and patriarchal structures limit women's financial autonomy, often requiring male permission for financial transactions.
- **Financial Illiteracy and Awareness Gaps:** Low financial education prevents women from understanding essential banking concepts such as savings, credit, and investment options.
- **Societal Resistance to Women Managing Finances:** Women who attempt to take control of their financial decisions often face opposition from their families and communities.

3. Policy Gaps and Challenges in Implementation

- **Ineffective Outreach of Financial Inclusion Schemes:** Despite programs like Jan Dhan Yojana and Grameen Bank, many women remain unaware of available financial opportunities.

- **Bureaucratic Hurdles in Accessing Financial Services:** Lengthy paperwork and complex verification processes discourage rural women from engaging with formal banking institutions.
- **Short-Term Focus of Financial Programs:** Many government-led initiatives prioritize credit distribution over long-term capacity-building and financial literacy training.

4. Potential Solutions for Sustainable Financial Inclusion

- **Enhancing Microfinance and SHGs:** Strengthening self-help groups and microfinance institutions can provide women with easier access to loans and financial education.
- **Leveraging Digital Financial Tools:** Mobile banking, fintech applications, and agent banking can bridge financial gaps by offering remote access to banking services.
- **Improving Financial Literacy Programs:** Targeted financial education and community-based training can equip rural women with essential financial knowledge.
- **Gender-Sensitive Policy Reforms:** Policymakers must develop financial products and programs specifically designed to accommodate the socio-economic realities of rural women.

Future Research Directions

Future research should focus on evaluating the effectiveness of digital financial inclusion models in overcoming access barriers for rural women. While digital banking, fintech applications, and mobile wallets have expanded financial access, studies should assess their actual impact on financial empowerment, particularly in regions with limited technological infrastructure and low digital literacy. Additionally, research should investigate the role of financial literacy programs in enhancing women's financial independence, examining how targeted training initiatives influence financial decision-making, savings behavior, and credit utilization. Given the significance of microfinance and self-help groups (SHGs) in fostering financial inclusion, further studies should analyze their long-term economic sustainability, identifying factors that contribute to their success or failure in different socio-economic contexts. A deeper understanding of these areas will provide valuable insights for policymakers and financial institutions seeking to design more effective and inclusive financial strategies for rural women.

Conclusion

Financial inclusion is a crucial driver of women's economic empowerment, yet rural women continue to face structural, socio-cultural, and policy-related barriers that hinder their participation in formal financial systems. This review highlights key insights, including structural barriers such as inadequate banking infrastructure, lack of collateral, and limited access to digital financial tools;

socio-cultural challenges like patriarchal norms, financial illiteracy, and societal resistance; and policy gaps in the implementation of financial inclusion programs due to bureaucratic inefficiencies and inadequate outreach. While existing initiatives have made progress, many remain short-term and fragmented, focusing on credit provision rather than long-term empowerment. A sustainable approach requires integrated financial education programs to improve literacy and decision-making skills, stronger policy implementation to reach marginalized women, and a multi-stakeholder approach involving governments, financial institutions, NGOs, and fintech firms to create a more inclusive financial ecosystem. Strengthening microfinance institutions, self-help groups, and digital financial services is crucial in achieving this transformation. Ensuring financial inclusion for rural women is not just about providing access to financial services—it is about empowering them with the knowledge, tools, and policies needed for sustainable economic participation. This review underscores that financial inclusion efforts must move beyond isolated interventions and instead adopt comprehensive, integrated strategies that address systemic barriers at multiple levels. Achieving financial inclusion is not merely about service accessibility but about creating an equitable financial ecosystem that empowers rural women as active economic participants.

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