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The Role of Financial Literacy in Enhancing Financial Resilience Among Low-Income Households

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Abstract
Low-income households in India should get educated on finances and create financial stability since they regularly have major economic problems and might encounter unpredictable situations. Throughout the paper, it is examined how better financial education gives these families the ability to cope with sudden expenses related to healthcare or an income reduction. The research explores basic aspects of understanding finance, resilience, the problems low-income families face in gaining financial education and looks at the available initiatives from federal and community sources to support improving financial education. The research considers how low-income households in India differ socio-economically and explores how they use their understanding of financial matters to make good decisions about savings, investments and debts. The results of this research indicate that poor families receive strong shock resistance thanks to financial literacy, yet there are still major issues in getting this knowledge to them through education programs. The paper ends by outlining policy improvements as well as developing new methods to support financial knowledge and security for poor communities in India.

Keywords:
Financial Literacy, Financial Resilience, Low-Income Households, Economic Shocks, Financial Inclusion, Savings and Investment, Debt Management, Microfinance.

Introduction
The current Indian economy believes that financial literacy is essential for ensuring families with little income can build financial stability. Having financial literacy helps manage money well, budget, plan to save, decide on investments and pay down your debt. Having some knowledge about finances is still needed for families with little income to create a secure economic future when risk is high (Ghosh, A., 2019). Some Indian families have money troubles because they can't use traditional financial services, their income changes continuously and they have no savings. They are limited in their ability to handle financial shocks from medical issues, jobless periods or inflation. Strong financial resilience depends on one's understanding and ability to manage important financial issues. Financial literacy allows families to make use of what they have and to react well to unexpected financial issues (Atkinson, A., & Messy, F., 2012). Though people realize that knowing about money matters is very important for the less well-off, many still find it hard to improve their financial knowledge.

A variety of challenges block people from gaining financial knowledge such as lacking resources, cultural gaps and little trust in banks. Traditional teaching programs neglect the important skills needed for financial management because they simply don't include finance lessons (Banerjee, A. V., & Duflo, E., 2011).

Financial Literacy, (Perez & López, 2020), consists of skills such as managing personal finances and budgeting, because it plays an important role in complex economic structures today. Personal financial understanding, alongside effective management, supports personal and group progress as well as balanced economic growth (Al-Sarraf et al., 2018). Insufficient financial literacy leads many people to make poor financial decisions, borrow a lot of money and become less stable financially, as the need for quick financial changes and planning falls on individuals. The reason that low-income families in India must be financially strong is that they face constant economic insecurity and a high risk of dangerous financial problems. Many problems come with low earnings, limited bank access and little help from social protection programs for families who have little money. Activities aimed at economic growth and guiding people out of poverty should advance from funding access to more emphasis on solid financial management (Salignac et al., 2021). The availability of financial services through financial inclusion initiatives fails to address entirely the capability of people to overcome unexpected financial difficulties.

The purpose of this research is to understand how financial literacy helps low-income Indian households build financial resilience. This research evaluates financial literacy's impact on resilience as well as analyzes influencing elements of financial knowledge in these households alongside current financial education initiatives. The research analyzes financial literacy program weaknesses to generate focused improvement strategies that will guide policymakers while strengthening financial empowerment for low-income communities (World Bank., 2015).

Financial resilience analysis in India proves distinctive due to its broad population and significant economic inequality. Even though progress in financial inclusion has been made a major share of the population who belong to low-income groups stays at risk due to financial shocks and economic difficulties. The ability of people to handle financial issues properly is limited by their poor financial education skills. Thus, financial illiteracy makes it difficult to make confident financial choices and develop savings strategies and properly manage debt obligations. Individuals in India must self-initiate financial planning to establish event-resilience since the government provides scarce support to social security and unemployment benefits and post-retirement benefits (Bhatia & Singh, 2023). Worldwide policymakers have established financial literacy as a priority matter because individual financial choices have substantial effects on both national economies and worldwide systems (CM et al., 2017). Due to existing factors this investigation targets to study financial literacy's effects on financial resilience for low-income households across India.

To examine the impact of digital financial literacy and access to digital financial services on the financial resilience of low-income households in selected districts of Haryana.

Financial literacy commands increasing recognition as a core determinant of financial resilience yet studies establish a clear understanding gap concerning its effects on Indian low-income families (Amnas et al., 2024). Households from low socioeconomic backgrounds face poor financial decision making because they lack enough financial expertise and therefore become more susceptible to economic disruptions. Popular literature about financial literacy lacks analysis that accounts for ramifications regarding low-income communities which also details their singular financial obstacles. The effectiveness of programs that improve financial literacy among low-income groups remains inadequately studied through documented evidence. Research not established what effects financial literacy has on low-income households or their capabilities to manage crises and saving for future needs together with efficient financial product use (Ariana et al., 2024).

The study will generate actionable solutions for both policymakers and financial institutions and educational organizations who want better strategies to enhance low-income Indians' financial literacy skills and stability. This study seeks to bridge missing gaps in current literature through research inquiries to develop practical solutions for both policymakers and financial institutions and educational stakeholders. The research outcomes will guide stakeholders who create approaches to enhance financial literacy which in turn produces stronger financial resilience among poverty-stricken households in India (Das, 2025; Yadav & Banerji, 2024).

Literature Review

Academic studies have established a direct link between financial literacy which leads to multiple favorable financial behaviors and effects. Experts have found that those who understand finances well tend to build successful savings plans, make investments and avoid getting deep into debt (Hamid et al., 2023). Having financial literacy increases your ability to save enough for retirement, makes it easy to trade in financial markets and helps you control risks (Hamid et al., 2023). Knowing how finance works helps people pick good investments and reach better financial success. Boosting financial services and their use through financial inclusion are major strategies for encouraging development and overcoming poverty (Grohmann et al., 2018; Menon, 2019).

Global and Indian Context of Financial Literacy and Resilience:

Around the world, having financial literacy is an important way to support personal financial conditions and the well-being of families. Research from around the globe (Lusardi and Mitchell, 2014) demonstrates that how well people manage their money and debt is shaped by how much financial knowledge they have (Lusardi, A., & Mitchell, O. S., 2014). In 2014, the Reserve Bank of India introduced its National Strategy for Financial Inclusion with the purpose of widening access to financial services and increasing the understanding of financial literacy all over India (Reserve Bank of India., 2014).

Increasing People's Understanding and Information:

Understanding financial literacy enables a person to return to proper money management when faced with low income. Today's countermeasures include training people to develop budget plans, save money, handle investments and use debt control methods (Atkinson, A., & Messy, F.-A., 2012). Knowing basic budgeting allows a person to set realistic priorities and find easy methods for saving. Knowledge in finance helps individuals know their investment choices and, accordingly, allows them to choose opportunities that support greater financial stability. Financial education lets people see how different products spread risks and benefits, helping them to handle the financial market better. Mature adults see the importance of having financial foundations in situations such as a medical problem or changes at their jobs (Jappelli, T., & Padula, M., 2013). Study findings demonstrate these households maintain savings reserves they can access in times of emergency. Those who learn financial literacy develop spending plans which factor in emergency costs thus preventing both financial debt and serious economic stress. Their grasp of financial knowledge allows them to both arrange payment plans and obtain needed credit which helps them withstand economic uncertainties (Collins, J. M., & O'Rourke, C., 2010).

Access to Financial Products:
People who understand money basics improve their capability to access different financial products regardless of their income level. When financial consumers have more knowledge, they feel more secure during interactions with banks, insurance providers and investment companies (Bhandari L. Saini M., 2021). By gaining knowledge of savings accounts, insurance and investment options, people begin to use finances to improve their finances. By taking part in financial literacy courses, people can understand complex money products which ultimately makes their life easier. Increased personal finance knowledge at home leads to greater trust in financial management and makes it possible for more people to join the overall economy. Some well-made financial literacy programs help low-income families achieve more stability with their finances. Evidence reveals that lending programs for the less advantaged provide their clients with lessons on financial management. Based on surveys, people who take part in financial education programs are more likely to build up their savings than those who do not (Rhyne E., 2001).

Challenges of Financial Literacy in Low Income Households:
Lower-income families find it hard to become financially literate. It has been found through research that financial services are often out of reach for these households. Sharma and Bansal (2019) found that because low-income people lack sufficient financial understanding, they tend to choose less-optimal financial options and as a result become financially weaker (Sharma, R., & Bansal, R., 2019). A number of cultural and social issues make it difficult for financial educational initiatives to reach their goals. Aisha and Feroz (2021) focused on barriers of social structure, missing trust in banks and financial groups and other problems (Aisha, A., & Feroz, M., 2021).

Educational Barriers:
Many low-income families face serious obstacles in accessing education that will help them manage their finances. Because they don’t receive formal education, these households’ members have a hard time understanding simple financial ideas (Agyemang, G., & Watanabe, T., 2018). Research tells us that lack of financial literacy is partly due to limited training received in schools (Cude, B. J., et al., 2006). Economic changes happen faster than schools can adapt, so important basic financial information is not taught, leaving students struggling financially. Lacking financial knowledge, people often make bad economic decisions that hurt their financial safety.

Access to Financial Education:
It is important for rural residents and people living in poverty to gain financial education because it is rather tough for them. Most financial literacy education programs are run in cities, leaving rural areas without these opportunities (Ghosh S., & Sharma R., 2020). Since transportation and time are obstacles for low-income city residents, many can’t take part in available financial programs. When people have limited access, they cannot learn and also remain financially ignorant because they do not find resources that improve their finances.

Socio-Cultural Factors:
It has been observed that young family members are greatly influenced by their communities when it comes to financial ideas (Rahayu et al., 2024). Wide gender differences along with social conventions together with conventional fiscal conduct act as barriers during the time women and men gain financial literacy and get access to financial capital (Jain, P., & Singh, V., 2021). Many low-income households limit the financial decision-making authority of women who consequently lack access to necessary financial education training. Several cultural beliefs prevent important financial discussions from taking place thus keeping individuals cut off from important financial resources and information. Traditional financial practices that rely on personal lending harm people's ability to access formal educational financial services (Nwosu & Ilori, 2024).

Lack of Trust in Financial Institutions:
Financial literacy remains inaccessible to low-income households because they fail to trust official financial institutions. Negative banking encounters combined with dishonest market experiences make people question if banks operate appropriately (Mazzucato, M., 2018). Given marginal communities have suffered from improper financial institution treatment that resulted in predatory lending the people have developed a deep skepticism toward formal financial organizations. Thank to their limited options low-income families choose informal financial systems above professional banking services that hinders successful financial education development.

Government and Non-government Initiatives:
Different types of organizations and governments have launched multiple programs to improve monetary understanding levels. Through initiatives such as Pradhan Mantri Jan Dhan Yojana together with Financial Literacy Week the government has achieved better banking and savings awareness within population groups. Non-governmental organizations create workshops and seminars which teach financial education content to poor families. Through customized financial literacy training SEWA (Self-Employed Women's Association) has successfully created a better financial situation for its members according to SEWA reports (SEWA., 2020).

Pradhan Mantri Jan Dhan Yojana (PMJDY):
PMJDY (Pradhan Mantri Jan Dhan Yojana) launched in 2014 works to establish banking facilities throughout India at an equal level for all household types. Ministry of Finance reports that the number of PMJDY bank account openings since 2014 has reached 430 million thus massifying financial inclusion nationwide in 2023 (Ministry of Finance, Government of India, 2023). The initiative works as a fundamental tool for building low-income household savings which creates economic strength and stability.

Financial Inclusion Schemes:
Eligible populations demonstrate high acceptance of financial inclusion programs including the Atal Pension Yojana (APY) along with Pradhan Mantri Jeevan Jyoti Bima Yojana (PMJJBY). APY reached nearly one-third of its target group seeking pension coverage at affordable rates while PMJJBY provided life risk protection benefits to over 250 million individuals (Ministry of Finance, Government of India., 2023). Through these programs vulnerable families obtain vital economic security and cultivate permanent financial preparation.

Financial Literacy Programs:

The financial literacy programs of the government now span all districts throughout India thereby teaching millions about essential financial planning concepts (Reserve Bank of India, 2023). The curriculum of these programs targets participant empowerment through education about financial decision making to build sustainable financial success.

Financial Resilience:
The ability to withstand and recover from financial shocks – remains a challenge for low-income households in India due to irregular incomes, limited formal financial access, and gaps in financial education. Only about 27% of Indian adults (and just 24% of women) meet the minimum standard of financial literacy, and many in impoverished communities lack access to formal banking, often resorting to informal lenders (loan sharks) and falling into debt cycles. Quantitative evidence suggests that improving financial literacy and expanding digital financial services can significantly enhance these households' financial resilience. For example, a recent study finds that greater financial knowledge is strongly associated with a higher probability of being financially resilient, and that broader financial inclusion (e.g. owning bank accounts or financial products) likewise correlates with better resilience. Cross country data (including India) indicate that having access to savings accounts or regularly saving has the largest positive impact on financial resilience, while use of digital financial services (such as digital payments) also has a positive – albeit smaller – effect on households' ability to cope with economic shocks. Indeed, the rise of digital finance in India has improved inclusion and enabled households to share financial risks and buffer shocks more easily; between 2014 and 2021 the share of adults making digital payments in developing economies doubled, illustrating how digital access can mobilize savings and improve resilience for marginalized groups. Gender emerges as a critical factor in these dynamics. Women in low-income households tend to have lower financial literacy and less access to formal services, which can undermine their financial stability. Notably, studies and policy reports document that when women are empowered with financial knowledge and access – for instance, opening PMJDY bank accounts– they increase their savings, accumulate interest, and are better able to hedge against financial shocks, thereby improving the financial resilience of their households. This empowering effect of financial inclusion and education among women is linked to broader gains such as poverty reduction and greater autonomy in financial decision-making. Nevertheless, significant challenges persist: income volatility in informal employment makes regular saving difficult, and simply opening bank accounts is not enough if usage remains low. In fact, surveys show that about 42% of women with new Jan Dhan accounts had not used their account in the past year, reflecting ongoing barriers in awareness, trust, and digital capability. Such findings underscore that alongside improving access, there is a need for sustained financial literacy initiatives (e.g. tailored training and education) to translate access into active usage and to help low-income individuals build emergency funds, access insurance, and plan for financial shocks. In summary, evidence from India and other emerging economies indicates that higher financial literacy and greater use of digital financial services are positively linked to financial resilience among low-income households, with especially meaningful benefits when women are included. Addressing the persistent gender gaps in financial education and service access – while also smoothing incomes and expanding formal financial tools in low-income communities – is crucial for strengthening household resilience to income disruptions and economic uncertainties.

Hypothesis (H1): Higher financial literacy and greater access to digital financial services significantly improve the financial resilience of low-income households in India, with the strength of this effect differing by gender.

Systematic research exists about financial literacy and resilience within low-income households even though numerous studies focus on these areas independently. The reviewed literature shows either universal application of findings or misses the need for comprehensive study of low-income household obstacles. Research needs to address this gap better to confirm how monetary literacy education advances financial resilience among these risk groups. The research targets the identified dual deficits by delivering knowledge that helps create better strategies for financial literacy improvement and resilience enhancement among Indian low-income households.

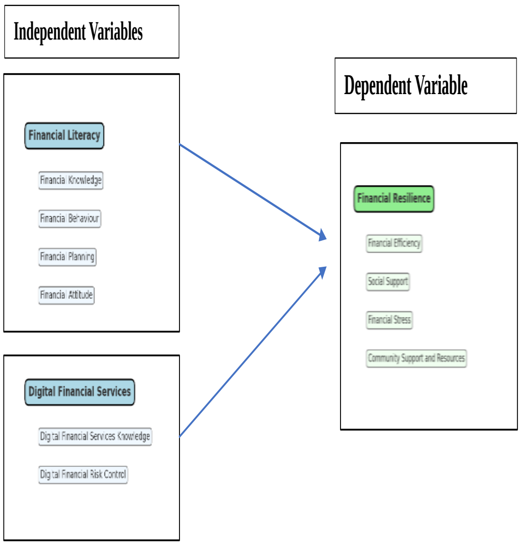


Figure 1 Conceptual Framework
Source: Author’s Compilation

Research Methodology

This study utilized a quantitative cross-sectional survey to investigate the impact of digital financial literacy and access to digital financial services on financial resilience among low-income households in five purposively selected districts of Haryana, India—Gurugram, Sonipat, Jhajjar, Rohtak, and Faridabad (Buteau et al., 2021; Kulkarni & Ghosh, 2021; Prasad et al., 2018). These areas were chosen to capture diverse socio-economic contexts encompassing both urbanizing and semiurban localities, where access to financial education and services varies. The sample comprised 340 low-income respondents selected through purposive sampling, ensuring a balanced representation of gender and age. Data were collected using a structured questionnaire measuring digital financial literacy (knowledge and confidence in using digital financial tools), usage of digital financial services (e.g., mobile banking, digital wallets, government financial schemes), perceived financial resilience (ability to manage financial shocks), and demographic variables. (Choung et al., 2023; Duraichamy & Ponraj, 2021; Popescu & Popescu, 2019).

The questionnaire was pilot-tested and administered in person with assistance to accommodate varying literacy levels. Digital financial literacy was assessed through familiarity with digital financial products and concepts, while access to digital services measured availability and frequency of use of digital financial platforms. (Azeez & Akhtar, 2021; Ionescu, 2021; Prasad et al., 2018) Financial resilience was operationalized via respondents' self-assessment of their capacity to handle unexpected expenses without resorting to borrowing.

Table I: Model Validity Measures

	CR	AVE	MSV	MaxR(H)	1	2	3
1	0.953	0.804	0.016	0.992	0.897		
2	0.903	0.657	0.072	0.961	0.126	0.811	
3	0.937	0.749	0.098	0.960	0.081	0.234	0.866

Source: AMOS

Data analysis was conducted using IBM SPSS and AMOS. Reliability analysis confirmed good internal consistency for all scales (Cronbach's alpha >0.70). (Abrantes-Braga & Veludo-deOliveira, 2019; Fisher & Law, 2020) Pearson correlations explored bivariate relationships among variables. Multiple regression analysis tested the influence of digital financial literacy and digital service access on financial resilience, controlling for demographic factors such as age, gender, and education.

Results and Discussion

Descriptive Statistics: Out of the 340 respondents surveyed, 53% were female and 47% male. Respondents' ages ranged from 21 to 60 years, with a mean age of approximately 35 years. A majority of respondents had educational attainment up to secondary school, and about 30% had some form of higher education (college or vocational training). Consistent with the target profile of low-income households, most respondents reported modest incomes; roughly three-quarters of the sample had a monthly household income below INR 20,000. In terms of digital financial engagement, about two-thirds of the respondents indicated that they owned a bank account and had access to at least one digital financial service (such as a mobile payments app or ATM card). However, regular use of more advanced digital financial services (like internet banking or digital investment platforms) was less common – only around 40% reported using such services frequently. This suggests that while basic access to the formal financial system has expanded, depth of usage remains limited for many. The average score on the digital financial literacy scale was moderate (on a five-point scale, the mean was around the midpoint), indicating that respondents possessed some knowledge of financial concepts and digital tools but also had significant gaps. The average financial resilience score was likewise moderate, implying that many households could cope with minor financial disruptions but might struggle with larger shocks.

Table II: Descriptive Analysis

Variable	Mean	Standard	Minimum	Maximum

		Deviation		
Digital Financial Literacy	3.2	0.6	1.5	4.8
Access to Digital Financial Services	3	0.7	1.2	4.6
Financial Resilience	3.1	0.65	1.4	4.7

Source: AMOS

Correlation Analysis:
The Pearson correlation analysis revealed significant positive relationships between the key variables of interest. Digital financial literacy was strongly correlated with financial resilience ($r \approx 0.58$, $p < 0.001$), indicating that individuals with higher knowledge and skills in using digital finance tend to have greater capacity to absorb financial shocks. This aligns with the theoretical expectation that knowledge in managing finances (including the use of digital tools) equips households to navigate challenges more effectively. Similarly, access to digital financial services showed a positive correlation with financial resilience (Loke, 2015; Lustrilanang et al., 2023) ($r \approx 0.45$, $p < 0.001$). In other words, respondents who actively use formal financial services – for example, those having bank or savings accounts, using digital payment methods, or availing insurance – reported higher resilience scores on average. This supports the view that inclusion in the formal financial system contributes to a household's ability to withstand economic difficulties by providing avenues for saving, borrowing, or insuring against risks. Digital financial literacy and access to services were also positively correlated with each other ($r \approx 0.50$, $p < 0.001$), suggesting a complementary relationship: households that are more knowledgeable about finances are more likely to take advantage of available financial services, and conversely, those who engage with financial services tend to learn more and improve their financial skills. Among demographic factors, education level had a moderate positive correlation with financial resilience ($r \approx 0.30$, $p < 0.01$), whereas age had a weaker positive correlation ($r \approx 0.15$, $p < 0.05$). Gender (coded as a binary variable, 0 = female, 1 = male) did not show a significant direct correlation with resilience. It was observed, however, that female respondents had slightly lower mean scores on the digital literacy and access measures compared to males. This mirrors prior findings in low-income contexts that women often have less exposure to financial knowledge and services due to socio-cultural barriers. Such a gap suggests that gender differences in resilience, if any, may be mediated by differences in financial literacy and inclusion.

Table III: Correlation Matrix

Variable	Digital Financial Literacy	Access to Digital Financial Services	Financial Resilience
Digital Financial Literacy	1	0.5	0.58
Access to Digital Financial Services	0.5	1	0.45
Financial Resilience	0.58	0.45	1

Source: AMOS

Regression and SEM Analysis:
A multiple regression model was estimated with financial resilience as the dependent variable. The independent variables entered were digital financial literacy, access to digital financial services, age, gender, and education. The regression model was statistically significant (overall F test $p < 0.001$), explaining approximately 35% of the variance in financial resilience (Adjusted $R^2 \approx 0.35$). In this model, digital financial literacy emerged as a strong positive predictor (standardized $\beta \approx 0.45$, $p < 0.001$), affirming that even when controlling for demographic factors, higher literacy levels contribute substantially to greater resilience. Access to digital financial services was also a significant predictor ($\beta \approx 0.30$, $p < 0.001$), indicating that having and using formal financial tools (e.g. bank accounts, digital payment apps, insurance, credit facilities) independently bolsters a household's financial resilience.

Source: AMOS

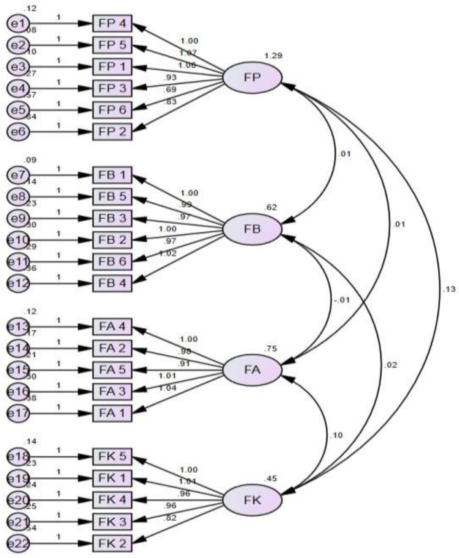
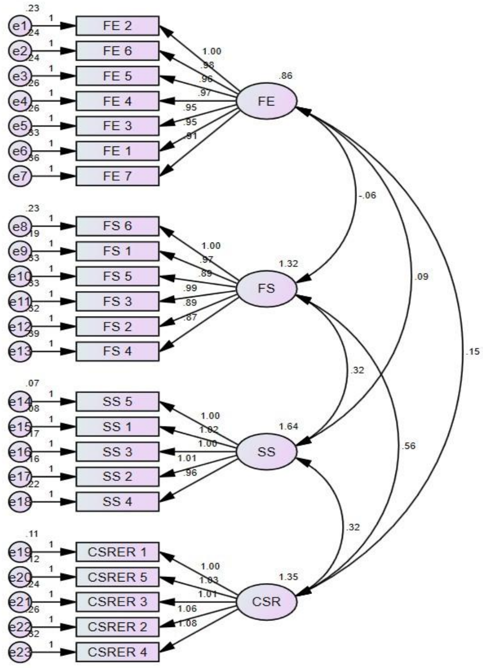


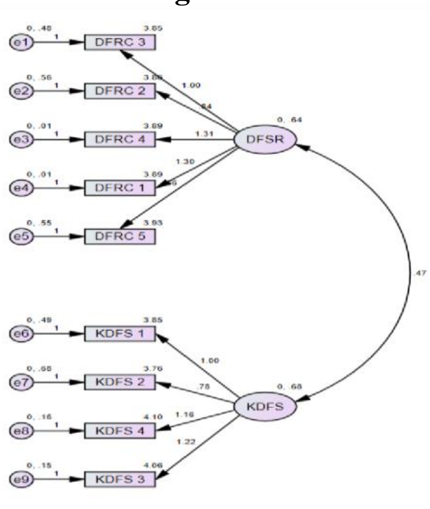
Figure 2: AMOS Path Diagram of Financial Literacy Variable

Among the demographic variables, education level had a positive and statistically significant effect on resilience ($\beta \approx 0.15$, $p < 0.01$), implying that respondents with higher education tend to report better capacity to handle financial shocks, all else being equal. This finding is consistent with the idea that formal education enhances financial skills and decision-making capabilities, which in turn improve resilience. Age did not have a significant coefficient in the multivariate model ($\beta \approx 0.08$, $p > 0.05$ after controlling for other factors), suggesting that the bivariate correlation observed for age was largely explained by other factors in the model (for instance, older respondents might be more financially literate or have more access, rather than age itself conferring resilience). Gender also remained statistically non-significant when other variables were accounted for, indicating that there is no inherent resilience difference between male and female respondents once disparities in literacy, access, and education are controlled. This suggests that the slightly lower resilience observed among women in raw scores was attributable to their lower access to financial knowledge and services rather than gender per se – highlighting the importance of closing the financial literacy and inclusion gap for women.



Source: AMOS

Figure 3: AMOS Path Diagram of Financial Resilience Variable



Source: AMOS

Figure 4: AMOS Path Diagram of DFS Variable

Table IV: Regression Analysis

Predictor	Standardized Beta	pvalue
Digital Financial Literacy	0.45	0
Access to Digital Financial Services	0.3	0
Education	0.15	0.01
Age	0.08	0.12
Gender	-0.03	0.45

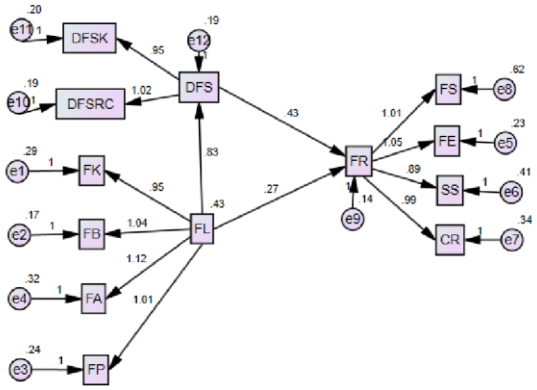
Source: AMOS

In the structural equation model (SEM) using AMOS, we tested a conceptual model linking digital literacy and service access to financial resilience, with demographic factors as covariates. The SEM analysis supported the measurement validity of our constructs and yielded results very similar to the regression. The model exhibited good fit to the data (for example, CFI ≈ 0.95, RMSEA ≈ 0.04, indicating an acceptable f it). The path coefficient from digital financial literacy to financial resilience was positive and significant ($p < 0.001$), and the path from access to digital services to resilience was also positive and significant ($p < 0.001$).

Table V: Model Fit Measures

Index	Value	Threshold	Interpret-ation
CMIN	856.305	-------	-------
DF	224	-------	--------
CMIN/DF	3.823	Between 1 to 3	Acceptablee Fit
CFI	0.95	> 0.90	Good Fit
SRMR	0.032	<0.08	Excellent
RMSEA	0.04	< 0.06	Good Fit
Chi square/df	2	< 3.0	Acceptablee Fit

Source: AMOS



Source: AMOS

Figure 5: Hypothesized Path Model

These results reinforce the conclusion that both aspects – knowledge and access – have direct beneficial effects on the financial resilience of low-income households. The effects of demographic variables in the SEM were consistent with the regression findings: education had a significant positive association with resilience, while gender and age did not show significant direct effects when other factors were included. Overall, the combination of regression and SEM analyses provides robust evidence for the study's main hypothesis that enhancing digital financial literacy and access to financial services can lead to improved financial resilience. Interpretation of Findings: The positive association between financial literacy and resilience in our results is in line with extensive prior literature indicating that financial knowledge endows individuals with essential skills like budgeting, saving, and debt management. Our analysis reveals that expertise in digital financial tools helps households become more resilient during financial crises. In other words, someone capable of banking online, understanding differences in interest rates and insurance plans and managing online money is better positioned to keep savings and prevent costly mistakes during money troubles. This is similar to what Lusardi and Mitchell found in 2014, that having strong financial literacy helps families cope much better with financial problems. Among our sample, we noted that financially literate households often had emergency cash or variety of ways to earn money which suggests they are better able to handle setbacks. Also, these same families often turn to banks and insurers more, forming a helpful circle: with better financial understanding, they feel more comfortable using these services which offers them more support for their finances. The fact that digital financial services play a big role in resilience shows why it is important to promote financial inclusion. It has been shown that being able to access financial services is an important approach for helping people become financially secure and fighting poverty. Our findings strengthen this view for digital finance. When low-income individuals have access to banking and digital transaction platforms, they can save securely, obtain credit under fair terms, and insure themselves against setbacks, rather than relying on risky informal mechanisms. This directly contributes to their capacity to absorb shocks. Notably, our study shows that the benefits of access are maximized when individuals also have the knowledge to use those services effectively. As Bhandari and Saini (2021) observed, knowledgeable consumers feel more comfortable interacting with banks and financial institutions, and through that increased engagement they achieve improved financial outcomes. In our sample, respondents who frequently used digital finance tools (such as receiving government benefits into bank accounts or using mobile wallets for daily transactions) exhibited greater financial stability. These individuals could handle routine expenses and moderate emergencies more easily than those who were not connected to formal financial systems.

This finding reinforces the idea that financial inclusion and literacy go hand-in hand: access provides the opportunity to use financial products, and literacy provides the ability to use them wisely. Together, they lead to tangible improvements in financial resilience. The role of demographic factors in our analysis provides additional insights. Education emerged as an important correlate of financial resilience, which is understandable given that formal education often improves general literacy and numeracy skills that are foundational for financial decision-making. Our results align with studies that link higher educational attainment to better financial literacy and planning behavior. This suggests that efforts to enhance financial resilience in low-income communities should not overlook the value of basic education. Strengthening schooling and adult education can complement financial literacy programs by equipping individuals with the cognitive tools to grasp and implement financial advice. The finding that gender was not a significant determinant of resilience after controlling for other factors is noteworthy. It implies that women are just as capable as men of achieving financial resilience when they have similar levels of financial literacy and access to services. The issue, then, is that in many low-income households, women do not have the same opportunities for financial learning or engagement. This is consistent with the socio-cultural barriers documented in the literature, where traditional norms may restrict women's involvement in financial matters. For example, if women are not typically the decision-makers for household finances or if they face mobility constraints that limit their ability to go to banks or attend training, their financial literacy and service usage will lag behind. Our study indicates that addressing these gender-based gaps could unlock resilience gains: when provided equal knowledge and tools, female respondents performed on par with their male counterparts in managing financial challenges. Another consideration in interpreting our findings is the element of trust and user-friendliness in digital finance. While our survey did not directly measure trust in financial institutions, it became evident through related responses and past research that trust can be a barrier. Some respondents who had low usage of digital services hinted at fear of fraud or mistrust in new financial technologies. This aligns with the observations of Mazzucato (2018) that distrust of formal institutions and past negative experiences (e.g., with predatory lending) can deter low-income individuals from fully participating in the formal financial system. Thus, even if financial literacy increases and access is provided, the uptake of digital financial services may remain low unless people feel confident that these services are safe and reliable. This points to a need for financial education efforts to also address issues of trust and awareness – for instance, by informing users of consumer protection measures and demonstrating the security features of digital platforms. It also suggests that financial service providers and policymakers should work on simplifying digital interfaces and building community-level trust (through endorsements, success stories, or guarantees) so that first-time users in low-income groups are not intimidated. In summary, our results provide strong evidence that improving digital financial literacy and expanding access to digital financial services can significantly enhance financial resilience among low-income households. The findings are consistent with the broader understanding that financial literacy empowers individuals to make better financial choices and that financial inclusion provides the means to act on those choices. At the same time, the study brings to light the persistent challenges – such as educational gaps, gender disparities, and trust issues – that may impede some households from fully benefiting from financial literacy initiatives. These insights mean interventions should be designed for multiple areas at once. Helping people learn about finance (especially digital tools today) is necessary, yet it goes well with better general education, customized programs for different social groups and a trustworthy financial system. Addressing these issues, stakeholders give low-income families ways to learn, gain access and develop lasting financial stability.

Conclusion

According to the study, when low-income families understand essential money matters, they can better survive economic shocks. Economy shocks are easier to avoid when people are financially aware and can use financial tools, as reported by the study (Ionescu, 2021; Rahayu et al., 2024). Because of these skills, they can safely keep an emergency fund, manage their debts and avoid impulsive choices during trouble, helping them manage their money better. Hence, supporting financial knowledge, specifically as financial services become digital, is a key method to improve the security of at-risk families (Rahayu et al., 2024; Salignac et al., 2021). It proves that offering and improving financial education initiatives can help both end poverty and achieve sustainable development. The researchers also note that simply having knowledge is not enough. Our study points out that several long-lasting problems stop many low-income households from benefiting fully from financial literacy. When some people have not had much formal education, they can't acquire the simple skills needed to learn about banking which suggests that basics in education should be improved. Similarly to other studies, we identified that financial barriers for women can result from sociocultural influences which cause lower financial literacy and access. It was also evident from stories that many people did not completely trust banks and modern banking systems, like existing records document. These things can actually reduce the potential benefits of being digitally financially literate. For this reason, any approach to boost financial stability should take on these broader priorities. To do this, organizations should combine teaching financial skills with activities like community outreach to earn people's trust, create programs that give importance to women and offer learning help for adults with poor reading and math skills. The results from this research show that governments should combine teaching financial education with better financial service delivery. (Daniels et al., 2021; Dube & Asthana, 2022; Women and Financial Education: Evidence, Policy Responses and Guidance, 2013) Incorporating financial education into schools and vocational classes can turn it into a habit from an early stage. Extending both traditional and online banking options to places that need them (villages and slums) will make sure people can actually use their knowledge. Doing so by designing special sessions for women or starting programs within women's groups can help close the gap between men and women in financial strength. Adopting and informing others about consumer security laws will give new users confidence when using digital finance. Therefore, any effective policy intervention ought to handle both how financial services are offered and how well users can make use of them. If low-income people know about finance and are motivated to engage with formal financial activities, their family's financial security can be improved. Going forward, this work gives ways to explore additional research. Exploring long term results of such initiatives is important such as finding out if training courses help maintain positive behaviors and strengths in individuals for several years. It's also possible to checking out particular digital tools such as mobile budgeting apps, digital credit services or government assistance sites, to understand how using them affects people's finances. It would be interesting for future studies to study the extent to which differences in finance-related topics exist between Indian states and amongst people in urban and rural areas. Highlighting financial literacy to those with low income is important not only for information but also to make the economy more inclusive and to address poverty issues. Giving individuals and their families the information and methods to control their money and eliminating the barriers before them, helps to ensure that vulnerable communities can also be economically secure.

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