Financial Literacy of Women Street Vendors: A Micro-Level Study

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Abstract

Purpose: With an emphasis on determining the socioeconomic factors influencing their financial knowledge and practices, this study looks at the financial literacy levels and financial behavior patterns of female street vendors.

Methodology: Using a standardized questionnaire, 103 female street vendors participated in a cross-sectional descriptive study. A composite Financial Literacy Score (range 0–8) was constructed from eight behavioural indicators. Data were analysed using Chi-Square tests, Mann-Whitney U tests, Kruskal-Wallis H tests, Fisher's Exact Test, and Spearman rank correlations at the 5% significance level.

Findings: Financial literacy was shown to be most strongly predicted by education. ($\rho = 0.47$, $p < 0.001$), with scores rising from 3.0 (no formal education) to 7.3 (higher secondary/graduate). Women who attended financial literacy programmes were 10 times more likely to prepare business budgets (OR = 10.20, $p = 0.0002$). Digital payment adoption was expressively allied with education ($p = 0.005$), next government scheme awareness remained strongly linked to vendor formalisation ($p = 0.0002$). Notably, daily income and vending experience did not significantly influence financial literacy.

Originality: This study provides empirical evidence from an under-researched population by the rapport among familiarity, gender, and economic enclosure. The construction of a composite financial literacy score and the finding that experience alone does not improve financial knowledge offer novel contributions regarding the research on the informal economy's financial literacy.

Keywords: *Financial literacy, women street vendors, informal economy, financial inclusion, digital payments, financial behaviour*

1. Introduction

Street vending constitutes among the most noticeable forms of unofficial work in developing economies. In India, an estimated 10 million street vendors contribute significantly to urban and semi-urban economies by providing affordable goods and services to low-income consumers (Bhowmik, 2005). Among these, women street vendors occupy a particularly vulnerable position, facing challenges related to irregular income, limited access to formal financial services, absence of social protection, and systemic exclusion from institutional support mechanisms Chen, M. A. (2012)

The capability to recognize besides practice economic principles, like budgeting, saving, borrowing, then peril management, is known as financial literacy. (Lusardi & Mitchell, 2014), is widely recognised as a critical enabler of economic empowerment. For women in the informal sector, financial literacy can determine whether earnings are merely consumed or strategically deployed for asset building, business expansion, and household welfare improvement Xu, L., & Zia, B. (2012).

Despite growing scholarly attention to financial literacy globally, research has predominantly focused on formal sector workers, salaried employees, and university students Agarwalla, S. K., Barua, S. K., Jacob, J., & Varma, J. R. (2015). There is still a glaring lack of research on women street sellers, who work at the nexus of economic marginalization, informality, and gender vulnerability. This gap is particularly significant because the financial decisions of street vendors differ fundamentally from those of formal sector participants: they involve daily income management rather than monthly salaries, informal borrowing rather than institutional credit, and survival-oriented saving rather than investment planning Saha, D. (2011).

This gap is filled by the current study by conducting a micro-level examination through financial literacy among 103 women street vendors. It constructs a composite Financial Literacy Score from eight behavioural indicators and employs inferential statistical methods to find the socio-economic features that meaningfully influence financial knowledge and practices. This work extern empirical evidence to the construct of literature on an under-researched population and generating actionable insights for financial inclusion policy.

The particular objectives of this learning are: (i) in the direction of estimation the degree of financial literacy and financial react patterns of women street vendors; (ii) to examine the association between socio-economic factors (education, income, experience, family structure, residence) and Knowledge of finance; (iii) to assess the influence the knowledge of finance programmes of financial behaviour; (iv) to identify determinants of digital financial inclusion and government scheme awareness among women street vendors.

2. Review of Literature

The foundational work of Lusardi and Mitchell (2007, 2014), who shown that economic

literateness is crucial factor cutting-edge household economic policymaking, retirement planning, then asset accumulation, provides the conceptual underpinnings of financial literacy research. Their cross-national research showed that financial illiteracy is pervasive, especially among women, the elderly, and people with less education. Adopted in more than 30 countries, the OECD-INFE framework (Atkinson & Messy, 2012) further operationalized economic literacy as covering economic knowledge, economic performance, and economic attitudes Xu, L., & Zia, B. (2012).

In the Indian context, The Countrywide Economic Learning Approach of the Reserve Bank of India (RBI, 2020) identified women in the informal sector as a priority target group for economic literateness interventions. The Nationwide Economic Literateness Assessment Study (NCFE & RBI, 2019) found that India's financial literacy levels are still much lower than the OECD average, with notable differences by gender, region, and economic standing. Research by Agarwalla and colleagues (2015) confirmed that Indian women score significantly lower on financial literacy measures compared to men, with the gap widening among lower-income groups.

Research on street vendors' financial behaviour has emerged primarily from the development economics and urban studies literature. Bhowmik (2005) documented the precarious financial conditions of Indian street vendors, highlighting their dependence on moneylenders and informal credit systems. Roever and Skinner (2016) emphasised the regulatory barriers that prevent street vendors from accessing formal financial services, while Saha (2011) found that female vendors in Kolkata exhibited lower financial awareness compared to their male counterparts despite similar income levels.

The digital financial inclusion literature has gained momentum following India's demonetisation in 2016 and the subsequent expansion of UPI-based payment systems. Ghosh (2021) found that digital payment adoption among informal workers was primarily driven by customer demand rather than vendor initiative, while Patil and Shukla (2022) reported that education level was the strongest predictor of digital payment adoption among micro-entrepreneurs Atkinson, A., & Messy, F. (2012). However, studies specifically examining digital payment usage among women street vendors remain limited.

Economic literateness's effects programmes on the behaviour of informal sector workers has been examined in several intervention studies. Cole et al. (2011) originate in which economic literateness training increased savings account usage among unbanked households in India, while Carpena et al. (2019) demonstrated that even brief financial education interventions improved budgeting behaviour and financial attitudes among low-income women Carpena, F., Cole, S., Shapiro, J., & Zia, B. (2019).. However, the existing literature lacks evidence on the specific pathways through which financial literacy influences the financial practices of women street vendors, a gap this study aims to address.

3. Methodology of Research

3.1 Research Strategy

A expressive cross-sectional learning strategy remained adopted. The quantitative approach enabled systematic measurement of financial literacy levels and statistical testing of associations between socio-economic variables and financial behaviour.

3.2 Residents plus Sampling

The learning populace comprised women street vendors operating in Dindigul district of Tamil Nadu, India. A sample of 103 respondents was selected using convenience sampling, drawing from markets, roadside vending locations, and vendor associations. The inclusion criteria required respondents to be women currently engaged in street vending as a primary or supplementary occupation.

3.3 Information Gathering Tool

A planned inquiry form remained established covering five dimensions: (i) socio-demographic profile (10 items), (ii) financial record-keeping and budgeting practices (4 items), (iii) saving and banking behaviour (5 items), (iv) borrowing and credit awareness (4 items), and (v) government scheme awareness and financial programme participation (5 items). The questionnaire was administered through face-to-face interviews conducted in the local language to accommodate respondents with limited literacy.

3.4 Construction of Financial Literacy Score

A composite Financial Literacy Score was constructed by aggregating eight binary behavioural indicators, each scored as 1 (Yes) or 0 (No): (i) tracking daily income and expenses, (ii) separating personal and business expenses, (iii) preparing a business budget, (iv) saving regularly, (v) possessing a bank account, (vi) using digital payment methods, (vii) awareness of government financial schemes, and (viii) attendance at financial literacy programmes. The resulting values comes from 0 to 8, between larger values identifying more financial literacy.

3.5 Statistical Analysis

Descriptive statistics (frequencies, percentages, means, and medians) were used to analyse the data.and inferential techniques. Chi-Square and Fisher's Exact Examinations remained employed towards examine relations among definite variables. Mann-Whitney U and Kruskal-Wallis H checks compared Financial Literacy Scores across groups, and Spearman's rank correlation assessed the association among ordinal variables. A 5% consequence value ($p < 0.05$) was used. throughout, the examines were carried out utilising Python (SciPy and pandas).

4. Experiment Outcomes

4.1 Socio-Demographic Profile

Table 1. Socio-Demographic Profile of Respondents (N = 103)

Variable	Category	n	%

Age	Below 30	13	12.6
	30 – 45	24	23.3
	45 and above	66	64.1
Education	No formal education	44	42.7
	Primary education	38	36.9
	Secondary education	18	17.5
	Higher sec / Graduate	3	2.9
Daily Income	₹300 – ₹600	13	12.6
	₹600 – ₹1,000	61	59.2
	Above ₹1,000	29	28.2
Experience	Less than 1 year	8	7.8
	1–5 years	21	20.4
	6–10 years	27	26.2
	More than 10 years	47	45.6
Residence	Rural	30	29.1
	Semi-urban	48	46.6
	Urban	25	24.3
Family Type	Nuclear	84	81.6
	Joint	19	18.4

Table 1 presents the socio-demographic characteristics about 103 women pathway vendor respondents. The sample is predominantly middle-aged, with 64.1% of respondents aged 45 years or above. A substantial 42.7% have no formal education, while 36.9% have primary education, reflecting the low educational attainment typical of the informal sector workforce. The majority earn between ₹600 and ₹1,000 per day (59.2%), and 45.6% have more than 10 years of vending experience. Most respondents reside in semi-urban areas (46.6%) and belong to nuclear families (81.6%).

4.2 Financial Behaviour Patterns

Table 2. Financial Behaviour of Respondents (N = 103)

Financial Behaviour Indicator	Yes (n)	Yes (%)
Possesses a bank account	98	95.1
Saves regularly	89	86.4
Uses digital payment methods	66	64.1

Tracks daily income and expenses	54	52.4
Separates personal and business expenses	41	39.8
Prepares a business budget	33	32.0
Aware of government financial schemes	38	36.9
Attended a financial literacy programme	19	18.4

Table 2 reveals a striking pattern: while basic financial inclusion is high (95.1% hold bank accounts and 86.4% save regularly), more sophisticated financial management practices are far less common. Only 32.0% prepare a business budget, 39.8% separate personal and business expenses, and a mere 18.4% have attended a economic literateness event..This indicates in which access to economic services has outpaced the development of economic ability, underscoring the essential aimed at beleaguered economic learning rather than merely expanding account ownership.

4.3 Hypothesis Testing

Table 3. Summary of Inferential Statistical Tests

Relationship Examined	Test	Statistic	p-value
Education vs. Financial Literacy Score	Spearman	$\rho = 0.47$	< 0.001
Programme attendance vs. Budget preparation	Fisher's Exact	OR = 10.20	0.0002
Education vs. Digital payment	Chi-Square	—	0.0045
Scheme awareness vs. Vendor ID	Chi-Square	$\chi^2 = 16.86$	0.0002
Family type vs. Financial Literacy Score	Mann-Whitney U	U = 553.5	0.036
Daily income vs. Financial Literacy Score	Kruskal-Wallis	—	0.15 (NS)
Experience vs. Financial Literacy Score	Kruskal-Wallis	—	0.90 (NS)
Education vs. Regular saving	Chi-Square	—	0.372 (NS)

4.4 Confab of Vital Outcomes

4.4.1 Learning as the Main Factor

Learning was found to be the most reliable indicator of financial literacy ($\rho = 0.47$, $p < 0.001$). Mean Financial Literacy Scores rose progressively from 3.0 among respondents with no formal education to 7.3 among those with higher secondary or graduate-level education.

This finding aligns with the global evidence base (Lusardi & Mitchell, 2014; Agarwalla et al., 2015) and confirms that formal schooling builds the numeracy and comprehension foundations on which financial capability is constructed.

4.4.2 The Effect of Economic Literateness Programmes

The most practically significant finding is the strong association between programme attendance and budget preparation (OR = 10.20, p = 0.0002). Women who had attended a financial literacy programme were ten times more likely to prepare a business budget. This corroborates the intervention findings of Carpena et al. (2019) and Cole et al. (2011) and provides compelling evidence that even modest investments in financial education can yield substantial behavioural change among informal sector women.

4.4.3 Digital Financial Inclusion

Digital payment adoption was significantly associated with education (p = 0.0045), with adoption rising from 45.5% among those with no formal education to 83.3% among those with secondary education. This is consistent with Patil and Shukla (2022), who identified education as the key driver of digital payment adoption among micro-entrepreneurs. The result suggests that digital literacy and general education reinforce one another in expanding access to formal financial channels.

4.4.4 Income and Experience Do Not Drive Financial Literacy

Contrary to common assumptions, neither daily income (p = 0.15) nor vending experience (p = 0.90) significantly influenced Financial Literacy Scores. This indicates that financial knowledge does not accumulate naturally through earning more or working longer; it requires deliberate education. Similarly, regular saving behaviour showed no significant association with education (p = 0.372), with saving rates consistently high across all education levels (75.0% to 100%). This suggests that the impulse to save among street vendors is driven by economic necessity and cultural norms rather than formal financial knowledge, consistent with Collins et al.'s (2009) finding that even the poorest households engage in active financial management through informal mechanisms.

4.4.5 Family Structure and Government Scheme Awareness

Joint family respondents had significantly higher Financial Literacy Scores (mean = 5.00, median = 6.0) compared to nuclear family respondents (mean = 3.86, median = 3.0; U = 553.5, p = 0.036). This advantage may stem from intergenerational knowledge transfer, shared financial decision-making, and access to a larger network of information within joint families.

Government scheme awareness was strongly associated with vendor formalisation (χ^2

= 16.86, p = 0.0002). Among vendors aware of government schemes, 57.9% possessed a vendor ID or licence, compared to just 18.5% among those unaware. This bidirectional relationship suggests that scheme awareness both encourages and results from formalisation, creating a positive feedback loop that policy interventions could amplify.

5. Final Study and Strategy Consequences

This research offers factual data regarding the financial literacy of women street vendors, a population that occupies a critical yet neglected position in the financial inclusion discourse. The findings reveal a population characterised by near-universal bank account access and strong saving habits, yet simultaneously constrained by inadequate financial management practices, limited scheme awareness, and minimal formal financial education.

The central finding is that education, not income or experience, is the primary determinant of financial literacy among women street vendors. This has profound policy implications: increasing the financial capability of women in the informal sector requires investment in education and targeted financial literacy programmes, not merely in income-generation schemes. The finding that financial literacy programmes produce a tenfold increase in the likelihood of budget preparation provides compelling evidence for the cost-effectiveness of such interventions.

The study identifies several actionable policy recommendations. First, financial literacy programmes should be designed specifically for women street vendors, incorporating vernacular content, visual aids, and practical exercises that account for varying literacy levels. Second, digital financial literacy should be integrated into these programmes, building on the existing UPI infrastructure to improve financial management through mobile applications. Third, government scheme outreach should be linked with vendor formalisation processes, leveraging the demonstrated association between scheme awareness and documentation. Fourth, joint family networks can serve as informal channels for financial knowledge dissemination and should be considered in programme design.

5.1 Restrictions & Upcoming Studies

There are a number of confines to this study. The method of suitability experiment limits generalisability beyond the study area. Causal inference is not possible due to the cross-sectional strategy; the correlations among education and financial literacy, for example, may involve reverse causality or confounding variables. The relatively small sample of higher-educated respondents (n = 3 for higher secondary and graduate combined) limits the precision

of estimates for these subgroups. Longitudinal strategies should be used in future studies to estimate the continuing effect of economic literateness interferences, expand the sample to enable subgroup analyses, and incorporate qualitative methods to understand the mechanisms through which education translates into financial behaviour change.

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