

Impact of Financial Inclusion on the Economic Empowerment of Women-Led Micro, Small and Medium Enterprises: Evidence from the Kegalle District of Sri Lanka

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Abstract

Women's economic participation is a key driver of sustainable development. However, in many developing countries, structural barriers continue to limit their access to financial resources and decision-making power. The study investigates the impact of financial inclusion on the economic empowerment of women-led Micro, Small, and Medium Enterprises (MSMEs) from Kegalle District in Sri Lanka. The research focuses on three key dimensions of financial inclusion as financial accessibility, financial literacy and the availability of financial products. A quantitative research approach was adopted, utilizing primary data collected through a structured questionnaire. The study population consisted of approximately 5,755 women entrepreneurs. A sample of 362 women from the Kegalle District who have access to financial services and are actively engaged in economic activities was selected. Data were analyzed using descriptive statistics, correlation analysis, validity testing, and multiple regression analysis through SPSS software to assess the strength and significance of relationship between variables. The results revealed a strong and statistically significant positive impact of financial inclusion and women's economic empowerment. Specifically, improved access to financial services was found to enhance women's decision-making capacity, self-confidence and entrepreneurial potential. These findings underscore the crucial role of inclusive financial systems in mixed urban-rural contexts and highlight that well-targeted financial policies and microfinance initiatives can serve as effective tools for reducing gender-based economic disparities and promoting women's active contribution to national development.

Keywords: financial inclusion, financial services, women's economic empowerment