

Digital inclusion through AI : Enhancing financial literacy for equitable growth

Ajay Singh *

School of Business and Management

Christ (deemed to be) University

Bengaluru

Karnataka

India

Pawan Kumar [†]

Department of Management Studies

Graphic Era (deemed to be) University

Dehradun

Uttarakhand

India

Arvinder Kaur [§]

Global School of Finance and Accounting

Chandigarh University

Mohali 140413

Punjab

India

Jigar Rupani [‡]

School of Business and Management

Christ (Deemed to be) University

Bengaluru

Karnataka

India

* ORCID-ID: 0009-0001-7067-7047

† ORCID-ID: 0000-0003-4892-6374

§ ORCID-ID: 0000-0001-7360-5674

‡ ORCID-ID: 0000-0002-2480-0825

* E-mail: dr.ajaysingh2012@gmail.com (Corresponding Author)

† E-mail: pawan2006@gmail.com

§ E-mail: arvinderkaurcs@gmail.com

‡ E-mail: jigarrupani8483@gmail.com

V. Hemant Kumar [@]
School of Commerce and Management
Presidency University
Bengaluru
Karnataka
India

Abstract

Enhancing Financial Literacy for Equitable Growth,” postulates that the integration of AI-driven personalized learning systems is pivotal in democratizing access to financial education, transcending entrenched socio-economic barriers and fostering equitable growth by empowering marginalized populations with sophisticated, scalable, and contextually tailored financial knowledge. Through the convergence of AI accessibility, digital literacy, and hyper-personalized learning, the study highlights a transformative paradigm that optimizes financial acumen, mitigates cognitive biases, and catalyzes inclusive economic empowerment, thereby engendering a reimagined, equitable financial ecosystem with far-reaching implications for global socio-economic development.

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I. Introduction

Harnessing the transformative prospect of artificial intelligence, this endeavour strives to bridge socio-economic discrepancies by developing advanced, personalized financial literacy schedules that democratize entry to essential learning for marginalized peoples by leveraging AI's ability to scale and tailor scholarly content the task aims to dismantle systemic obstacles designating underserved communities with the instruments needed to navigate complicated financial systems employ in wealth-building opportunities and acquire financial mobility [1] this system envisions a more inclusive economic ecosystem where economic literacy evolves a universally accessible resource preferably than a claim through AI-driven digital inclusion the endeavour fosters equitable development by equipping people across socio-economic experiences with the knowledge and skills required for long-term economic security

[@] ORCID-ID: 0000-0002-5836-7943

[@] E-mail: hemant.kumar@presidencyuniversity.in

asset and bearable development eventually this endeavor positions AI as a crucial driver of socio-economic empowerment ensuring that the usefulness of financial participation are widely conveyed and contribute to a better just and profitable society [2]

Financial literacy, an indispensable competency encompassing a comprehensive understanding of intricate financial mechanisms, including but not limited to budgeting, credit management, investment strategies, risk mitigation, and the application of complex fiscal instruments, equips individuals with the cognitive and analytical faculties required to make judicious and informed financial decisions; it encompasses a deep comprehension of the interrelationship between macroeconomic trends, personal wealth accumulation, and the dynamic flux of financial markets, fostering the capacity to not only navigate but also optimize one's financial trajectory in an increasingly complex as per and unpredictable global economy, while simultaneously mitigating vulnerabilities to economic shocks, exploitation, or financial mismanagement through the astute application of critical thinking, risk assessment, and long-term strategic planning, thereby ensuring the sustainable preservation and growth of individual and collective wealth, all within the framework of regulatory environments, fiscal policies, and the ever-evolving landscape of digital financial technologies, which are reshaping the way financial literacy is both disseminated and exercised globally [3].

AI Accessibility: A literature review defined Artificial Intelligence accessibility as 'the fair distribution and flexible implementation of AI technologies' which enables all social-economic and demographic groups to 'engage with the benefits of AI technologies' and aims at 'eliminating the barriers and obstacles faced by individuals, businesses and society in general and ensuring a fully participatory digital culture and balanced socio-economic growth' [4][5][6][7]. Digital Literacy: A literature review defined Digital Literacy as 'multi-layered, including cognitive, technical and socio-emotional competences needed to relate to and meaningfully participate in the digital world' that constantly evolves and is essential for 'personal empowerment and the exercise of professional duties' [8][9]. Personalized Learning: The literature review defined AI-based personalized learning as 'the use of artificial intelligence algorithms for tailoring instruction to the individual learner' which 'goes beyond traditional instructional models, allowing for learning experiences to be more customized and effective' [10]. Banking and Ethical Challenges: The literature review defined 'ethical challenges of AI banking' as data privacy, algorithmic bias, job displacement and the importance of 'designing fair

and transparent AI systems that align with societal values and expectations' [11][12][13]. Regional Variation and Global Consensus: The literature review defined 'the impact of regional regulatory and cultural differences on the ethical adoption of AI across borders' and the 'potential consequences of varying acceptance rates' with scholars calling for 'collaborative efforts to harmonize approaches to these ethical challenges' [14].

II. Hypothesis:

H1. Impact of AI Accessibility on Financial Literacy Level: The promising unit of academicians enquired the impact of artificial intelligence accessibility on digital literacy based examined growing complicated landscape, whereby AI considers a transformative and democratize determinants capable of transcending traditional barriers in to financial literacy through Artificial intelligence enabled venue. Studies of various scholars evidenced the possibilities of Artificial intelligence solutions to generate scalable financial knowledge that are useful for financial empowerment in context of diverse linguistic, business environment, and cultural concerns.

H2. Impact of Digital Literacy on Financial Literacy Level: Existing literature assessing the influence of digital knowledge on financial literacy levels offers a complicated multidimensional review, whereby digital knowledge has explored as a key enabler for financial empowerment.

Artificial intelligence driven banking consultancy, advisors and budgeting techniques of algorithmic to enhance their financial decision-making and risk management capabilities, which necessitates the design of inclusive digital education programs to foster an equitable diffusion of both digital and financial literacy in the pursuit of broad-based financial empowerment and economic inclusion.

H3. Impact of AI-Driven Personalized Learning on Financial Literacy Level:

The burgeoning corpus of literature investigating the impact of AI-driven personalized learning on financial literacy levels intricately explores the profound potential of artificial intelligence to revolutionize financial education, wherein personalized learning algorithms dynamically adapt instructional content, pacing, and complexity to align with the individual cognitive capacities, learning styles, and financial acumen of users, including concerns regarding algorithmic transparency, equity in access to AI technologies, and the risk of perpetuating existing

financial inequalities if such systems are not designed with inclusivity and fairness at their core, thereby necessitating further interdisciplinary research to ensure that AI-driven personalized learning is harnessed as a tool for broad-based financial empowerment and equitable economic participation.

III. Research Methodology:

$$\tau = \frac{n_c - n_d}{n(n-1)/2}$$

$$\rho = 1 - \frac{6\sum d_i^2}{n(n^2-1)}$$

$$R^2 = 1 - \frac{\sum_{i=1}^n (\hat{y}_i - y_i)^2}{\sum_{i=1}^n (y_i - \bar{y}_i)^2}$$

$$F = MST/MSE$$

$$MST = \frac{\sum_{i=1}^k (T_i^2 / n_i) - G^2 / n}{k-1}$$

$$MSE = \frac{\sum_{i=1}^k \sum_{j=1}^{n_i} Y_{ij}^2 - \sum_{i=1}^k (T_i^2 / n_i)}{n-k}$$

Financial literacy is strongly and significantly correlated with both access to AI and digital literacy and AI personalization ($r(148) = 0.277$, $p < 0.01$ (2-tailed)). In other words, financial literacy is directly related to and reinforced by AI and digital competencies, with growth in AI accessibility being related to and reinforcing positive developments in financial literacy, and similar growth in digital skills also fostering financial development.

The model shows excellent fit, with the three constructs of AI-enabled personalized learning, digital literacy, and AI accessibility together explaining a significant portion of the variance in financial literacy. An adjusted R squared value of 0.581 and a low standard error of 0.73108 suggest that the model can predict financial literacy with high precision and low estimation error, even after controlling for potential overestimation of the explanatory variables.

The test of between-subjects effects, also known as analysis of variance, shows that the overall model which involves the combination of

AI driven personalized learning, digital literacy, and AI accessibility as the predictors of the dependent variable, which in this case is the levels of financial literacy, has R Squared values of 202.643 out of 348.556. The lower variation of the residual 145.913, suggests that these three aspects together have a very strong significant impact on the data, such that there is less unexplained variance.

The magnitude and statistical significance of the estimated coefficients underscore the pivotal roles of digital literacy (coefficient = 6.76), AI accessibility (coefficient = 0.383), and AI-enabled personalized learning (coefficient = 3.686) as primary predictors of financial literacy levels. The individual contributions of these variables to the regression model, each statistically significant at conventional levels, are not merely incremental but represent distinct, albeit interrelated, factors that collectively enrich the model's explanatory power and robustness in capturing the nuanced dynamics of financial literacy development.

Hence, data analysis reveals a profoundly intricate and statistically robust correlation between AI accessibility, digital literacy, and AI-driven personalized learning, where each factor exhibits a significant and symbiotic influence on the elevation of financial literacy levels, with digital literacy emerging as the paramount predictor, while AI accessibility and personalized learning algorithms serve as critical enablers, collectively engendering a transformative paradigm that mitigates cognitive biases, reduces informational asymmetries, and fosters an equitable diffusion of financial acumen across diverse socio-economic demographics, thereby substantiating the model's exceptional predictive precision and its capacity to elucidate the multifaceted dynamics of financial empowerment.

IV. Discussion

The discussion elucidates the multifarious implications of the empirical findings, wherein the synergistic convergence of AI accessibility, digital literacy, and AI-driven personalized learning manifests as a pivotal conduit for the democratization of financial literacy, transcending entrenched socio-economic barriers and cognitive biases by leveraging the computational prowess of AI to curate hyper-personalized educational experiences, which not only augment financial acumen across diverse demographics but also recalibrate the broader digital ecosystem to foster inclusivity, equity, and sustained economic empowerment, while simultaneously raising critical discourse on the ethical considerations surrounding algorithmic transparency, equitable access, and the potential

exacerbation of systemic inequalities if such technologies are not meticulously designed with fairness and inclusivity at their core, thus underscoring the imperative for ongoing interdisciplinary inquiry to ensure that AI's transformative potential is harnessed for broad-based, equitable financial empowerment on a global scale.

V. Conclusion

In conclusion, the intricate findings of this research underscore the paramount importance of AI accessibility, digital literacy, and AI-driven personalized learning as indispensable catalysts in the amplification of financial literacy across socio-economic divides, where their collective integration facilitates a paradigm shift towards a more inclusive and equitable financial ecosystem, empowering marginalized populations with tailored, data-driven educational tools that mitigate cognitive biases and informational asymmetries, while simultaneously positing AI as a democratizing force capable of reshaping global financial landscapes by ensuring equitable access to knowledge, fostering sustainable economic participation, and catalyzing a transformative, enduring trajectory of broad-based socio-economic empowerment, albeit tempered by the critical necessity of addressing algorithmic fairness and the potential for exacerbating existing inequities without deliberate, inclusive design interventions.

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