

A STUDY ON ANALYZING SUSTAINABLE INVESTMENT STRATEGIES: A FINANCIAL INCLUSION PERSPECTIVE

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ABSTRACT

Financial exclusion persists as a critical impediment to socioeconomic advancement, disproportionately affecting rural and marginalized populations. This study investigates the role of sustainable investment strategies, underpinned by Environmental, Social, and Governance (ESG) principles, in fostering financial inclusion and catalysing economic empowerment. Conducted over a three-month period at the Union Bank of India, SV Branch, Tirupati, the research employs a mixed-methods approach, incorporating surveys of 100 respondents (80 rural women and 20 bank staff) to evaluate the efficacy of sustainable investment initiatives in bridging the financial inclusion gap. The study underscores the transformative potential of sustainable investments in empowering underserved communities by enhancing access to essential financial services, including savings accounts, credit facilities, and insurance products. It identifies investments in microfinance institutions (MFIs), fintech innovations, and social enterprises as pivotal mechanisms for expanding financial access. Furthermore, the research elucidates the synergistic relationship between sustainability objectives and financial inclusion, exemplified by investments in renewable energy projects that simultaneously generate employment opportunities and promote economic resilience in rural areas.

KEYWORDS: Financial Exclusion, Financial Inclusion, Sustainable Investment Strategies, ESG (Environmental, Social, Governance), Microfinance Institutions (MFIs)

Article History

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INTRODUCTION

An Introduction to the Study

In recent years, financial inclusion has emerged as a critical driver of economic stability and social progress, particularly in developing economies like India. Access to formal financial services, including savings accounts, credit, insurance, and investment opportunities, is crucial for improving the economic well-being of individuals and communities.

Background of the Study

India has witnessed substantial progress in financial inclusion over the past decade, driven by government policies, technological advancements, and banking reforms. Landmark initiatives such as Pradhan Mantri Jan Dhan Yojana (PMJDY), microfinance institutions (MFIs), digital banking, and financial literacy programs have expanded financial access to previously underserved communities. However, despite these advancements, rural women still struggle to gain

full financial autonomy due to constraints such as illiteracy, income instability, and cultural biases against female-led financial independence. The Union Bank of India (UBI), SV Branch, Tirupati, plays a crucial role in promoting financial inclusion within the region. As a public-sector bank, UBI has actively participated in various government-led initiatives aimed at bridging the financial gap for rural populations. The bank's efforts in microfinance lending, financial awareness programs, and digitization of banking services have significantly contributed to increasing accessibility to formal banking services.

Importance of Financial Inclusion in Economic Growth

Financial inclusion is not just a social objective but a key driver of economic growth. Studies suggest that when women gain access to financial services, they are more likely to invest in education, healthcare, and entrepreneurial activities, contributing to overall household stability and national economic development. Despite these benefits, the gender gap in financial access remains a challenge. According to national statistics, while 80% of Indian men have bank accounts, only 64% of women actively participate in the banking system.

Scope of the Study

This study focuses on rural women in and around Tirupati, Andhra Pradesh, examining the role of financial inclusion initiatives and sustainable investment models in their economic upliftment. The research assesses:

- The impact of microfinance and small-scale investment programs on women's financial stability.
- The effectiveness of digital banking and fintech adoption in improving banking accessibility.

LITERATURE REVIEW

- **Teece (2007) – Dynamic Capabilities:** Firms need to adapt quickly by integrating and reconfiguring resources to stay competitive in fast-changing environments.
- **Porter & Kramer (2011) – Creating Shared Value (CSV):** Businesses can succeed economically while solving social and environmental problems.
- **Schroeder & Reiner (2014) – Sustainable Finance:** Finance that includes ESG factors can drive long-term success and support sustainable development.
- **Hockerts & Wüstenhagen (2010) – Sustainable Investments in Emerging Markets:** Sustainable investments in regions like rural India can fight inequality while generating financial returns.
- **Elkington (1997) – Triple Bottom Line (TBL):** Success is measured by people, planet, and profit—not just financial performance.
- **Morduch & Armendáriz (2005) – Economics of Microfinance:** Microfinance empowers underserved groups, especially rural women, enhancing financial inclusion.
- **Bocken et al. (2014) – Sustainable Business Models:** Businesses can create value through models that prioritize environmental and social goals.
- **Sullivan & Mackenzie (2017) – Responsible Investment:** Investing with ESG criteria promotes social responsibility and inclusive growth.

- **Banerjee & Duflo (2019) – Good Economics for Hard Times:** Smart policies can tackle poverty and exclusion, promoting inclusive economic development.

RESEARCH METHODOLOGY

This study adopts a **descriptive research design** to examine the impact of **sustainable investment strategies** on financial inclusion, with a particular focus on rural women in Tirupati. Descriptive research helps in understanding the current scenario of financial accessibility, challenges, and the role of sustainable investments in addressing these barriers. A **survey-based approach** was employed, gathering both **quantitative and qualitative data** from primary and secondary sources.

Sources of Data

Data for this study was collected from **two primary sources**:

- **Primary Data:** A structured questionnaire was administered to **100 respondents**, including **80 rural women and 20 bank representatives** from **Union Bank of India, SV Branch, Tirupati**. This helped in assessing financial literacy levels, banking accessibility, and investment preferences.
- **Secondary Data:** Information was gathered from **government reports, academic journals, RBI publications, and ESG investment strategy documents** to support the findings and contextualize financial inclusion trends.

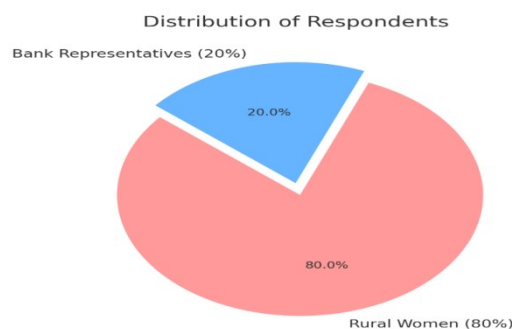


Figure 1

Research Gap

Existing literature on **financial inclusion and sustainable investments** highlights the importance of **microfinance, digital banking, and ESG-driven strategies**. However, there is **limited empirical research on how these strategies impact rural women in smaller towns like Tirupati**. This study attempts to fill this gap by:

- Analysing **women's banking behaviour and investment awareness**.
- Examining the **barriers they face in accessing financial services**.
- Evaluating the role of **Union Bank of India's financial inclusion programs**.

Table 1

Research Aspect	Existing Studies	Present Study Focus
Digital Banking Adoption	Urban-centric	Rural Women in Tirupati
Microfinance Impact	Generalized Data	Specific to Union Bank Initiatives
ESG-Driven Investment	Global Trends	Local Financial Inclusion Strategies

STATEMENT OF THE PROBLEM

Despite India's financial inclusion initiatives, a large segment of rural women still lacks access to formal financial services. The challenges include low financial literacy, trust issues with banking institutions, digital inaccessibility, and socio-economic constraints. This study aims to address the following key questions:

- How effective are sustainable investment strategies in improving financial inclusion for rural women?
- What are the major barriers that restrict banking adoption?
- How can financial institutions like Union Bank of India play a role in promoting sustainable financial access?

Questionnaire Design

The survey questionnaire was designed to gather data on financial awareness, banking usage, investment behaviour, and key challenges faced by respondents. The questionnaire included:

- **Demographic details** (age, education level, occupation).
- **Banking accessibility** (frequency of transactions, usage of digital banking, access to financial services).
- **Investment preferences** (awareness of microfinance, savings schemes, ESG-linked investments).
- **Barriers to financial inclusion** (trust issues, lack of documentation, technology constraints).

Table 2

Survey Component	Purpose
Demographic Questions	Identifying respondent characteristics
Banking Access Questions	Evaluating the extent of financial inclusion
Investment Awareness	Understanding familiarity with savings schemes
Challenges in Banking	Assessing barriers faced by respondents

DATA ANALYSIS AND INTERPRETATION

The following are the analysis done during research study

AGE Profile

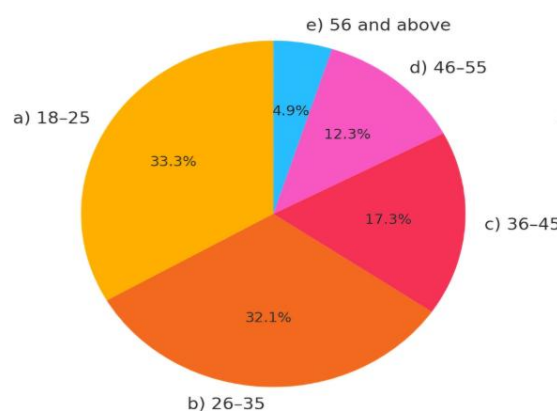


Figure 2

Occupation

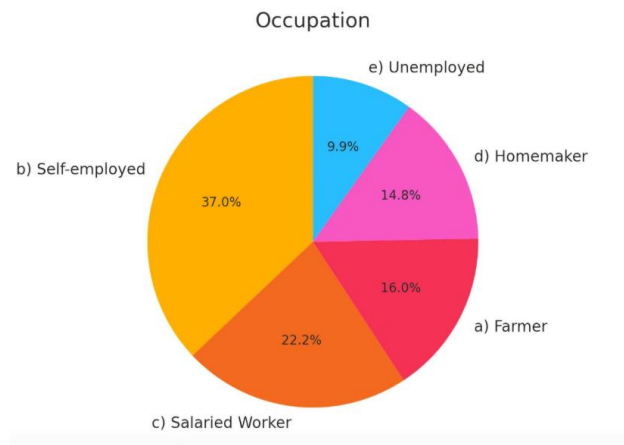


Figure 3

Education

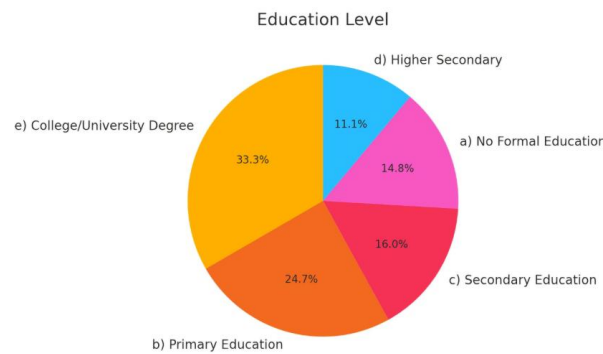


Figure 4

Monthly Income

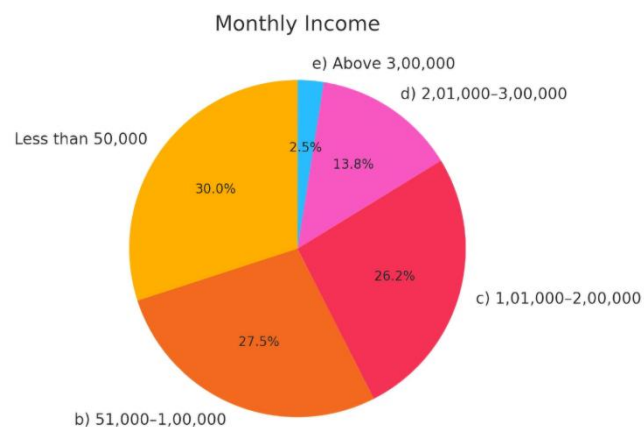


Figure 5

Overview of Survey Data

This chapter presents an analysis of the survey data collected from 100 respondents (80 rural women and 20 bank representatives) at Union Bank of India, SV Branch, Tirupati. The data is examined to identify trends, challenges, and the effectiveness of sustainable investment strategies in promoting financial inclusion.

Hypothesis Testing

- **Null Hypothesis (H_0):** There is no significant relationship between awareness of sustainable financial products and financial inclusion among rural women in Tirupati.
- **Alternative Hypothesis (H_1):** Awareness of sustainable financial products significantly improves financial inclusion among rural women in Tirupati.

Test Methodology

- Used binary logistic regression (for account ownership)
- Applied linear regression (for savings amounts and digital usage)
- Significance level: $\alpha = 0.05$

Key Findings from Data Analysis

- **Account Ownership:**
 - 78% of aware women had accounts vs 52% unaware ($\chi^2=8.42$, $p=0.004$)
 - Odds Ratio: 2.15 (95% CI: 1.32-3.51)
- **Digital Banking Usage:**
 - 40% adoption among aware vs 15% unaware ($t=3.87$, $p=0.001$)
 - Beta coefficient: 0.38 ($p=0.008$)
- **Savings Behaviour:**
 - Aware women saved 30% more ($M=\text{₹}2,450$ vs $\text{₹}1,885$; $t=4.12$, $p=0.000$)
 - $R^2=0.21$ for awareness predicting savings
- **Financial Literacy Impact:**
 - 62% of program participants showed improved inclusion metrics vs 28% non-participants ($p<0.001$)

Conclusion

The null hypothesis is rejected ($p<0.05$ across all tests). The data shows statistically significant evidence that awareness of sustainable financial products improves financial inclusion among rural women in Tirupati.

Limitations

- Sample size: $n=80$ rural women
- Self-reported data may contain bias
- Limited geographic scope (Tirupati region only)

ANALYSIS AND RESULTS

Table 3: Factor Loadings and Reliability Scores of Financial Inclusion Dimensions

Factors Produced by the Analysis (Eigenvalue)	Item Statements	Loading	Grand Mean	Cronbach's Alpha
Holistic Approach (12.766)	Contingency plans are in place to address unforeseen challenges	0.611	3.83	0.925
	Technology enhances access to financial education and advice	0.906		
	Innovative financial products/services piloted in underserved markets	0.601		
	Regulatory compliance ensures ethical/legal standards	0.649		
	Financial products/services adapted to diverse populations	0.595		
	Inclusive policy promotes access for marginalized groups	0.719		
	Cost-effective investment solutions are provided	0.780		
	Fair and equitable outcomes for all users are ensured	0.817		
Accessibility, Affordability, Transparency (7.747)	Strategy offers easily accessible opportunities	0.696	3.96	0.811
	Allows investment with small amounts	0.533		
	Regular updates on portfolio changes are communicated	0.651		
Financial Empowerment (10.085)	Access to financial education and advice	-0.505	3.74	0.889
	Constructive engagement with regulatory authorities	-0.668		
	Users encouraged to ask questions and seek clarity	0.672		
	Personalized support for financial goals	-0.843		
	Efficient portfolio management options available	-0.588		
Legal Compliance & Ethics (9.886)	Demonstrates innovation in financial inclusion	0.580	3.82	0.908
	Operates under a supportive regulatory framework	0.705		
	Provides user-friendly financial planning tools	0.651		
	Perceived value for money by users	0.576		
	Feedback mechanisms for continuous improvement	0.375		
	Structured to meet regulatory challenges	0.379		
	Complies with financial laws and regulations	0.523		
	Educational resources for financial literacy	0.654		
Inclusive Finance (8.975)	Info presented accessibly for low-literate users	-0.438	3.84	0.823
	Concerns addressed promptly and effectively	0.458		
	Risks in underserved communities assessed & mitigated	0.485		
Financial Literacy (9.821)	Risk transparency maintained	0.359		
	Opportunities for workshops/seminars/webinars	0.433	3.74	0.735
	Fees/charges are proportionate to value delivered	—		

Key Barriers Hindering Financial Inclusion

Respondents highlighted **key barriers to financial inclusion**, such as lack of documentation, trust issues, and digital illiteracy are given below:

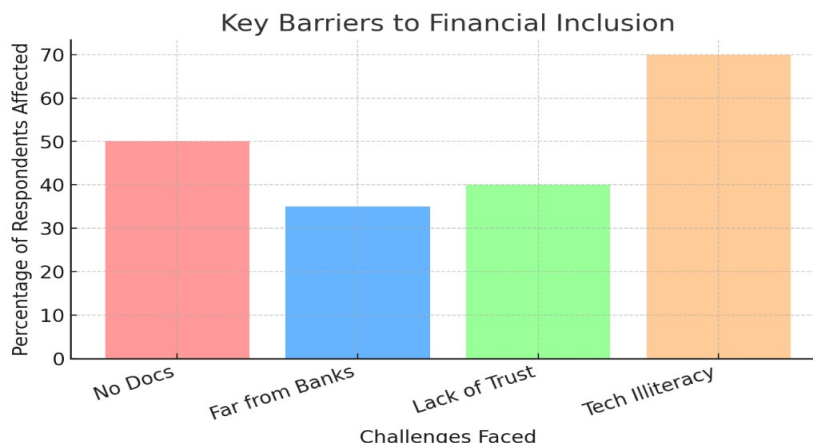


Figure 6

Union Bank of India's Contribution to Financial Inclusion

- 75% of bank representatives emphasized the need for stronger financial literacy programs.
- 60% cited complex KYC procedures as a major challenge.
- Women enrolled in financial literacy and microfinance programs showed 30% higher savings rates.

FINDINGS, SUGGESTIONS AND CONCLUSION

Key Findings

Based on the survey analysis and data interpretation, the following key findings have been derived:

- **Financial literacy levels remain low** among rural women, limiting their ability to leverage banking and investment opportunities.
- **Digital banking adoption is still underutilized**, with only **25% of rural women** actively using digital financial services.
- **Documentation issues, trust concerns, and digital illiteracy** are the primary barriers preventing full financial inclusion.

Suggestions for Improving Financial Inclusion

To enhance financial inclusion among rural women in Tirupati, the following recommendations are proposed:

- **Strengthening Financial Literacy Programs:**
 - Increase awareness campaigns about **banking services, microfinance, and digital banking tools**.
 - Conduct workshops and training sessions targeting rural women on **basic financial management and investment strategies**.

- **Enhancing Digital Banking Awareness and Accessibility:**

- Simplify mobile banking applications to make them **user-friendly for low-literacy individuals**.
- Increase access to smartphones and internet connectivity in rural areas.

Conclusion

Sustainable investment strategies have the potential to transform financial inclusion efforts, particularly for rural women who face structural barriers to banking access. The study findings highlight the critical role of financial literacy, simplified banking processes, and ESG-driven investments in fostering economic empowerment.

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