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Microfinance and Women Entrepreneurship Development: The Moderating Role of Financial Literacy

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Abstract

This study attempts to examine the role of microfinance services on women's entrepreneurship development in Nepal and also analyzes the moderating effect of financial education in the relationship between microfinance services and women's entrepreneurship development. Using a self administered questionnaire survey among 405 female micro-entrepreneurs, the results shows the savings behavior and skill development training as key drivers of women's entrepreneurial advancement. In addition, the study also establishes that financial literacy has a nuanced moderating effect. As study postulates, skill development is more meaningful and the role of business support services is crucial in entrepreneurship outcomes. The findings from this study shed additional light to the literature by uncovering interplays between financial literacy, microfinance services, and women's entrepreneurship in the context of small and developing economy of Nepal. The study also highlights the primary role of integrated financial education programs within microfinance initiatives and the importance of microfinance programs in achieving sustainable economic empowerment.

Introduction

There is an increasing focus, in the context of developing economies like Nepal, on the role of microfinance finance services and the level of financial literacy in determining the women's entrepreneurship development. The studies (for example, Morduch & Armendariz, 2005; Thapa & Chowdhary, 2022) emphasizes that microfinance is catalyst for empowering women and developing enterreneurial actions, therby contributing toewards economic and social development. Abebe and Kegne (2023) further insist that financial literacy plays effective role for microfinance intermediations in fostering entrepreneurial behavior among women borrowers.

Microfinance serves as an important instrument of economic empowerment providing financial services to low-income populations that lack access to formal banking institutions. Primary aims of microfinance include the elimination of poverty, the enhancement of financial inclusion and encouragement of women to grow an entrepreneurship endeavor (Ledgerwood, 2000). Devi (2023) insists that microfinance not only contributes significantly to the economic empowerment of women but also aids in the establishment of sustainable

enterprises. The results highlight that policymakers and financial institutions should formulate customized interventions to enable women entrepreneurs to take maximum benefit from microfinance services. Similarly, it has been shown that microcredit access has a positive effect on business creation and entrepreneurial activity (Banerjee et al., 2015).

Microfinance's function is not just financial, it also relates to social empowerment. A large part of microfinance beneficiaries are women and their contributions to change in their communities are often acknowledged. Microfinance initiatives help to build women's capacity for decision-making, entrepreneurship and agency by connecting them to credit, training and support services (Duflo, 2012). Microfinance has made rapid inroad towards becoming an integrated tool of rural development and poverty alleviation in Nepal in the last 30 years. Nepal's microfinance movement began with agricultural cooperatives in the 1950s and has now evolved into a critical mechanism for building financial inclusion among marginalized groups (Gautam, 2023). Initiatives like the Small Farmers' Development Program demonstrate that microfinance can be used to boost economic development and also promote social development at the same time.

Previous investigation suggests that women's participation in microfinance interventions could also contribute to their entrepreneurial and social welfare through positive outcomes. Thapa and Chowdhary (2022) concluded that the involvement in microfinance-related activities increased women's decision-making competence, social status and family welfare, motivating women's entrepreneurship participation and local economic development. Nevertheless, many obstacles remain to the achievement of the effectiveness of these programs. One of the key obstacles is the low financial literacy of women borrowers. According to Shahi (2024), inadequate financial literacy weakens microfinance interventions and prevents entrepreneurial success. Such a context is calling for financial education to become an integral stage of microfinance programs to enable women to utilize available resources to expand and maintain their business. Moreover, women entrepreneurs in Nepal experience socio-cultural barriers such as patriarchal norms and household duties that limit their economic participation (Balayar & Mazur, 2022). However, shifts in societal attitudes toward women's economic participation indicate that progressive solutions may exist that involve simultaneously financial and educational interventions.

In this atmosphere, the present study is concentrated on Rupandehi district of Nepal with many microfinance institutions (Grameen Bikas Laghubitta and Nirdhan Utthan Laghubitta have been playing a significant role in increasing financial access for women entrepreneurs). In spite of the impressive successes, limited studies have been investigated on how financial literacy moderates the association between microfinance services and women's entrepreneurship. Accordingly, this study seeks to empirically explore the effect of microfinance programs on women's entrepreneurial development and the moderating role of financial literacy in promoting those outcomes.

Literature Review

Access to Finance and Women Entrepreneurship Development

During the early stages of entrepreneurship, access to finance is a focal determinant of business establishment and growth. Most enterprises rely on external financial support, such as bank loans and institutional credit, to initiate and expand their operations (Etim & Iwu, 2019; Verheul et al., 2006). Women entrepreneurs also usually encounter gender based discrimination and structural impediments in terms of their financial resources, such as a lack of collateral, low asset ownership, and socio-cultural inequalities (Verheul & Thurik, 2001). To solve these problems, microfinance schemes are used as a significant way of promoting financial inclusion and for supporting women's entrepreneurship in developing countries. Previous research found microfinance to be positively associated with entrepreneurship development, employment generation, and economic empowerment (Baruah & Bezbaruah, 2020; Elson, 2009; Mauchi et al., 2014). The empirical data from India, Ethiopia, and Brazil also reflects that access to microcredit positively contributes to business performance, income generation, and entrepreneurial growth among women (Bettoni et al., 2023; Meressa, 2020; Sahu et al., 2021). Accordingly, the following hypothesis is established:

H1: Access to finance significantly affects women's entrepreneurship development.

Savings and Growth of Women Entrepreneurial Ventures

Microfinance institutions supply other financial services aside from credit including savings, insurance, and retirement facilities for populations excluded from formal banking systems (Salum, 2014). Savings are among these services that provide financial support to entrepreneurs by way of enhanced financial security, the opportunity to invest, and better creditworthiness of the borrowers. It ensures entrepreneurs' ability to escape income shocks and to acquire a basis for taking on further loans and business operations (Mkpado, 2007). The association between savings behavior and women's entrepreneurship development is well supported by the empirical research. For instance, Mathur et al. (2021) determined that micro-savings services contributed to the development of entrepreneurial expansion and company sustainability among women entrepreneurs. Thus, the following hypothesis is postulated:

H2: Savings significantly affect women's entrepreneurship development.

Skill Development Training and Women Entrepreneurship Development

Entrepreneurial training is an essential aspect of women's entrepreneurship, as it includes learning the managerial, financial, and technical skills necessary to run businesses. These training programs, particularly skills development programs, improve basic entrepreneurial skills and increase the chances of women succeeding in entrepreneurial activities by imparting the required knowledge and practical skills of business (Dabic et al., 2012). Poor entrepreneurial business and financial skills have been recognized as one of the most critical obstacles for women-owned enterprises (Henning & Akoob, 2017). Empirical evidence also found that there is a beneficial effect of entrepreneurship training on women's economic

performance. For instance, Beriso (2021) discovered that trained female entrepreneurs in Ethiopia earned a higher income than untrained entrepreneurs. Similarly, Thaher et al. (2021) found insufficient business knowledge to be one of the primary obstacles encountered by female entrepreneurs in Jordan, while Sobhan and Hassan (2023) highlighted the role of entrepreneurial education in advancing female entrepreneurship in Bangladesh. Thus, microfinance institutions are turning toward training and capacity-building services in addition to financial aid, in order to enhance the entrepreneurial skills and business performance of women (Porter & Nagarajan, 2005). As a result, the following hypothesis is put forth:

H3: Skill development training significantly affects women's entrepreneurship development.

Business Support Services and Women Entrepreneurship Development

For business support such as market linkage and mentorship, institutional assistance and consultative services to support business growth, these services contribute toward improving sustainability and success of women's enterprises. Entrepreneurial growth is encouraged through a supportive business environment through investment and support from governments, financial institutions, and support organizations. Empirical evidence has identified a role played by these services in the enhancement of women's entrepreneurial capacity. Thaher et al. (2021) noted incentives, emotional support, market connections, and regular business evaluations as the main factors that influenced the success of women entrepreneurs in Jordan. Likewise, Beriso (2021) discovered that institutional support and entrepreneurial training were positively impacting women entrepreneurs' economic performance in Ethiopia. Mathur et al. (2021) also found that microfinance support services significantly promoted entrepreneurial development in Pakistan. Hence the following hypothesis is proposed:

H4: Business support services significantly affect women's entrepreneurship development.

Financial Literacy and Women Entrepreneurship Development

Financial literacy is essential in the promotion of microfinance use and business activity for women entrepreneurs who successfully and usefully take full advantage of this market for credit services, especially when it comes to business transactions. Financial literacy can help women increase their understanding of loans, savings, insurance, and investment decisions so that they make better decisions and use credit sources effectively to finance their own financial goals (Peter & Robinson, 2023). In addition, financial literacy helps women become more capable of learning about both creditworthiness of the formal financial system and the way to acquire creditworthiness; women that are financially literate gain the tools to make creditworthy business decisions and become adept at constructing more sustainable entrepreneurial projects. Improved financial capability, as women reinvest their income into families and communities, affects other socio-economic outcomes, extending beyond individual benefit, such as contributing to poverty reduction, economic inclusion, and gender equality. Due to these advantages, the contribution of financial literacy towards the promotion of women's entrepreneurship through microfinance services should be reinforced. Hence, a hypothesis is suggested:

H5: Financial literacy positively moderates the relationship between microfinance services and women's entrepreneurship development.

Research Methods

Research Design and Approach

The explanatory research design was used in tandem with the quantitative research approach as the aim was to conduct the study as a whole. Specifically, explanatory design was adopted to examine and elucidate the causal relationship between microfinance services and the development of women's entrepreneurship in the Rupandehi district. Additionally, the study utilized quantitative methodology to systematically gather, analyze, and interpret numerical data with aview to accomplish the study objective in a structured manner. Adequate attention was paid to employ quantifiable evidence to maintain scientific rigour, and to minimize potential bias, so that study findings could be generalized in similar contexts as reliably as possible.

Population, Sampling, and Data Collection Method

The study participants were women, active in microfinance programs (as represented by a heterogeneous group of female entrepreneurs involved in a variety of income producing activities). Primary data were extracted by conducting an organized questionnaire with a five-point Likert scale of 405 carefully chosen female clients of microfinance institutions. The research desgign allowed for systematic and measurable assessment of respondents' perceptions, experiences, and attitudes. Secondary data on the number of women clients, and other institutional varaiables were collected from annual reports of the respective microfinance institutions. These data sources provided contextual support and facilitated the validation of the primary data, thereby strengthening the analysis of microfinance's contribution to women's entrepreneurial development.

Method of Data Analysis

Data from the questionnaire were analysed using the SPSS version 26 and SmartPLS 4.0 software. Descriptive statistical analysis was performed to present the frequency distribution and percentage of respondents' demographic and firm characteristics first. Subsequently, Confirmatory Factor Analysis (CFA) and Structural Equation Modeling (SEM) were used to evaluate the validity and reliability of the measurement model and to test the five hypotheses developed for examining the role of microfinance services in women's entrepreneurship development.

Ethical Considerations

This study did not involve any established experimental prodecures human subjects. It was limited to the use of a structured survey to administered to participants. Accordingly, informed concent was obtained from all respondents prior to participation. The purpose and objectives of the study were clearly explained to each respondent, ensuring that they understood the nature of their involvement. Verbal consent was then obtained from each participant before

questionnaire completion, in line with principles requiring voluntary participation and respect for respondents' right to informed agreement.

Study Results and Discussion

Respondent Profile

Demographic data were gathered from 405 women entrepreneurs who are enrolled in microfinance initiatives. The majority of the respondents belonged to the 41–50 and above 50 age groups, indicating that a majority of mature women are active entrepreneurs. Most participants were married, indicating that a high fraction of women manage household obligations whilst they are involved in business activities. Similarly, majority of the respondents had completed secondary level education and a significant number of them also held bachelor's or master's degrees. The respondents pose a variety of socioeconomic backgrounds. Many of them are identified as middle-class or marginalized, and most common business sectors where they involved were manufacturing and agriculture sectors. The majority of respondents had experienced for more than seven years in their business. This demonstrates their sustainability and perseverance as entrepreneurs.

Measurement Model Assessment

The measurement model assessment examined reliability of the constructs used in the current study. The examination consisted of internal consistency reliability tests, convergent validity tests, discriminant validity tests, multicollinearity tests, and model fit tests.

Internal Consistency Reliability: Values for Cronbach's alpha and composite reliability are listed in Table 1 to estimate the reliability. Hair et al. (2023) provide an appropriate internal consistency: values greater than 0.70 are considered acceptable.

Table 1

Internal consistency reliability

Variable	Cronbach's alpha	Composite reliability (rho_a)	Composite reliability (rho_c)
AF	0.689	0.921	0.818
BS	0.912	0.915	0.938
FL	0.837	0.844	0.892
SD	0.847	0.859	0.898
SP	0.937	0.938	0.953
WED	0.877	0.882	0.911

Source: Calculation based on field survey, 2025

The internal consistency scores indicated that good reliability occurred within the study as indicated by low coefficient deviation. It was demonstrated that most constructs exceeded the recommended level. The Cronbach's α for the Access to Finance (AF) was less than the 0.70 (0.689) threshold, but composite reliability was above, validating acceptable reliability in general. All constructs therefore showed good internal consistency.

Convergent Validity: Both factor loadings and AVE values for the measurement items for each construct served as convergent validity indicators. As per guidance set out in previous work, factor loadings above 0.60 and Average Variance Extracted (AVE) >0.50 are acceptable indicators of convergent validity (Hair et al., 2023).

Table 2

Convergent validity

Constructs	Indicators	Outer Loading	AVE
Access to finance	AF1	0.560	0.609
	AF3	0.933	
	AF4	0.802	
Business support services	BS1	0.928	0.792
	BS2	0.850	
	BS3	0.886	
	BS4	0.893	
Financial literacy	FL1	0.738	0.674
	FL2	0.835	
	FL3	0.835	
	FL4	0.869	
Skill development training	SD1	0.830	0.687
	SD2	0.883	
	SD3	0.931	
	SD4	0.927	
Saving practices	SP1	0.763	0.801
	SP2	0.851	
	SP3	0.831	
	SP4	0.791	
	SP5	0.774	
women entrepreneurship development	WED1	0.777	0.673
	WED2	0.840	
	WED3	0.719	
	WED4	0.859	
	WED5	0.894	

Source: Calculation based on field survey, 2025

All measurement indicators achieved loadings above this threshold, proving that the constructs under investigation had strong correlations with the underlying constructs they were developed to measure (see Table 2). Furthermore, AVE values for each construct were reliably above 0.50, which further confirmed the measurement model adequacy. Individually and as a whole, these results provided excellent evidence that the indicators accurately represented and captured their latent constructs and thus established satisfactory convergent validity for the study.

Discriminant Validity: Discriminant validity was tested via cross-loadings and the Fornell-Larcker Criterion (FLC). Each indicator performed better on its chosen construct than on the other constructs as noted in Table 3, reinforcing construct distinctiveness.

Table 3

Factors cross loading

	AF	BS	FL	SD	SP	WED
AF1	**0.560**	0.217	0.353	0.299	0.249	0.214
AF3	**0.933**	0.771	0.577	0.653	0.674	0.649
AF4	**0.802**	0.490	0.296	0.358	0.380	0.373
BS1	0.726	**0.928**	0.598	0.752	0.765	0.757
BS2	0.517	**0.850**	0.608	0.694	0.713	0.668
BS3	0.702	**0.886**	0.609	0.752	0.779	0.733
BS4	0.575	**0.893**	0.565	0.690	0.750	0.700
FL1	0.454	0.523	**0.738**	0.550	0.530	0.595
FL2	0.480	0.623	**0.835**	0.728	0.740	0.700
FL3	0.402	0.478	**0.835**	0.557	0.494	0.559
FL4	0.446	0.544	**0.869**	0.690	0.630	0.530
SD1	0.576	0.782	0.650	**0.899**	0.807	0.761
SD2	0.581	0.749	0.617	**0.857**	0.834	0.713
SD3	0.349	0.505	0.717	**0.744**	0.638	0.576
SD4	0.478	0.627	0.613	**0.809**	0.672	0.676
SP1	0.535	0.727	0.645	0.835	**0.830**	0.734
SP2	0.609	0.855	0.614	0.784	**0.883**	0.743
SP3	0.528	0.735	0.704	0.806	**0.931**	0.775
SP4	0.537	0.726	0.646	0.787	**0.927**	0.740
SP5	0.555	0.738	0.698	0.790	**0.901**	0.750
WED1	0.378	0.541	0.568	0.594	0.606	**0.777**
WED2	0.461	0.692	0.559	0.637	0.666	**0.840**
WED3	0.562	0.582	0.734	0.713	0.625	**0.719**
WED4	0.488	0.724	0.620	0.775	0.778	**0.859**
WED5	0.525	0.736	0.539	0.652	0.737	**0.894**

Source: Calculation based on field survey, 2025

Likewise, the FLC results (Table 4) showed that square root AVE for each construct was larger than correlations with other constructs. The data confirmed that the constructs were indeed empirically distinct with no overlap.

Multicollinearity Analysis: Variance Inflation Factor (VIF) values were (not reported in the text) examined to assess multicollinearity among indicators. All VIF values were below the critical threshold of 10 (with the maximum VIF of 6.649 for SP3 and the minimum VIF of 1.187 for AF1), indicating that multicollinearity was not a significant issue in the model.

Table 4

Fornell and Larcker criterion (FLC) results

Variables	AF	BS	FL	SD	SP	WED
AF	0.781					
BS	0.712	0.890				
FL	0.547	0.668	0.821			
SD	0.606	0.812	0.776	0.829		
SP	0.618	0.845	0.740	0.815	0.895	
WED	0.592	0.804	0.737	0.827	0.837	0.820

Source: Calculation based on field survey, 2025

Model Fit Test: The model fit (Table 5) was assessed using the Standardized Root Mean Square Residual (SRMR). The SRMR value of 0.087 was within the acceptable range, indicating an adequate fit between the proposed model and the observed data.

Table 5

Model fit

	Saturated model	Estimated model
SRMR	0.087	0.087

Source: Calculation based on field survey, 2025

Structure Model Assessment

The structural model assessment examined the relationships among the constructs using bootstrapping, path coefficient analysis, coefficient of determination (R^2), and effect size (f^2).

According to Table 6, the coefficient of determination (R^2) value was 0.781, meaning that the independent variables in the model accounted for about 78.1% of the variance in WED. This indicates a high level of overall model fit and explanatory power.

Table 6

Coefficient of determination

	R^2	Adjusted R^2
Coefficient of determination (R^2)	0.781	0.776

Source: Calculation based on field survey, 2025

Different degrees of influence between the constructs were shown by the effect size analysis in Table 7. Access to Finance (AF) revealed no discernible impact on women's business development, although Saving Practices (SP) and Financial Literacy (FL) showed comparatively higher effects. Small but significant contributions were made by Business Support Services (BS) and Skill Development Training (SD).

Table 7

Effect Size (f^2)

	f^2
AF -> WED	0.000
BS -> WED	0.029
FL -> WED	0.077
FL x AF -> WED	0.000
FL x BS -> WED	0.054
FL x SD -> WED	0.012
FL x SP -> WED	0.004
SD -> WED	0.033
SP -> WED	0.068

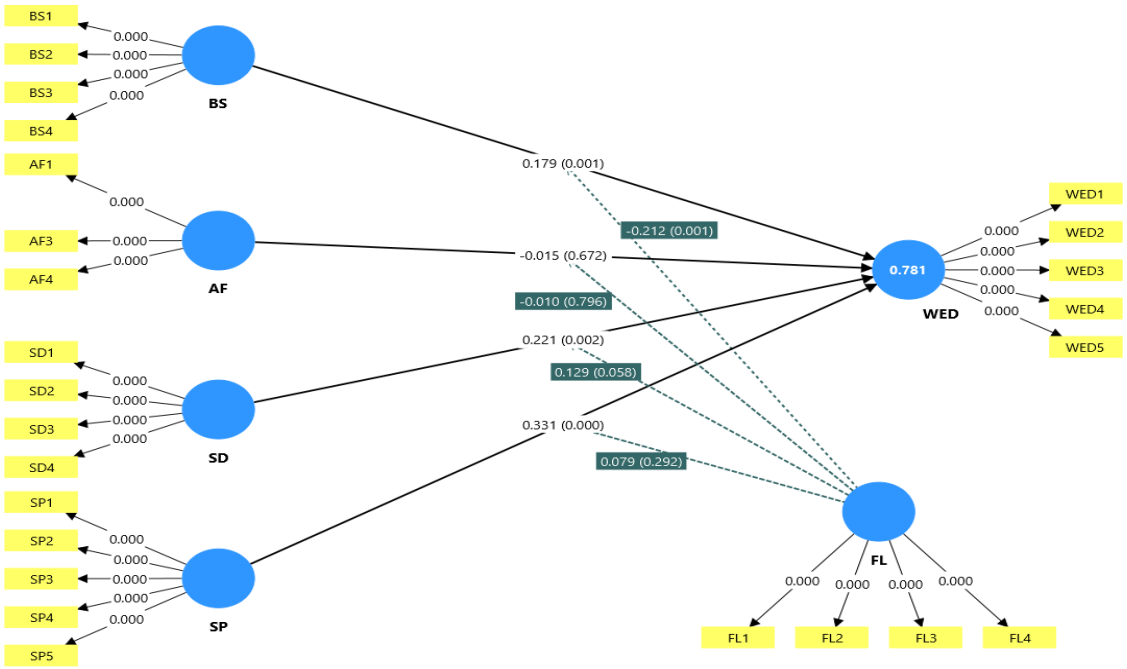
Source: Calculation based on field survey, 2025

Path Coefficient Analysis

The structural model research looked at how Women Entrepreneurship Development (WED) was directly affected by Access to Finance (AF), Business Support Services (BS), Financial Literacy (FL), Saving Practices (SP), and Skill Development Training (SD).

Figure 1

Path Analysis



Source: Calculation based on field survey, 2025

Figure 1 shows the impact of Saving Practices (SP) on WED as the best (β = 0.331, p = 0.000). This indicates that it is common for women who had good savings habits to grow and

sustain start-up business. Saving probably boosted financial confidence and made it possible to reinvest in businesses. Skill Development Training (SD) was also significantly positively related to WED (β = 0.221, p = 0.002). The results of this study suggest that the entrepreneurship training programs increased the managerial skills and technical abilities of women and thus their entrepreneurial performance. Similarly, Business Support Services (BS) had a positive impact on WED (β = 0.179, p = 0.001). Entrepreneurial growth was related to access to mentoring, advisory services and institutional support, however it was less than savings practices and skill development. On the other hand, Access to Finance (AF) exerted no statistically significant impact on WED (β = -0.015, p = 0.672). This provides evidence that financial access can only lead to an inadequate entrepreneurial success at the expense of complementary skills, training, and institutional support for women. Besides, constraints about specific collateral and process might also create a problem on utilizing financial resources in the optimal way. The documented that financial Literacy (FL) plays a significant positive direct relationship with WED (β = 0.241, p = 0.000). This result further suggests that financial literacy makes women more efficient in navigating business operations, making informed decisions and better utilization of financial services.

Moderation Analysis

The study also analyzed the moderating effect of financial literacy (FL) on the connection between women's business development and microfinance services.

Table 8

Moderation Analysis

Construct	Beta	Sample mean	Standard-deviation	t-test values	Path coefficient-values	Conclusion
FL x AF -> WED	0.010	-0.012	0.037	0.259	0.796	No moderation
FL x BS -> WED	0.179	-0.222	0.065	3.286	0.001	Negative moderation
FL x SD -> WED	0.129	0.131	0.068	1.897	0.058	positive moderation
FL x SP -> WED	0.079	0.085	0.075	1.054	0.292	No moderation

Source: Calculation based on field survey, 2025

Table 8 presents the moderation analysis examining the role of individual factors in the relationship betwwen FL and WED. The results indicate that FL x AF → WED yields a beta coefficient of 0.010, a sample mean of −0.012, a t-value of 0.259, and a path coefficient of 0.796, suggesting no significant moderating effect. In contrast, FL x BS → WED produces a beta value of 0.179, smaple mean of 0.222, a significant t-value of 3.286, and a path coefficient of 0.001, indicating a significant begative moderating effect, whereby BS weakens the positive relationship between FL and WED.

For FL x SD → WED, the beta coefficient is 0.129, the sample mean is 0.131, and the t-value is 1.897, with path coefficient of 0.058. Thus, results suggest a weak positive moderating effect of SD, slightly enhancing the FL–WED relationship, although the evidence is marginal. Finally, FL x SP → WED shows a beta of 0.079, a smaple mean of 0.085, a t-value of 1.054, and a path coefficient of 0.292, indicating no statistically significant moderating effect.

Overall, findings reveal that BS substantially weakens the FL – WED relationship, SD exerts a slightr positive influence, while AF and SP do not significantly moderate the relationship between FL and WED.

Hypothesis Testing

The hypothesis testing results demonstrate contradictory findings on antecedents to women business entrepreneurs' growth. As can be seen from Table 9, the findings show that H_2 (savings significantly affect women's entrepreneurship development), H_3 (skill development training significantly affect women's entrepreneurship development), and H_4 (business support services significantly affect women's entrepreneurship development) were adopted while H_1 (access to finance significantly affects women's entrepreneurship development) was rejected. H_5 (Financial literacy positively moderates the relationship between microfinance services and women entrepreneurship development) was partially supported. Overall, the findings indicate that savings practices, skill development training, business support services, and financial literacy significantly contribute to women entrepreneurship development, whereas access to finance alone does not have a meaningful impact.

Table 9

Hypothesis Testing

Hypothesis	Beta	Sample mean	Standard-deviation	t-test values	P-values	Decision
AF -> WED (H_1)	-0.015	-0.013	0.035	0.424	0.672	Rejected
SP -> WED (H_2)	0.331	0.334	0.065	5.075	0.000	Accepted
SD -> WED (H_3)	0.221	0.217	0.070	3.154	0.002	Accepted
BS -> WED (H_4)	0.179	0.174	0.056	3.177	0.001	Accepted
FL -> WED (H_5)	0.241	0.249	0.059	4.107	0.000	Accepted

Source: Calculation based on field survey, 2025

Discussion

The results of this study are pivotal in understanding the association between microfinance services and women entrepreneurship development (WED) in Nepal. Data show that financial and non-financial microfinance services enhance women's entrepreneurial development generally together, although the magnitude and significance vary. Of the variables examined, saving practices was the most significant determinant of WED. The results of our present research are consistent with past studies that found saving for increased financial security, the ability to reinvest and to manage business risks, which in turn contribute to entrepreneurship growth and sustainability. Skill development training also indicated a marked positive impact toward women’s entrepreneurship development. The study's findings support previous research showing that entrepreneurial training improves

managerial abilities, technical proficiencies, and business confidence, enabling individuals to establish and maintain the company more successfully.Additionally, business support services, such as mentoring, advisory, and institutional support, contributed significantly and positively to entrepreneurial development. These services are considered significant in providing advice and access to the marketplace, and developing strategic insight, leading to business success and survival.

However, access to finance failed to demonstrate statistically significant impact on WED. Such result may be observed primarily due to the fact that financial access alone is alone sufficient to activate entrepreneurship. Rather it should be complemented by skills, support services, or financial knowledge. This finding indicates the need to extend microfinance interventions beyond the access to credit. As indicated by study results, financial literacy was emerged as a primary factor enhancing entrepreneurial outcomes among women. This implies that financially literate women could make better financial choices, use resources more effectively and pursue microfinance services. The study also showed that financial literacy has a complex moderating effect. Finacial literacy help boosting the impact of skill development training and weakening the effect of business support services. Thus economically literate women tended to seek fewer external guidance. Thus, the findings from this study emphasize on the holistic approach to women entrepreneurship development. Microfinance should intervene by integrating financial services with training, business support, and financial education in order to maximize the impact.

Conclusion and Implications

This study attempted to examine the role of microfinance services on women's entrepreneurship development in Nepal and also analyzed the moderating effect of financial education in the relationship between microfinance services and women's entrepreneurship development. Using a self administered questionnaire survey among 405 female micro-entrepreneurs, the results showed the savings behavior and skill development training as key drivers of women's entrepreneurial advancement. In addition, the study also established financial literacy having a nuanced moderating effect. As study posulated, skill development is more meaningful and the role of business support services is cruicial in entrepreneurship outcomes.

The findings from this study sheded additional light to the literature by uncovering interreplays between financial literacy, microfinance services, and women's entrepreneurship in the context of small and developing economy of Nepal. The study also highlighted the primary role of integrated financial education programs within microfinance initiatives and the importance of microfinance programs in achieving sustainable economic empowerment. Thus study findings have some polcy implications. First, microfinance services should extend beyond providing access to financial services. It should include integrative service provision such as financial literacy programs, skill development training to promote entrepreneurial, managerial and technical skills. Second, there is a need of improved mechanisms of savings promotion so as to build business sustainability and resiliency to financial stressors. Third, services such as mentoring, advisory services, and market linkage should have additional

range with the provision of long-term assistance to women entrepreneurs. Finally, financial access combined with financial services and education, training, and support systems can contribute toward sustainable development of women entrepreneurship.

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