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Empowering Vulnerable Populations and Fostering Entrepreneurship through Financial Literacy: A Case Study of Economic Benefits in the U.S

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Author's contribution

The sole author designed, analysed, interpreted and prepared the manuscript.

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ABSTRACT

The lack of financial literacy contributes to broader economic challenges as financially illiterate individuals are often more susceptible to predatory lending practices, financial fraud, and poor investment decisions, which can lead to financial instability and economic insecurity. Thus, the study examined financial Literacy as a tool for empowering vulnerable populations and fostering entrepreneurship: a case study of economic benefits in the U.S. The specific objectives were to: examine whether financial literacy significantly empowers vulnerable populations in the US; ascertain whether financial literacy significantly fosters entrepreneurship among vulnerable populations in the US. The study adopted a cross-sectional research design on a target population comprising vulnerable individuals in Mississippi, including low-income families, minorities, and unemployed or underemployed individuals. A sample size of 150 respondents was determined to ensure a diverse representation of the vulnerable groups. Primary data were collected using a

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structured questionnaire. The collected data were analyzed using the Kendall's Tau correlation method. The findings showed that: financial literacy significantly empowers vulnerable populations in the US (tau_b = .331, p = .000); financial literacy significantly fosters entrepreneurship among vulnerable populations in the US (tau_b = .656, p = .000). In conclusion, by investing in financial education and implementing policies that promote financial literacy, we can help individuals achieve financial stability, support entrepreneurial endeavors, and drive economic growth. The study recommends that community-based organizations should develop and implement targeted financial literacy programs tailored to the specific needs of vulnerable populations, focusing on essential skills like budgeting, saving, and financial decision-making, to enhance their empowerment and financial stability.

Keywords: Economic empowerment; vulnerable populations; financial literacy; financial inclusion.

1. INTRODUCTION

Financial literacy is increasingly recognized as a crucial factor in promoting economic stability and growth. It empowers individuals to make informed financial decisions, manage their resources effectively, and plan for the future (Bii, Mutai & Rotich, 2024). In the United States, financial literacy has the potential to significantly impact vulnerable populations, support entrepreneurship, and drive economic benefits through increased taxable income. In today's complex financial landscape, individuals are required to navigate a myriad of financial products and services, from credit cards and loans to investment opportunities and retirement plans. The ability to understand and effectively manage these financial tools is essential for achieving financial stability and long-term economic success (Lusardi & Messy, 2023). However, financial literacy levels in the U.S., according to Zhang and Chatterjee (2023), apparently remains alarmingly low, with significant disparities across different demographic groups. According to the FINRA Investor Education Foundation's 2018 National Financial Capability Study, only 34% of Americans could answer four out of five financial literacy questions correctly, highlighting the urgent need for comprehensive financial education initiatives (FINRA, 2019).

Vulnerable populations, including low-income families, minorities, the elderly, and youth, are particularly at risk due to their limited access to financial resources and education (Lyons & Kass-Hanna, 2021). These groups often face unique financial challenges, such as higher levels of debt, lower savings rates, and limited access to affordable financial services (Shi & Stevens, 2021). Financial literacy can play a transformative role in addressing these challenges by equipping individuals with the knowledge and skills needed to manage their finances effectively, make informed decisions, and build financial resilience (Ariana, Wiksuana, Candraningrat & Baskara, 2024).

Moreover, financial literacy is a critical enabler of entrepreneurship and innovation (Bii, Mutai & Rotich, 2024). Aspiring entrepreneurs with a strong foundation in financial literacy are better positioned to develop viable business plans, secure funding, and navigate the financial complexities of running a business (Philippas & Avdoulas, 2021). This, in turn, drives economic growth, job creation, and increased taxable income, contributing to the overall prosperity of the economy. The Kauffman Foundation reports that new businesses account for nearly all net new job creation in the U.S., underscoring the importance of supporting entrepreneurial endeavors through financial education (Kauffman Foundation, 2017).

The economic benefits of financial literacy extend beyond individual financial well-being. A financially literate population contributes to a more stable and resilient economy by promoting prudent financial behaviors, reducing economic disparities, and enhancing economic mobility. Increased taxable income resulting from improved financial literacy supports public services and infrastructure, creating a positive feedback loop that benefits society as a whole.

1.1 Objective of the Study

The main objective of the study is to examine Financial Literacy as a tool for empowering vulnerable populations and fostering entrepreneurship: a case study of economic benefits in the U.S. The specific objectives are as follows:

1) To examine whether financial literacy significantly empowers vulnerable populations in the US.

2) To ascertain whether financial literacy significantly fosters entrepreneurship among vulnerable populations in the US.

1.2 Research Questions

1) How does financial literacy empower vulnerable populations in the US?
2) To what extent does financial literacy foster entrepreneurship among vulnerable populations in the US?

1.3 Research Hypotheses

H01) Financial literacy does not significantly empower vulnerable populations in the US.

H02) Financial literacy does not significantly foster entrepreneurship among vulnerable populations in the US.

2. REVIEW OF RELATED LITERATURE

2.1 Concept of Financial Literacy

Financial literacy is the ability to understand and effectively use various financial skills, including personal financial management, budgeting, saving, investing, and understanding financial products and services (Bii, Mutai & Rotich, 2024). It encompasses a wide range of knowledge areas such as understanding interest rates, the implications of debt, the benefits of savings, and the basics of investment. Financial literacy is not just about acquiring knowledge but also about applying that knowledge to make informed and effective financial decisions (Philippas & Avdoulas, 2021).

The scope of financial literacy extends beyond individual financial well-being. It plays a critical role in the broader economic context by influencing consumer behavior, financial market stability, and economic growth. Financial literacy involves several key components:

- **Budgeting:** The ability to create and maintain a budget is a fundamental aspect of financial literacy. It involves tracking income and expenses, setting financial goals, and ensuring that spending aligns with those goals.
- **Saving:** Understanding the importance of saving for short-term needs, emergencies, and long-term goals such as retirement. This includes knowledge of different savings vehicles and strategies to maximize savings.
- **Investing:** Knowledge of investment options, risk assessment, and the principles of diversification. Financial literacy helps individuals make informed decisions about where to invest their money to achieve their financial goals.
- **Credit and Debt Management:** Understanding how credit works, the impact of credit scores, and strategies for managing and reducing debt. This includes knowledge of different types of credit products and the costs associated with borrowing.
- **Financial Products and Services:** Familiarity with various financial products and services, such as checking and savings accounts, credit cards, loans, mortgages, and insurance. Financial literacy enables individuals to choose the right products and services for their needs.
- **Financial Planning:** The ability to plan for future financial needs, including retirement planning, estate planning, and tax planning. This involves setting long-term financial goals and developing strategies to achieve them.

Financial literacy is essential for making informed decisions that can lead to financial stability and growth (Bii, Mutai & Rotich, 2024). It empowers individuals to navigate the complexities of the financial system, avoid financial pitfalls, and take advantage of opportunities to build wealth (Hwang & Park, 2023). Moreover, financial literacy contributes to overall economic stability by promoting responsible financial behavior, reducing the likelihood of financial crises, and fostering a more resilient economy. In today's rapidly changing financial landscape, the importance of financial literacy cannot be overstated. With the proliferation of financial products and services, the increasing complexity of financial markets, and the growing responsibility placed on individuals to manage their own financial futures, financial literacy has become a critical skill for economic success and well-being.

2.2 Current State of Financial Literacy in the U.S.

The current state of financial literacy in the United States reveals significant gaps and disparities that have far-reaching implications for individuals and the broader economy. Despite the critical importance of financial literacy, many Americans lack the necessary knowledge and skills to manage their finances effectively. According to the FINRA Investor Education Foundation's 2018 National Financial Capability Study, only 34% of Americans could correctly answer four out of five basic financial literacy questions covering topics such as interest rates, inflation, and risk diversification (FINRA, 2019). This statistic underscores a widespread deficiency in fundamental financial knowledge.

Disparities in Financial Literacy are Evident across Different Demo-graphic Groups. For example:

- **Age:** Younger adults, particularly those aged 18-34, tend to have lower levels of financial literacy compared to older adults. This gap is concerning given that younger individuals are making critical financial decisions early in their careers, such as taking on student loans, managing credit, and starting to save for retirement.
- **Income:** Financial literacy levels are generally lower among individuals with lower incomes. This group often faces additional financial challenges, such as limited access to financial services and higher levels of financial stress, making financial literacy even more crucial.
- **Education:** There is a strong correlation between educational attainment and financial literacy. Individuals with higher levels of education typically demonstrate better financial knowledge and decision-making skills. However, those with less education are more likely to struggle with financial concepts and managing their finances.
- **Race and Ethnicity:** Racial and ethnic minorities, including African Americans and Hispanics, often exhibit lower levels of financial literacy compared to their white counterparts. These disparities contribute to broader economic inequalities and highlight the need for targeted financial education initiatives.
- **Gender:** Studies have shown that women, on average, tend to score lower on financial literacy assessments compared to men. This gender gap in financial literacy can have significant implications for women's financial security, particularly in retirement.

The consequences of low financial literacy are profound. Individuals with limited financial knowledge are more likely to engage in behaviors that can jeopardize their financial stability, such as accumulating high levels of debt, using high-cost financial products, and failing to save for emergencies or retirement. For instance, the same FINRA study found that 53% of Americans are financially anxious, and 41% report that they do not have enough savings to cover a $400 emergency expense (FINRA, 2019).

Moreover, the lack of financial literacy contributes to broader economic challenges. Financially illiterate individuals are more susceptible to predatory lending practices, financial fraud, and poor investment decisions, which can lead to financial instability and economic insecurity (Bii, Mutai & Rotich, 2024). This, in turn, can have ripple effects on the economy, including increased demand for social safety net programs and reduced consumer spending.

Efforts to improve financial literacy in the U.S. have been undertaken by various stakeholders, including government agencies, educational institutions, non-profit organizations, and private sector companies. Programs such as the Consumer Financial Protection Bureau's (CFPB) financial education initiatives, the Jump$tart Coalition for Personal Financial Literacy, and employer-sponsored financial wellness programs aim to enhance financial knowledge and skills across different populations.

Despite these efforts, there is still much work to be done to ensure that all Americans have the financial literacy necessary to navigate the complexities of today's financial landscape. Addressing the gaps and disparities in financial literacy requires a comprehensive and coordinated approach that includes integrating financial education into school curricula, expanding access to financial education resources, and promoting public awareness about the importance of financial literacy.

2.3 Identifying Vulnerable Populations

Vulnerable populations in the United States include low-income families, racial and ethnic minorities, the elderly, and youth (Shi & Stevens, 2021). These groups often face unique financial challenges that can hinder their ability to achieve financial stability and economic mobility. For instance, low-income families may struggle with limited access to affordable financial services, higher levels of debt, and lower savings rates. Racial and ethnic minorities often encounter systemic barriers that exacerbate financial disparities, such as discriminatory lending practices and reduced access to financial education. The elderly may face challenges related to retirement planning, healthcare costs, and financial scams, while youth often lack the foundational financial knowledge needed to navigate the complexities of personal finance. Addressing the financial challenges faced by these vulnerable populations is crucial for promoting social equity and economic inclusion. Financial literacy can play a transformative role in empowering these groups by providing them with the knowledge and skills needed to make informed financial decisions, manage their resources effectively, and build financial resilience.

2.4 Impact of Financial Literacy on Vulnerable Populations

Financial literacy programs targeting vulnerable populations have demonstrated significant positive outcomes (Harvey, 2018). For example, the "Bank On" initiative, which aims to provide financial education and access to banking services for low-income individuals, has shown promising results. Participants in the program have reported increased savings, reduced reliance on high-cost financial products, and improved overall financial stability (CFPB, 2016). By offering tailored financial education and support, programs like "Bank On" help individuals develop essential financial skills, such as budgeting, saving, and managing credit.

Another successful initiative is the Financial Empowerment Center (FEC) model, which provides free, professional, one-on-one financial counseling to low- and moderate-income individuals. FECs have helped clients reduce debt, increase savings, and improve credit scores, leading to greater financial security and economic opportunities (Cities for Financial Empowerment Fund, 2019).

For racial and ethnic minorities, culturally tailored financial education programs have proven effective in addressing specific financial challenges and promoting financial inclusion. For instance, the National Council of La Raza (NCLR) offers financial education programs designed to meet the unique needs of Hispanic communities, helping participants improve their financial knowledge and behaviors (NCLR, 2017).

2.5 Breaking the Cycle of Poverty

Financial literacy can be a powerful tool in breaking the cycle of poverty by equipping individuals with the knowledge and skills needed to manage their finances effectively. By understanding how to budget, save, and invest, individuals can build financial resilience and create opportunities for economic mobility. Financial literacy programs that focus on long-term financial planning and goal setting can help individuals develop strategies to achieve financial stability and independence.

Programs like Junior Achievement, which provides financial education to young people, have demonstrated long-term benefits in terms of improved financial behaviors and increased economic opportunities (Junior Achievement USA, 2020). By teaching students essential financial concepts such as budgeting, saving, and investing, Junior Achievement helps young people develop the skills needed to make informed financial decisions and achieve their financial goals.

Additionally, initiatives like the Earned Income Tax Credit (EITC) outreach programs aim to increase awareness and utilization of tax credits among low-income families. By providing financial education and assistance with tax preparation, these programs help eligible individuals maximize their tax refunds, reduce debt, and increase savings, ultimately contributing to greater financial stability and economic mobility (Center on Budget and Policy Priorities, 2019).

In conclusion, financial literacy is a critical component in empowering vulnerable populations and breaking the cycle of poverty. By providing targeted financial education and support, we can help individuals build the knowledge and skills needed to achieve financial stability, improve their economic opportunities, and contribute to a more inclusive and equitable economy.

2.6 Supporting Entrepreneurship and Innovation

2.6.1 The Role of Financial Literacy in Entrepreneurship

Entrepreneurship is a vital driver of economic growth, job creation, and innovation. However, the journey of starting and sustaining a business is fraught with financial complexities that require a solid foundation in financial literacy. Financial literacy equips aspiring entrepreneurs with the necessary skills to make informed financial decisions, manage business finances, and assess risks effectively. It encompasses a range of competencies, including understanding cash flow management, budgeting, financial planning, and investment strategies.

Financially literate entrepreneurs are better prepared to develop comprehensive business plans, secure funding, and navigate the financial challenges that arise during the lifecycle of a business. They can evaluate the financial health of their ventures, make strategic decisions to optimize profitability, and ensure long-term sustainability. Without adequate financial literacy, entrepreneurs may struggle with managing expenses, pricing products or services, and maintaining healthy cash flow, which can jeopardize the success of their businesses.

Financial literacy also plays a crucial role in helping entrepreneurs understand the legal and regulatory aspects of running a business. This includes knowledge of tax obligations, compliance requirements, and the ability to interpret financial statements. By mastering these areas, entrepreneurs can avoid costly mistakes and focus on growing their businesses.

2.6.2 Case studies of successful entrepreneurs

Several case studies illustrate the transformative impact of financial literacy on entrepreneurial success. One notable example is the Small Business Administration's (SBA) financial literacy programs, which have helped numerous entrepreneurs start and grow their businesses. For instance, Maria, a Latina entrepreneur, utilized the SBA's resources to develop her financial skills, secure a business loan, and successfully launch her own bakery. Through financial education, Maria learned how to create a detailed business plan, manage her operating expenses, and strategically invest in her business's growth (SBA, 2019).

Another example is the Kauffman FastTrac program, which provides aspiring and existing entrepreneurs with the tools and resources needed to build successful businesses. Participants in the program receive training in financial management, marketing, and business planning. Graduates of the program have reported increased confidence in their financial decision-making abilities, improved business performance, and higher rates of business survival (Kauffman Foundation, 2017).

Additionally, the Women's Business Centers (WBCs) across the U.S. offer financial literacy training and support to female entrepreneurs. These centers provide workshops on financial planning, access to capital, and business development. Women who have participated in WBC programs have demonstrated significant improvements in their financial literacy, leading to successful business ventures and increased economic empowerment (Association of Women's Business Centers, 2018).

The success of these programs underscores the importance of targeted financial education initiatives that address the specific needs of different entrepreneurial groups. By providing tailored support and resources, these programs help entrepreneurs overcome financial barriers and achieve their business goals.

2.7 Economic Impact of Entrepreneurship

Entrepreneurship plays a crucial role in driving economic growth and job creation. Financially literate entrepreneurs are more likely to succeed, leading to increased business activity, innovation, and employment opportunities. According to the Kauffman Foundation, new businesses account for nearly all net new job creation in the U.S., highlighting the critical role of entrepreneurship in the economy (Kauffman Foundation, 2017).

Financial literacy enhances the ability of entrepreneurs to innovate and adapt to changing market conditions. By understanding financial principles, entrepreneurs can make strategic investments in research and development, adopt new technologies, and expand their operations. This, in turn, fosters a dynamic and competitive business environment that drives economic progress.

Moreover, successful entrepreneurs contribute to the economy by generating taxable income, which supports public services and infrastructure. As businesses grow and thrive, they create a ripple effect that benefits local communities and the broader economy. Financially literate entrepreneurs are also more likely to engage in responsible business practices, such as fair employment and ethical sourcing, further contributing to sustainable economic development.

Furthermore, entrepreneurship driven by financial literacy can lead to more resilient local economies. Small businesses often serve as the backbone of local communities, providing essential goods and services, creating jobs, and fostering a sense of community. Financially literate entrepreneurs are better equipped to weather economic downturns, adapt to market changes, and contribute to the long-term stability and growth of their communities.

2.8 Economic Benefits of Financial Literacy

2.8.1 Increased taxable income

Financial literacy has a direct impact on individuals' ability to generate and manage income, which in turn affects taxable income. When individuals are financially literate, they are better equipped to make informed decisions about their careers, investments, and savings. This can lead to higher earnings and more effective tax planning. For example, financially literate individuals are more likely to take advantage of tax-advantaged accounts such as 401(k)s and IRAs, which can reduce their taxable income while promoting long-term savings (Lusardi & Mitchell, 2014).

Moreover, financially literate entrepreneurs are more likely to succeed in their business ventures, leading to increased business revenue and taxable income. Successful businesses contribute to the tax base through corporate taxes, payroll taxes, and sales taxes. This additional revenue supports public services and infrastructure, creating a positive feedback loop that benefits society as a whole (OECD, 2020).

2.8.2 Reducing economic disparities

Financial literacy can play a significant role in reducing economic disparities and promoting social equity. By providing individuals with the knowledge and skills needed to manage their finances effectively, financial literacy programs can help bridge the gap between different socioeconomic groups. For example, targeted financial education initiatives for low-income families and minorities can help these groups improve their financial behaviors, increase their savings, and reduce their reliance on high-cost financial products (Atkinson & Messy, 2012).

Research has shown that financial literacy is positively correlated with economic mobility. Individuals who are financially literate are more likely to invest in education, start businesses, and build wealth over time. This can lead to greater economic opportunities and reduced income inequality. For instance, a study by the National Bureau of Economic Research found that financial education programs in high schools led to higher credit scores and lower delinquency rates among young adults, demonstrating the long-term benefits of financial literacy (Bernheim, Garrett, & Maki, 2001).

2.8.3 Enhancing economic resilience

Financial literacy contributes to economic resilience by helping individuals and communities withstand economic shocks and recover more quickly from financial crises. By promoting prudent financial behaviors such as saving, investing, and responsible borrowing, financial literacy enhances the overall stability of the economy. During economic downturns, financially literate individuals are better prepared to manage their resources, avoid excessive debt, and maintain their financial health (Lusardi, 2019).

For example, during the 2008 financial crisis, individuals with higher levels of financial literacy were less likely to experience severe financial distress. They were better able to navigate the complexities of the financial system, make informed decisions about their investments, and avoid predatory lending practices. This highlights the importance of financial literacy in promoting economic stability and mitigating the impact of financial crises (FINRA, 2019).

Moreover, financial literacy can enhance the resilience of small businesses, which are often the backbone of local economies. Financially literate entrepreneurs are better equipped to manage cash flow, access credit, and adapt to changing market conditions. This can help them weather economic downturns and contribute to the long-term stability and growth of their communities (Klapper, Lusardi, & Panos, 2013).

2.8.4 Broader economic growth

The broader economic benefits of financial literacy extend beyond individual financial well-being. A financially literate population contributes to a more stable and resilient economy by promoting responsible financial behavior, reducing the likelihood of financial crises, and fostering a more inclusive and equitable economic environment. Financial literacy can drive economic growth by enabling individuals to participate more fully in the financial system, invest in their futures, and contribute to the overall prosperity of the economy (OECD, 2020).

For example, countries with higher levels of financial literacy tend to have higher rates of savings and investment, which can fuel economic growth. Financially literate individuals are more likely to invest in education, start businesses, and save for retirement, all of which contribute to a more dynamic and competitive economy. Additionally, financial literacy can enhance the effectiveness of monetary and fiscal policies by promoting informed decision-making and reducing the risk of financial instability (Lusardi & Mitchell, 2014).

2.9 Importance of Financial Education Programs and Policy Recomme-dations

The need for widespread implementation of financial education programs is paramount. Financial literacy should be integrated into the educational curriculum from an early age, ensuring that individuals develop essential financial skills as they progress through their schooling. Programs like the National Endowment for Financial Education (NEFE) High School Financial Planning Program have shown that early financial education can lead to improved financial behaviors and attitudes (NEFE, 2019).

Financial education should not be limited to schools. Community-based programs, workplace initiatives, and public awareness campaigns are also crucial in reaching diverse populations. By providing financial education through multiple channels, we can ensure that individuals of all ages and backgrounds have access to the knowledge and resources they need to make informed financial decisions.

To promote financial literacy effectively, a multi-faceted approach involving government, educational institutions, non-profit organizations, and private sector companies is necessary. Here are some key policy recommendations:

- Integrate Financial Education into School Curricula: Mandate financial literacy courses in K-12 education to ensure that all students receive a foundational understanding of personal finance. States like Utah and Missouri have already implemented such mandates with positive outcomes (Council for Economic Education, 2020).
- Support Community-Based Financial Education Programs: Provide funding and resources for community organizations that offer financial literacy programs, particularly those targeting vulnerable populations. Programs like the Financial Empowerment Center (FEC) model have demonstrated success in helping low- and moderate-income individuals improve their financial stability (Cities for Financial Empowerment Fund, 2019).
- Encourage Employer-Sponsored Financial Education: Incentivize employers to offer financial education workshops and resources to their employees, helping them manage their finances and plan for retirement. Research shows that employees who receive financial education at work are more likely to save for retirement and feel confident about their financial future (Employee Benefit Research Institute, 2018).
- Promote Public Awareness Campaigns: Launch national campaigns to raise awareness about the importance of financial literacy and the resources available to improve financial knowledge. Campaigns like "Money Smart Week" by the Federal Reserve Bank of Chicago have been effective in promoting financial education across the country (Federal Reserve Bank of Chicago, 2020).
- Enhance Access to Financial Services: Implement policies that increase access to affordable financial services, such as low-cost banking options and financial counseling, for underserved communities. Initiatives like the "Bank On" program have successfully connected unbanked and underbanked individuals with safe and affordable financial products (CFPB, 2016).
- To ensure the effectiveness of financial literacy programs, it is essential to measure their success and impact. This can be achieved through:
- Regular Assessments: Conducting regular assessments of financial literacy levels across different demographics to identify gaps and areas for improvement. The OECD/INFE International Survey of Adult Financial Literacy provides a valuable

framework for such assessments (OECD, 2020).

- Program Evaluation: Evaluating the outcomes of financial literacy programs through surveys, interviews, and case studies to determine their effectiveness in improving financial behaviors and outcomes. Programs like the NEFE High School Financial Planning Program have demonstrated positive impacts on students' financial knowledge and behaviors (NEFE, 2019).
- Longitudinal Studies: Implementing longitudinal studies to track the long-term impact of financial literacy education on individuals' financial stability, economic mobility, and overall well-being. Research by the National Bureau of Economic Research has shown that financial education in high schools leads to improved financial outcomes in adulthood (Bernheim, Garrett, & Maki, 2001).

Incorporating technology into financial education can significantly enhance its reach and effectiveness. Online platforms, mobile apps, and digital tools can provide interactive and personalized learning experiences. For example, programs like "EverFi" offer digital financial education courses that engage students through simulations and real-life scenarios (EverFi, 2020). Additionally, fintech solutions can help individuals manage their finances more effectively by providing tools for budgeting, saving, and investing.

Effective collaboration among various stakeholders is essential for the successful implementation of financial literacy initiatives. Government agencies, educational institutions, non-profit organizations, and private sector companies should join forces to develop and promote comprehensive financial education programs. Public-private partnerships can harness the strengths and resources of different sectors to create impactful and sustainable financial literacy initiatives.

In conclusion, promoting financial literacy requires a holistic and coordinated approach that includes integrating financial education into school curricula, supporting community-based programs, encouraging employer-sponsored education, and leveraging technology. By implementing these policy recommendations and measuring their success, we can ensure that individuals acquire the knowledge and skills necessary to achieve financial stability and contribute to a more resilient and prosperous economy.

3. METHODOLOGY

The study adopted a cross-sectional research design to investigate the role of financial literacy in empowering vulnerable populations and fostering entrepreneurship in the U.S., with a focus on Mississippi. The cross-sectional approach was selected to collect data at a single point in time, providing a snapshot of the current state of financial literacy and its economic benefits. The target population comprised vulnerable individuals in Mississippi, including low-income families, minorities, and unemployed or underemployed individuals. From this population, a sample size of 150 respondents was determined, ensuring a diverse representation of the vulnerable groups. A convenience sampling technique was employed due to the difficulty of random sampling in such heterogeneous and dispersed populations.

Primary data were collected using a structured questionnaire developed to measure key variables of financial literacy, empowerment, and entrepreneurial activities. The questionnaire underwent face and content validity assessments by a panel of experts in finance, entrepreneurship, and social sciences to ensure that the instrument accurately captured the constructs of interest and aligned with the study's objectives. To assess the reliability of the instrument, Cronbach's alpha was calculated, with a value above 0.70 considered acceptable. This ensured the internal consistency and reliability of the responses collected.

The collected data were analyzed using the Kendall’s Tau correlation method, a non-parametric statistical tool suitable for assessing the strength and direction of relationships between ordinal variables. This method was chosen due to its robustness in handling datasets that may not meet the assumptions of normality, which is often the case in studies involving vulnerable populations. As a decision rule, the alternate hypothesis was accepted when the p-value is less than 0.05, and vice versa.

4. DATA ANALYSIS AND DISCUSSION

4.1 Analysis of Research Questions

The frequency table (Table 1) provides a detailed analysis of responses to the research questions concerning financial literacy, empowerment of vulnerable populations, and entrepreneurship. Each item highlights how respondents rated their experiences and perceptions using a 5-point Likert scale.

The first item under financial literacy, "I am confident in my ability to manage my personal finances effectively," shows that a majority of respondents agreed (88) or strongly agreed (44), yielding a mean score of 3.97. This suggests that most participants feel capable of managing their finances, although a minority disagreed (5) or strongly disagreed (13). Similarly, on budgeting and saving strategies, the second item reflects an even higher mean of 4.06, with the majority again agreeing (73) or strongly agreeing (59). Only a small number expressed neutrality or disagreement, indicating strong competence in this area. However, for the statement "I know how to evaluate financial products such as loans and credit cards before using them," responses were more varied. The mean score of 3.12 reflects a balanced distribution, with significant neutral responses (46) and some disagreement (36). This suggests room for improvement in financial literacy concerning evaluating financial products. Tracking income and expenses (Item 4) yielded a mean score of 3.30, with most respondents agreeing (68), though a notable number disagreed (43), indicating inconsistency in this habit.

On empowerment among vulnerable populations, the data show that financial literacy has positively influenced decision-making. For example, the statement "I feel more empowered to make informed financial decisions due to financial education" (Item 5) garnered strong agreement (36 SA, 63 A), resulting in a mean of 3.67. Similarly, improved access to financial opportunities (Item 6) had a mean score of 3.37, though fewer respondents strongly agreed (37), and disagreement was relatively higher (22 D, 25 SD), reflecting mixed experiences. Financial literacy's impact on reducing stress and insecurity (Item 7) stood out, achieving the highest mean score of 4.18. All respondents agreed (123 A, 27 SA), demonstrating that

Table 1. Analysis of research questions

	Financial Literacy	**SA**	**A**	**N**	**D**	**SD**	**Mean**
1	I am confident in my ability to manage my personal finances effectively.	44	88	0	5	13	3.97
2	I have a good understanding of budgeting and saving strategies.	59	73	2	0	16	4.06
3	I know how to evaluate financial products such as loans and credit cards before using them.	22	34	46	36	12	3.12
4.	I regularly track my income and expenses to maintain financial stability.	20	68	9	43	10	3.30
	Vulnerable Population Empowerment	**SA**	**A**	**N**	**D**	**SD**	**Mean**
5	I feel more empowered to make informed financial decisions due to financial education.	36	63	27	13	11	3.67
6	I have access to better financial opportunities because of my improved financial knowledge.	37	54	12	22	25	3.37
7	Financial literacy has helped me reduce financial stress and insecurity.	27	123	0	0	0	4.18
8	I have gained more confidence in seeking financial support or resources when needed.	34	63	19	22	12	3.57
	Entrepreneurship	**SA**	**A**	**N**	**D**	**SD**	**Mean**
9	Financial literacy has motivated me to consider starting a business.	34	83	4	9	20	3.68
10	I feel equipped with the financial knowledge necessary to run a successful business.	61	65	2	8	14	4.01
11	Financial education has improved my understanding of managing business cash flow and expenses.	28	55	26	25	16	3.36
12	My financial knowledge has increased my willingness to take calculated risks in entrepreneurship.	17	77	5	39	12	3.32

Source: Field survey (2024)

education has provided significant emotional relief. Confidence in seeking financial support (Item 8) was rated with a mean of 3.57, with agreement dominating (63 A, 34 SA), though a small portion disagreed or remained neutral.

In the entrepreneurship section, the statement "Financial literacy has motivated me to consider starting a business" (Item 9) had a mean score of 3.68, with the majority of respondents agreeing (83 A, 34 SA). This indicates a positive correlation between financial knowledge and entrepreneurial intent. Feeling equipped with knowledge to run a business (Item 10) garnered a high mean score of 4.01, showing strong confidence in this area, as most participants agreed (65 A, 61 SA). However, understanding business cash flow and expenses (Item 11) scored lower with a mean of 3.36, showing a mixed response pattern with a significant neutral and disagreement rate. Finally, the willingness to take calculated risks (Item 12) had a mean score of 3.32, with agreement prevailing (77 A, 17 SA), though a considerable portion disagreed (39 D), indicating hesitation among some respondents.

4.2 Test of Hypotheses

Kendal Tua correlation was used in the test of the hypotheses, as shown in Table 2.

Table 2 presents the test of hypotheses regarding the relationship between financial literacy and two variables: vulnerable population empowerment and entrepreneurship. The results are analyzed using Kendall's tau_b correlation coefficient to measure the strength and direction of association.

For H01, the correlation coefficient between financial literacy and vulnerable population empowerment is tau_b = .331 with a p-value of .000, indicating a significant positive relationship. This means that as financial literacy increases, the empowerment of vulnerable populations in the U.S. also improves. Although the coefficient indicates a moderate relationship, the positive direction suggests that financial literacy contributes to better decision-making and access to opportunities among vulnerable groups, as hypothesized in the study's objectives. The p-value being less than .05 confirms that this relationship is statistically significant, rejecting null hypothesis. Therefore, financial literacy significantly empowers vulnerable populations in the US (tau_b = .331, p = .000).

For H02, the correlation coefficient between financial literacy and entrepreneurship is tau_b = .656, with a p-value of .000. This represents a strong positive relationship, indicating that higher financial literacy is strongly associated with fostering entrepreneurship among vulnerable populations. The strength of this relationship is substantial compared to the first hypothesis, suggesting that financial literacy is a critical enabler of entrepreneurial activities. The statistically significant p-value supports the rejection of null hypothesis, highlighting that financial literacy significantly fosters entrepreneurial capabilities among these populations. Therefore, Financial literacy significantly fosters entrepreneurship among vulnerable populations in the US (tau_b = .656, p = .000).

4.3 Discussion of Findings

Financial literacy has emerged as a critical tool for empowering vulnerable populations and fostering entrepreneurship, particularly in addressing economic challenges in the U.S. The study aimed to explore the relationship between financial literacy, empowerment, and entrepreneurial activity among vulnerable populations, using Kendall's tau_b to assess the strength of these associations. The findings highlight the pivotal role of financial literacy in improving individual capabilities and promoting economic participation, with significant positive correlations identified. The first finding indicates that financial literacy significantly empowers vulnerable populations in the U.S. This positive

Table 2. Test of hypotheses

			Vulnerable Population Empowerment	Entrepreneurship
Kendall's tau_b	Financial Literacy	Correlation Coefficient	.331	.656
		Sig. (2-tailed)	.000	.000
		N	150	150

Source: Author's computation using SPSS v. 26 (2024) relationship highlights how financial knowledge enhances individuals' ability to manage resources, access opportunities, and make informed decisions, aligning with the findings by Bii, Mutai and Rotich (2024). The significance of this finding can be attributed to the fact that financial literacy equips vulnerable individuals with the tools to navigate complex financial systems, reducing economic stress and fostering self-reliance. Additionally, empowerment through financial education is likely linked to the growing emphasis on community-based financial programs and school curricula that target these populations, addressing systemic barriers and fostering a sense of inclusion.

The second finding reveals that financial literacy significantly fosters entrepreneurship among vulnerable populations in the U.S. The positive correlation which concurs to the findings by Bii, Mutai and Rotich (2024) suggests that individuals with greater financial knowledge are better equipped to start and sustain entrepreneurial ventures. This can be explained by the role of financial literacy in improving critical skills, such as budgeting, risk assessment, and access to funding, which are essential for business success. Moreover, the heightened correlation with entrepreneurship compared to empowerment may reflect the direct applicability of financial concepts, such as cash flow management and investment planning, to entrepreneurial activities. The U.S. economy's support for small businesses and the availability of resources for financially literate entrepreneurs further amplify this relationship.

5. CONCLUSION AND RECOMMENDATION

Financial literacy is a powerful instrument for empowering vulnerable populations, fostering entrepreneurship, and driving economic benefits in the United States. By equipping individuals with the knowledge and skills necessary to make informed financial decisions, financial literacy programs can help break the cycle of poverty, reduce economic disparities, and enhance economic resilience. Additionally, financially literate entrepreneurs are better positioned to start and sustain successful businesses, contributing to job creation and economic growth.

The advantages of financial literacy extend well beyond individual financial well-being. A financially literate population is better equipped to navigate the complexities of the modern financial landscape, make sound financial decisions, and contribute to the overall stability and growth of the economy. Financial literacy encourages responsible financial behavior, reduces the likelihood of financial crises, and fosters a more inclusive and equitable economic environment.

To fully realize the potential of financial literacy, it is essential to implement comprehensive financial education programs and policies that reach all segments of the population. This includes integrating financial education into school curricula, supporting community-based programs, encouraging employer-sponsored financial education, and leveraging technology to provide interactive and personalized learning experiences. By doing so, we can ensure that individuals of all ages and backgrounds have access to the knowledge and resources they need to achieve financial stability and success.

Moreover, collaboration among various stakeholders is crucial for the successful implementation of financial literacy initiatives. Government agencies, educational institutions, non-profit organizations, and private sector companies must work together to develop and promote comprehensive financial education programs. Public-private partnerships can harness the strengths and resources of different sectors to create impactful and sustainable financial literacy initiatives.

The case for financial literacy is clear: it is not just a personal benefit but a societal imperative that can lead to a stronger, more resilient economy. Financial literacy can drive economic growth by enabling individuals to participate more fully in the financial system, invest in their futures, and contribute to the overall prosperity of the economy. By promoting financial literacy, we can create a more inclusive and prosperous economy that benefits everyone.

In conclusion, financial literacy is a critical component of economic empowerment and resilience. By investing in financial education and implementing policies that promote financial literacy, we can help individuals achieve financial stability, support entrepreneurial endeavors, and drive economic growth. The benefits of financial literacy are far-reaching and multifaceted, making it an essential priority for policymakers, educators, and community leaders. Together, we can build a financially literate society that is better equipped to face the challenges and opportunities of the future. The study therefore recommends that:

1) Community-based organizations should develop and implement targeted financial literacy programs tailored to the specific needs of vulnerable populations, focusing on essential skills like budgeting, saving, and financial decision-making, to enhance their empowerment and financial stability.
2) Policymakers and small business development agencies should increase funding and resources for financial education initiatives that include entrepreneurial skill development, ensuring that vulnerable populations can access the knowledge and tools necessary to start and sustain successful businesses.

DISCLAIMER (ARTIFICIAL INTELLIGENCE)

Author(s) hereby declare that NO generative AI technologies such as Large Language Models (ChatGPT, COPILOT, etc.) and text-to-image generators have been used during the writing or editing of this manuscript.

COMPETING INTERESTS

Author has declared that no competing interests exist.

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