Digitalization and the Gender Gap in Entrepreneurial Finance: Evidence from Turkiye

Ayse Aylin Bayar
Faculty of Management, Department of Management Engineering, Istanbul Technical University (ITU), Istanbul, Türkiye

Abstract

Women still face significant barriers to accessing finance to start and run businesses, while the rapid expansion of digital technologies has created new channels for accessing financial services. Understanding whether digitalization can help narrow the gender gap in entrepreneurial finance is important for both academic research and policy development. Women's financial inclusion may stimulate economic growth, foster innovation, and help to reduce inequalities. Therefore, this study examines whether digitalization is associated with gender disparities in access to entrepreneurial finance in Türkiye. Using individual-level data from the 2024 Global Findex Database, the study investigates whether individuals have borrowed money to start or operate a business and how this outcome varies by gender and digital engagement.

To examine the relationship between gender, digitalization, and entrepreneurial finance while controlling for individual and household characteristics, the study uses binary choice models. Digitalization is measured using a range of indicators, including internet use, social media engagement, participation in online income-generating activities, digital financial transactions, and digital credit applications. The study pays particular attention to the interaction between gender and digitalization to assess whether digital engagement is associated with a narrower gender gap in entrepreneurial finance. Further analyses examine alternative sources of borrowing and examine digital credit as a potential mechanism linking digital engagement to access to entrepreneurial finance.

The results suggest that women are less likely than men to report borrowing to start or operate a business, confirming the persistence of a gender gap in entrepreneurial finance in Türkiye. The findings further suggest that digital engagement is positively associated with access to entrepreneurial finance. At the same time, the interaction between gender and digitalization provides evidence on whether digitalization may help narrow this gap.

Keywords

Digitalization, gender gap, entrepreneurial finance, financial inclusion, Türkiye.