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A STUDY EVALUATING THE ROLE OF DIGITAL FINANCIAL LITERACY AMONG THE INDIVIDUALS

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Keywords

Financial Literacy, One-Sample t-test, Digital Financial Literacy.

Abstract

In a world driven by technology, having an extensive knowledge of digital finance is essential for making wise financial decisions. It gives people the know-how to use digital tools and platforms for managing spending, investing, and budgeting. People who possess strong digital financial literacy are better able to manage their resources in a secure and effective manner, which leads to improved financial stability and wellness. The aim with which this study was conducted was to evaluate the role of digital financial literacy among the individuals. One sample t-test was used to evaluate the data collected. The findings of the study indicated that Access to financial services, Debt management, Fraud prevention, Investment knowledge, Savings awareness, Economic participation, Risk management, Financial awareness, Micro finance access, Expense tracking, Digital banking support, Market analysis have a significant role of financial literacy among the individuals. Whereas, it was seen that taxation knowledge and government schemes (government financial assistance programs) have an insignificant role of financial literacy among the individuals.

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1. Introduction

The incorporation of digitalization into financial operations has grown in significance in an era characterised by rapid technological breakthroughs, transforming the way people handle and navigate their accounts. This shift emphasises how crucial it is to comprehend how financial behaviour and digital financial literacy are related. As technology continues to change the financial industry, it is imperative to promote digital financial literacy in order to support appropriate financial behaviour and well-informed decision-making. In 2023, Dewmini et al. Digital financial literacy is the ability to understand and manage one's finances in a digital context, including "online banking, mobile payments, and the use of digital currencies." Achieving economic mobility and gaining access to financial services depend on this competency. According to Azeez and Akhtar (2021), utilising digital technology to its fullest potential is hampered by a lack of digital financial literacy. According to Rahayu et al. (2022), digital financial literacy (DFL) is the ability to comprehend financial concepts through the use of digital instruments. This definition highlights the necessity of having a foundational grasp of finance in order to achieve effective DFL.

Financial behaviour encompasses several facets of money management, such as general financial management, investments, and saves. Students frequently understand the fundamentals of money but are unfamiliar with more complicated concepts like credit, taxes, and investments Tharanga and Gamage (2021). According to Hibbert and Beutler (2001), inadequate financial literacy can result in bad financial habits including overspending and debt buildup. As Ajward et al. (2015) pointed out, there are worries about low levels of financial literacy, but more study is needed to understand DFL and how it affects financial behaviour. Previous research has mostly examined how digital technology affects financial behaviour, with insufficient attention paid to DFL's function in investing, retirement planning, and saving (Yadav & Banerji, 2023). Furthermore, rather than focusing on the unique effects of DFL, research has frequently focused on general financial literacy (Azeem, M. & Shinu, 2022). Knowing how DFL affects financial decisions is important because financial technology includes a variety of digital financial services that can be accessed via computers and cellphones. Prior research indicates that financial behaviour, such as saving and spending, is influenced by financial literacy (Ameliawati & Setiyani, 2018; Allgood & Walstad, 2012).

This study aims to investigate the role of digital financial literacy on individual financial behaviour, given its crucial position in the quickly changing technological landscape of today. By looking at how investing, saving, and money management are affected by digital financial literacy, the study hopes to draw attention to how important it is to provide people the tools they need to use digital financial tools wisely.

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2. Review of Literature

1.Tanbina, & Mokshud. (2024) examined how digital finance affects financial literacy levels around the world by looking at how digitalization affects financial behaviours, knowledge, and skills in various socioeconomic and cultural situations. Digital finance—which includes mobile banking, digital wallets, and peer-to-peer lending—improves financial inclusion but comes with a learning curve, according to the report. It demonstrated how improved financial decision-making and financial literacy are positively correlated, with the use of digital learning resources. Programmes that promote financial literacy must to be customised for different groups of people and made available online to increase participation.

2.Mirza, et al. (2023) investigated how students' financial behaviour in Bandung, West Java, Indonesia, was influenced by lifestyle, financial literacy, and digital finance. The study found that while digital finance usage did not significantly affect financial behaviour, lifestyle and financial literacy did have a major positive impact. However, when considered holistically, students' financial conduct was greatly impacted by lifestyle, financial knowledge, and digital finance. The paper claims that transactions using digital banking were more common than behaviour modification.

3.Tiina, Koskelainen., et al. (2023) examined the effects of digital innovations on individual financial management. Its objective was to look into how people's financial aptitude and knowledge are affected by digitalization. The three key themes pertaining to the intersection of finance and digitalization are fintech, financial behaviour in digital environments, and behavioural treatments, according to the research. It included techniques for developing digital learning materials and assessing digital financial literacy in addition to updating financial literacy courses. The study provided a research goal and methodology for additional research on digital financial literacy and competence.

4.S., Baranidharan., et al. (2023) examined how social media may improve people's financial literacy by looking at 60 articles that were released between 2021 and 2023. The analysis discovered that through sharing financial experiences, raising awareness, and spreading financial education, social media had a beneficial effect on financial literacy. Digital financial literacy, entrepreneurial learning, and financial knowledge were important determinants of financial literacy. Demographics, social media usage patterns, risk aversion, and overconfidence were other factors that affected financial

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literacy. The results indicated that financial literacy may be democratised by social media, opening it up to individuals from a wide range of backgrounds.

5.Nataliia, & Yuliia, (2023) defined and introduced the notion of digital financial literacy, which includes the abilities required to use digital technology and financial services efficiently, in order to solve the shortcomings of traditional financial literacy in the digital age. Digital financial literacy, according to the report, involves recognising your rights as a customer, being aware of digital financial products, and comprehending and managing possible dangers associated with them. It emphasised the significance of managing one's digital footprint and online reputation while drawing attention to security issues such technological malfunctions and digital fraud. Although technology users had higher levels of financial literacy than non-users, according to research from 2021, financial literacy in Ukraine as a whole remained low.

6.Hanuman, Prasad., et al. (2018) evaluated the level of digital financial literacy among Indian households in Udaipur. It aimed to assess knowledge of different digital platforms and how they are used, as well as comprehend how individual traits affect digital financial literacy. The survey discovered that while the usage of digital payment methods and platforms has increased, household levels of digital financial literacy differed. The findings made clear that further awareness-raising efforts are required to improve people's understanding of digital finance. The study stated that although digital payments are becoming more common in India, a balanced approach that encourages both a rise in digital transactions and a decrease in cash usage is necessary.

3. Objectives of the Study

1. To evaluate the role of digital financial literacy among the individuals
2. To give appropriate suggestions towards enhancing digital financial literacy among the individuals

4. Hypothesis of the Study

H_0: The role of digital financial literacy among the individuals is low

H_1: The role of digital financial literacy among the individuals is high

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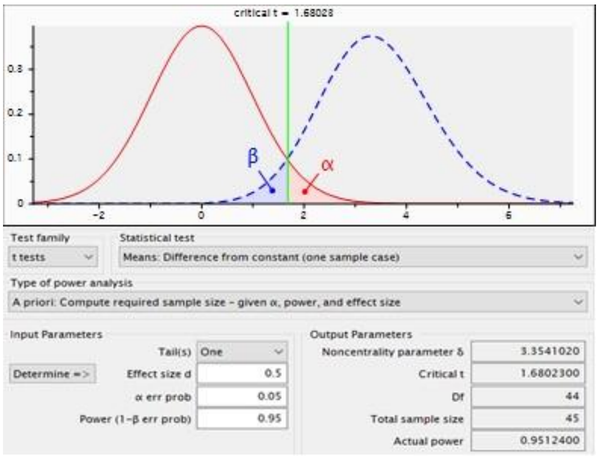
5. Research Methodology

Table No: 1 Research Methodology	
Research Design	**Descriptive**
Data Collection	Primary and Secondary
Sampling Technique	Non-Probability Purposive Sampling
Sample Size	50 Individuals
Sample Size Determination	According to Faul et al., a minimum sample size of 45 for conducting a one-tailed one-sample t-test.
Statistical Technique	Parametric One-Sample t-test
Statistical Tool	R Studio Software



6. Data Analysis:

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Table No: 2 One sample t test			
Items	**t – statistics**	**P – value**	**Ha: mean score of Role of Digital financial Literacy among the individuals> 3**
Access to financial services	17.09	0.000	Significant
Debt management	18.78	0.000	Significant
Fraud prevention	19.00	0.000	Significant
Investment knowledge	18.32	0.000	Significant
Savings awareness	19.45	0.000	Significant
Economic participation	20.87	0.000	Insignificant
Taxation knowledge	-18.33	1	Insignificant
Government schemes (government financial assistance programs)	-20.98	1	Insignificant
Risk management	17.45	0.000	Significant
Financial awareness	19.56	0.000	Significant
Micro finance access	18.00	0.000	Significant
Expense tracking	20.99	0.000	Significant
Digital banking support	18.33	0.000	Significant
Market analysis	18.78	0.000	Significant

To examine mean score of Role of Digital Financial Literacy among the individuals Parametric one sample t – test (one tailed) was applied. It is seen that p – value < 0.05 and t statistics > 1.96 for Access to financial services, Debt management, Fraud prevention, Investment knowledge, Savings awareness, Economic participation, Risk management, Financial awareness, Micro finance access, Expense tracking, Digital banking support, Market analysis have a significant role of financial literacy among the individuals. It is seen that p – value > 0.05 and t statistics < 1.96 in case of taxation knowledge and government schemes (government financial assistance programs) have an insignificant role of financial literacy among the individuals.

7. Conclusion:

The results demonstrated how digital financial literacy significantly affects a number of financial management domains. It has been discovered that digital financial literacy is essential for increasing debt management, preventing fraud, promoting awareness about savings, and improving access to financial services. It also made a major contribution to financial literacy, risk management, access to microfinance, efficient spending tracking, and support for digital banking. Additionally, improved market analysis made possible by digital financial literacy enabled people to make smarter financial decisions. Nevertheless, the research also demonstrated that tax knowledge and understanding of government initiatives, such financial aid programmes, were not significantly impacted by digital financial literacy. This suggests that in order to improve understanding in these areas, focused educational initiatives are required. In summary, the study highlights the significance of digital financial literacy in promoting responsible financial behaviour and enhancing overall financial well-being. It also identifies areas that require additional research and teaching.

7. Suggestions:

- Educational authorities should integrate digital financial literacy initiatives into curricula at all levels of school, including college and university, to ensure that children acquire crucial financial skills at an early age.
- Local governments and community organisations should hold workshops and seminars to educate the people on how to use digital financial tools and handle their money sensibly.
- Financial institutions should work with local associations and schools to offer free or inexpensive digital financial literacy resources and training.
- Digital financial literacy webinars, online tutorials, and courses that are succinct and easy to understand should be produced and distributed by IT companies and educational institutions.
- NGOs and social agencies should create targeted efforts to improve digital financial literacy among vulnerable populations, such as the elderly, the impoverished, and disadvantaged communities.

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- Governments should start national efforts to enlighten people about the value of digital financial literacy and to provide information about training programmes and resources that are available.

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