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## **AWARENESS LEVEL OF DIGITALIZATION AND ITS ROLE IN FINANCIAL INCLUSION AMONG THE PEOPLE DURING COVID: A STUDY**

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### **ABSTRACT**

Digitalization has become an inextricable component of today's business world. The adoption of digitalization has made life easier for ordinary people in numerous ways. Smartphone, laptops, computers, and iPads have made it feasible for a vast number of individuals to benefit from digitalization. Digitalization has been boosted by the availability of Internet and other amenities, particularly in urban and semi-urban regions. In the face of an epidemic, the Covid19 issue has demonstrated the relevance of digitalization to the entire globe. Digitalization has a significant impact on financial industries such as banking, insurance, and others. Today, the most powerful link between banks and their customers is digital platforms. People benefit from digitalization in their daily lives since it makes financial transactions simple and secure. As a result, digitalization plays an important role in finance. In a crisis scenario like the Covid19 epidemic, individual's financial inclusion is also dependent on their understanding of digitalization.

*Keywords: Digitalization, Modern instruments, Banking, Financial inclusion, COVID19.*

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### **1. INTRODUCTION**

Digital technologies are becoming more integrated into the economy, and they are having a major influence on the financial sector by bringing new products, services, and players. Individuals and companies throughout the world are being affected by digitalization, with mobile money services being available in 64 percent of developing nations (GSMA, 2016), and their use is expected to expand in tandem with the rising penetration rate of mobile connections. New technologies and business concepts are transforming nearly every major industry. "Financial inclusion" refers to the ability to get and use formal financial services. It is concerned with providing companies and consumers with inexpensive, accessible, and relevant financial products and services, regardless of their age, gender, social position, net worth, or company size (Kumar & Mohanty, 2011). Digital financial inclusion is very much beneficial for financial sector customers, digital finance providers, policymakers, and the economy for poverty reduction and economic development. Digital access technology offers a broader range of financial services such as online banking, mobile banking, and so on. Online banking, smart banking, electronic wallets, mobile wallets, and credit and debit cards have all benefited from the technology. In situations like COVID-19 pandemic the use of digitalization proved to be safe and productive in every term. Financial inclusion becomes a priority for many countries as it is necessary for more sustainable economic growth development. For financial inclusion, financial education and financial literacy is important.

An individual's capacity to discover, assess, write, synthesise, and convey clear information through various digital means is referred to as digital literacy. Digital literacy includes the use of computers, laptops, smartphones, and other electronic devices. Digital literacy is distinct from conventional literacy in that it focuses on developing abilities in humans to make life and work easier and more productive. Today, digital expertise is required not just by Big Business tycoons, scientists, and engineers, but also by housewives and students in secondary school. The most crucial component in digitalization is digital literacy. Everyone must be digitally literate now-a-days in order to avail the advantages of the conveniences of modern living. This research is about people's understanding of Digital Literacy, Digitalization, and the Role of Digitalization in Financial Inclusion, and it involves people of all ages, including students at the higher secondary level. Because financial transactions are a part of everyone's lives, it's critical to understand the role of digitalization and financial inclusion. Mobile and digital technologies, which are sweeping the globe at breakneck pace and with disruptive force, have the potential to transform the existing state of financial inclusion. In emerging economies, mobile networks already reach more than 90% of the population. The cost of providing consumers with digital accounts can be 80 to 90% lower than the cost of employing physical branches for financial services providers. This enables providers to profitably serve a larger number of customers with a wider range of products and cheaper pricing. Many people may eventually start using their digital accounts to save money for the future over time.

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### **2. LITERATURE REVIEW**

A number of prior research have been conducted in order to better understand individual behaviour towards adoption of mobile banking and other technical innovation as digitalisation and financial inclusion. Number of academics have developed several models such as the Technology Acceptance Model (TAM) (Davis, Bagozzi, and Warshaw, 1989), Innovation diffusion theory (IDT) (Rogers, 1995), Theory of planned behaviour (TPB) (Ajzen, 1991), Unified Theory of Acceptance and Use of Technology (UTAUT) (Venkatesh et al. in 2003), and Self-developed model (SDM) are used here (Sultan, Al-Baltah, & Abdulrazzak, 2017), to detect consumer behaviour intentions toward mobile banking service adoption by providing certain

characteristics or features that might influence an individual's decision to embrace mobile banking services. All of these models are quite useful in predicting client uptake of mobile banking services in this digitization era. When an user recognises the relative benefit of a new technology over an old one, they are more likely to accept and utilise it (Rogers 2003). However, in a number of studies, complexity in usage, technical structure, and technological design have been identified as hurdles in adoption (Bouwman et.al 2007). Customers are learning about mobile banking and its benefits as a result of their simple access to banking services at any time, place, and from any location without interruption or delay, and experiencing the consequence of mobile banking transactions promptly and conveniently to customers. Consumer perceptions of risk are especially significant in the context of mobile banking owing to the possibility of privacy and security issues (Luarn & Lin 2005).

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### 3. OBJECTIVES OF THE STUDY

- 1) To investigate the peoples' level of digitalization awareness.
- 2) To investigate the extent of financial inclusion.
- 3) To investigate the influence of digitalization in the financial inclusion through financial services throughout the pandemic era.

#### HYPOTHESIS

H<sub>0</sub>: There is a lack of awareness about digitalization and its role in financial inclusion among the peoples.

H<sub>1</sub>: There is awareness about the digitalization and its role in financial inclusion among the peoples.

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### 4. COLLECTION OF DATA

For data collection, both primary and secondary sources were utilised. The study sample consists of 500 participants from Sirsa City of Haryana, who are of various ages and sections. The information is gathered via a questionnaire designed for different segments of the Sirsa population. The purpose of this questionnaire was to collect data on the usage of digital instruments, the process of determining the level of digital literacy, and the use of digital instruments and platforms for financial transactions. Secondary data on digital usage is gathered from various institutions such as colleges, banks, local shops, service providers, and so on. The data is analysed and interpreted based on the responses provided by respondents.

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### 5. DISCUSSION & FINDINGS OF THE STUDY

Financial literacy makes it possible to be financially included. The term "financial literacy" covers a wide variety of aspects. Financial literacy entails an understanding of the banking system, saving and investing one's money, money management through basic budgeting, and knowledge of accessible facilities and how to use them. Financial literacy is extremely important for people since economic empowerment is impossible without active involvement in the banking system. Similarly, in today's modern environment, digitalization is a critical component. Digitalization is a must-have for everyone who wants to stay competitive in today's fast-paced world. The world is changing at a breakneck speed, and technology is improving at a breakneck pace. In times of crisis, such as the COVID-19 Pandemic, digitalization proved to be a boon, making people's lives easier and safer when distance was at a premium. If you know what instruments and methods you can utilise to get the most out of digitalization, you can use it more effectively.

The world witnessed during COVID-19 that digitalization played the most vital role in payment systems, from large corporations dealing with billions of transactions to tiny families dealing with single transactions. Another part of the Pandemic issue that has come to light is the need for financial inclusion in order to take advantage of Digitalization payments. Payment Gateways such as Google Pay, PayPal, Paytm, and others are used to make such digital payments, and they must be linked to a specific bank account. To take advantage, financial inclusion, financial literacy, and knowledge of digitalization are required. This study is being carried out among the people of Sirsa in order to determine their degree of digital instrumentation and how digitalization and financial inclusion have collaborated in the face of the Pandemic.

#### ANALYSIS OF DATA

Close Ended Questionnaires are used to obtain the majority of the data. The respondents were given a questionnaire with questions about how they utilise digitalization services such as Net Banking, Online Payment, Social Media, and Online Shopping. The replies were collected from a total of 500 people, who were divided into two age groups: 20 to 40 (300 in number) and 40 and up (200 in numbers). These responses were gathered to determine how many individuals are aware of the usage of digitalization, regardless of its intended use. The replies were transcribed and analysed further. Spending age adults between the ages of 20 and 40 have received greater attention, resulting in a higher number of replies than other age groups. Only those respondents who utilise all of the facilities specified with their own knowledge had their replies recorded. The replies reflect the respondents' actual personal use of the facilities and gadgets.

**Table1: Response on the basis of Questionnaire**

Use of Facilities	AgeGroupof20to40(300innumbers)		AgeGroupof40and above (200innumbers)		Total (500 innumbers)	
	YES	NO	YES	NO	YES	NO
Net Banking	220	80	100	100	320	180
Online Payments	240	60	75	125	315	185
Online Shopping	255	45	110	90	365	135
Use of Social Media	285	15	125	75	410	90
Online Trading	75	225	60	140	135	365
Use of Internet for Education/ Government schemes Purpose	220	80	50	150	270	230

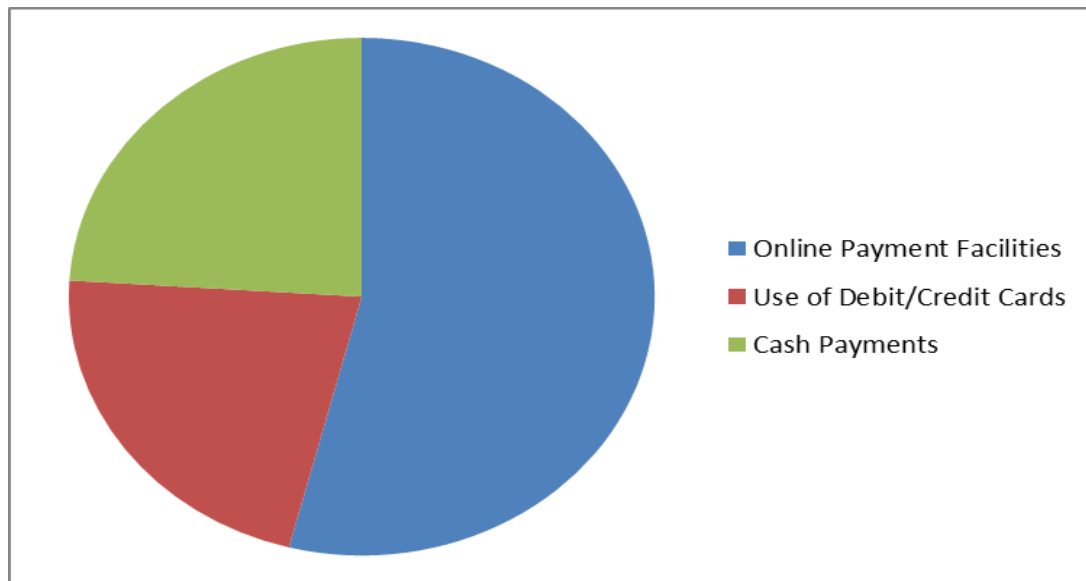
According to the statistics in Table 1, the level of use of digitalization facilities by the people of Sirsa is fairly high. In terms of social media and online shopping, general facility utilisation is good, but in terms of online trading, it is extremely low. Also unsatisfactory is the usage of the Internet for educational and government-related purposes. The study also shows that people in the age range of 20 to 40 are more comfortable and literate when it comes to using digitalization tools. However, those aged 40 and up are less enthusiastic about the notion of digitalization. Still, a sizable portion of the population remains hesitant in taking advantage of digitalization. On average, the residents of Sirsa use cashless shopping, although there is still a group of individuals who do not use cashless transactions. This information offers us a sense of how well individuals are aware of digitalization. Digitalization is being used for a variety of purposes. Individuals' preferences have altered as a result of pandemics such as COVID19, and many people have been compelled to become conscious of digitalization.

Financial inclusion in such a circumstance is essential. Digital payment is not feasible until the payment system is not connected to a bank, which necessitates the use of a bank account. To determine the extent of financial inclusion Data about bank accounts and services used by the citizens of Sirsa has been gathered. This data allows us to obtain a sense of how individuals interact with banks and how much financial inclusion they have. As with the COVID19 crisis, more financial inclusion will encourage wider usage of digital payments, resulting in a safe and secure environment in the face of social alienation.

**Figure 1: Status of Peoples of Sirsa as Account Holders.**

Figure 1 shows the number of account holders in different banks of Sirsa, broken down by male and female. A total of 500 persons responded, 250 of whom were male and 250 of whom were female. To determine the financial engagement of the respondents, the options of Personal, Joint, Fixed, and Recurring accounts were provided. In every department, it was evident that the number of male account holders is significantly higher than the number of female account holders. Females have a higher number of joint account holders. This also suggests that the male counterpart has financial control over these joint accounts, as female account users have lower financial literacy. The worst condition of female account holders is in the case of fixed deposit accounts which makes it evident that females are very poorly involved in the long-term investment plans.

This graph depicts the involvement of males and females in the banks of Sirsa City. It maybe concluded from the above data regarding the level of digitalization awareness and financial inclusion among males and females that the people are aware of digitalization and are financially literate enough to hold bank accounts. The data below regarding the Payments instruments employed by the people during the COVID19 Pandemic shows how these two aspects were merged and helped the people.



**Figure-2: Use of Payment Instruments during COVID Pandemic**

The data reveals that 54 percent of people utilised online services such as Google Pay, PayPal, Pay TM, online banking, and so forth. For the payment procedure, about 22% of people utilised debit or credit cards, necessitating the usage of card machines. Because many local merchants and retailers did not have Card switch machines, the usage of Cards was limited. In crisis scenarios like COVID19, when social distance is necessary, 24% of individuals still utilise cash methods for making payments for various items, which is concerning. This was the situation that the above-mentioned facts of digitalization awareness and financial inclusion level matched.

The data and information offered in this study suggest that digitalization and financial inclusion are intertwined, and that both may benefit from increased knowledge. The fact that the majority of individuals paid via the online approach demonstrates that the residents of Sirsa City are aware of digitalization and are familiar with the banking system. Similarly, the fact that many people pay with debit/credit cards indicates that they are familiar with banks but not with direct digital payments. Still, 24% of people pay in cash, implying that either this group is unaware of digitalization or that they are not financially educated enough to maintain bank accounts since they do not use debit or credit cards. Or some may be hesitant in using online payment methods.

## 6. SUGGESTIONS

The following points are suggested to improve awareness about Digitalization and also connect financial facilities through Digitalization, based on the assessment and analysis of data and responses:

- People should be educated about the advantages of online shopping and online payments, such as substantial discounts, cash back incentives, and so on, on a regular basis in order to promote digitalization.
- Banks must make it simple for their clients to utilise digital instruments.
- Programs must be implemented to improve financial inclusion as well as make Digitalization accessible to the general public.
- Local merchants and vendors must be given appropriate payment instruments, such as online platforms and POS machines, for their own convenience as well as that of the general public.
- Existing account holders should be encouraged to use online banking, net banking, and other similar services.
- To improve financial inclusion, mobile banking may be implemented at the local level.
- Language-friendly banking systems must be offered in all local languages.
- Government and local government officials should educate the public about the risks of cash transactions.
- Local government safety standards and laws should include instructions for increased usage of online payment.

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## 7. CONCLUSION

Where people are compelled to adopt Social Distancing, Financial Inclusion and Digitalization work hand in hand and prove to be highly successful and vital. People may execute their financial transactions simply and safely with the aid of Digitalization even if they are not physically present or in contact with each other, but financial inclusion is required for this. According to the findings of this study, people in the Mumbra region are aware of digitalization because the majority of payment methods are made through the use of online services; additionally, digitalization and financial inclusion work together because simply having a bank account is not enough to be beneficial. According to the analyses and conclusions of this study, the H<sub>1</sub> hypothesis is proved to be valid. As a result, digitalization must play a significant role in financial inclusion.

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