



Digital Financing: An Examination of Consciousness and Reach

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ABSTRACT

Digital financial literacy has become India's current need. It is the ability to make informed decisions and make effective decisions about the use and management of money. The digital space of everything comes from digital financial literacy. Digital financial literacy is a direct link or knowledge of online shopping, various forms of online payments and online banking. As India's current mission is to become a digital and cashless India, there is a need to educate citizens about digital services across the country. The importance of this task was felt especially after the demonetization announced in India on November 8, 2016. The Government of India launched demonetization to fight black money and transform India into a digital and cashless economy. Demonetization will promote a cashless economy and encourage the use of digital financial services. However, when demonetization took effect, the country saw millions of people crowding outside banks and queuing in front of ATMs to deposit their money before the deadline, proving that India still has a long way to go to embrace a cashless and digital economy. Digital wallet companies like Paytm and Google Pay have seen rapid growth in their online and app transactions and traffic, but the growth is limited to urban and metropolitan areas.

Keywords: Digital financial literacy, Informed decisions, Demonetization, Cashless economy, Digital service

Introduction:

Digital India is one of the dreams of our government. The Digital India program is the flagship program of the Government of India with a vision to transform India into a digital society and knowledge-based economy. India is gradually moving towards digitization in all sectors. Digitization of the financial sector has changed the entire scenario today. Digital financial literacy is a blend of digital, economic and literacy.

Financial literacy is a set of skills and information that enables a person to make effective decisions with all their financial resources. Digital financial literacy is knowledge, skill and development. ways to effectively use digital devices for money transfers. It refers to an individual's basic literacy and ability to use digital devices/technology.

The lack of awareness of digital financial literacy, especially among rural people, is a major challenge in the country. Especially in rural and urban areas, there is an urgent need to increase citizens' awareness of the basics of digital financial services. Common Service Centers (CSC) have been established under the Ministry of Electronics and IT to provide digital financial literacy training. In short, digital financial literacy includes three principles: (A) informing citizens about government policies, initiatives, and digital financial options available to them, (B) raising awareness of digital payment methods, and (C) communicating security information. on digital payments.

Literature review:

An important aspect related to digital financial literacy is to identify its relationship with socio-economic and demographic factors. The financial literacy literature review highlights some of the factors or factors that have a significant impact on people's financial literacy. Several studies and evidence have tried to identify these relationships.

Fintech and financial sector: ADO analysis and future research agenda, Priya Choudhary and M Thenmozhi (2024) provided a comprehensive systematic literature review on fintech and added valuable insights to the growing fintech knowledge.

Digital transformation of Banking and sustainable development, Kuldip Kaur, Nancy Sahni (2024) pointed the rapid advancement in digital technology worldwide that has led to the intensification of digital transformation of banking which requires improvements in the existing Business models by creating new financial technologies.

Promoting digital marketing and innovative lending in MSME industry, Vinay Seth, Shreyanshi Jaiswal and Kripa Shankar (2024) stated that availability of finance at minimum cost will help these enterprises expand the operation and also upgrade the technologies to become globally competitive.

Digital Financial Inclusion and Bank Competition - An impact on Bank Stability in India, Kirti Singh (2023) pointed about how the rapid growth of digital finance has challenged traditional financial services while offering opportunities for low-income community and small businesses.

Identifying the significance of digital financial literacy in Indian education: a bibliometric analysis, Aanchal Nigam Verma (2023) provided how we can find more research gap with the help of network analysis and biometric analysis

Digital Financial Literacy and its Determinants, N. P. Abdul Azeed and S. M. Jawed Akhtar (2021) pointed out how various independent variables such as age, gender, income, religion, social groups, family size, marital status, educational level, occupation etc. significantly affects the digital financial literacy of respondents.

Impact of Digital Financial Literacy on Digital Financial Inclusion, Nisha Tony, Kavitha Desai (2021) addressed the issue of low financial literacy still prevalent in the country.

Research Methodology

Scope of the Study

- Financial literacy has many benefits. At the national level, good financial literacy helps improve the stability of the financial sector and promote the growth of the country's economy.
- Traditional banks do not deal with financial literacy at all and their investments in this area are still limited.
- Several studies have shown that better financial literacy from a young age can be particularly useful in preventing debt.

Research objectives

1. To understand the level of awareness and availability of digital financial services in Bangalore and Lucknow.
2. To evaluate the level of financial literacy among the respondents.
3. To examine the reasons for increased use of digital financial facilities.

Data collection methods and study variables

This is an empirical study based on the survey method. Basic data was collected through a structured questionnaire that asked demographic information of respondents and all other relevant questions asked 160 respondents about awareness of various financial products.

Sampling Technique: The sampling technique used to get the answer is convenience sampling because they are easily accessible and close to the researcher.

Total Sample Size: The sample size is 160 respondents.

Data Sources:

- Primary Data: The primary data for this study is collected through a structured questionnaire.
- Secondary Data: The secondary data is data that has already been collected or published for a purpose other than a specific research need. Secondary data is collected from newspapers, magazines and websites.

Data Analysis

3.1 Techniques of data analysis

- Analytical percentage method

DEMOGRAPHICS OF RESPONDENTS

Variables	Groups	Frequency	Percentage
Gender	Male	123	76.9
	Female	37	23.1
Age	17-35 years	91	56.9
	36-50 years	69	43.1
Education	Intermediate	27	16.9
	Graduate	54	33.8

	Professional	79	49.4
Occupation	Service	96	60.0
	Business	64	40.0

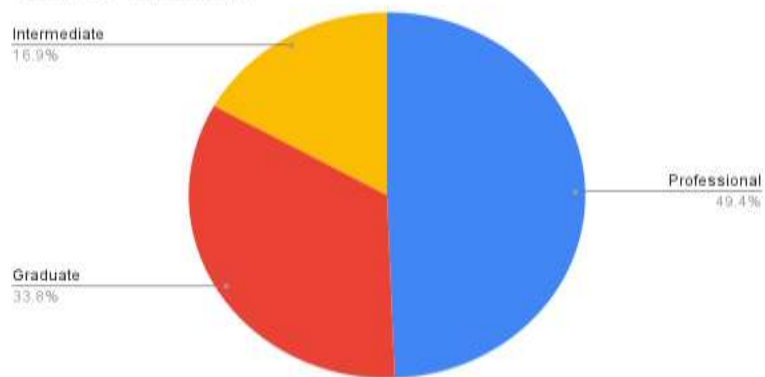
Count of Age?



Interpretation:

The analysis suggests that while there's no significant gap between age groups 17-35 and 36-50 in using digital financial tools, the younger demographic shows greater awareness and proficiency with these instruments overall.

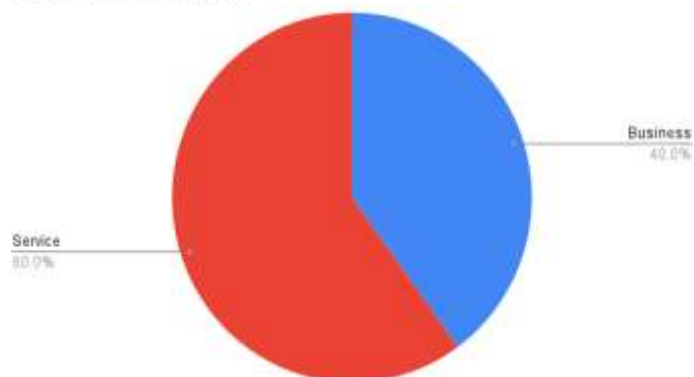
Count of Education?



Interpretation:

The analysis highlights a notable contrast in digital platform awareness between those with secondary education and higher qualifications, with fewer respondents in the former category. However, distinctions diminish between graduate and professional groups regarding digital platform awareness and usage.

Count of Occupation?



Interpretation:

It has been analysed that people who provide services to their profession are more aware of digital financial instruments than traders.

A. MEDIA MOST USED TO CHECK BANK BALANCE AND CURRENT STATUS OF INVESTMENTS**TABLE 1**

Media	No. Of Respondents	Percentage Of Respondents
Check mail	14	8.8
Receive text message from bank	19	11.9
Ask for statement at the bank branch	22	13.8
Undertake telephone banking	7	4.4
Print slip at the ATM	4	2.5
Check mobile banking app	94	58.8
TOTAL	160	100

B. TO FIND OUT THE PERFORMANCE OF RESPONDENTS WITH REGARDS FINANCIAL LITERACY QUIZ**TABLE 2:**

QUESTION	NO. OF CORRECT ANSWERS	NO. OF WRONG ANSWERS	% OF CORRECT ANSWER
Suppose an amount of INR1000 is put in a saving bank account at an interest rate of 12%, what will be the amount at the end of the year.	106	54	66.3
Suppose an amount of INR1000 is put into a saving bank account at the rate of 10% compound interest, what will be the amount at the end of the 5th year?	102	58	63.8
If interest rate is 6% and inflation rate at 8%, money in your account at the end of the year could fetch	105	55	65.6
Is it less likely to lose all your money if you invest them in different avenues?	129	31	81.1
What does UPI stand for?	146	14	91.1

C. PROVISIONS OR REQUIREMENTS THAT INDUCE RESPONDENTS TO INCREASE USE OF DIGITAL FINANCIAL FACILITIES**TABLE 3:**

PARTICULARS	NO. OF RESPONDENTS	PERCENTAGE
Increased digital awareness	38	23.8
Organized classes or sessions by government or institutions	22	13.8
Bonus points, gifts or rewards on use or transactions through electronic media	32	20.0
Unhindered access and reasonable internet charges	28	17.5
External forces such as demonetization	40	25.0
TOTAL	160	100

4 Finding and Recommendations

4.1 Research results and findings

- The study showed that the majority of the respondents analyzed market prices and related risk factors before making an investment decision. Although quite a small part, it is 12%, say that they choose their investment vehicle based on perception.
- A large majority of respondents rely on Mobile Banking app to understand their bank balance, which comprises nearly 60% of respondents. Only about 14% ask for statement at the bank, after which text message from bank, mails and ATM slips are used to get information about the current state of the bank and investments.
- The quiz conducted revealed that most of the respondents have basic financial literacy which is mandatory. However, questions related to calculation of interest, effect of inflation, UPI and internet banking are the areas where the majority gave right answers. This shows that the majority of respondents are aware of immediate common financial aspects as well as about a slightly higher level of banking, finance and digital.
- Of the three main factors of online and mobile banking, speed is the most attractive feature. Convenience is another feature that makes respondents switch to digital.

4.2 Recommendations

- More organized classes and sessions or workshops can be organized to spread digital awareness, especially among women who are supposed to educate the whole family. It can also be a means of empowering and supporting women.
- The study concluded that bonus points, gifts and rewards from events can be a great motivator. This method can be adopted more widely to bring the masses to digitization.
- Governments and non-governmental institutions also play an important role in bringing the digital economy. People generally have a strong need to catch up with the latest trends in the market, including trends dictated by technology.

4.3 Conclusions

Financial literacy is essential for financial inclusion. And digital financial literacy is deeper in an age where technology advances every day. Weaker sections of society or people with technical disabilities still use traditional banking methods and do not want change. This obstacle can only be overcome through properly planned workshops and classes. Instead of waiting for people to gradually adopt technology, government and fintech groups can take steps to bring technology to people's fingertips. The fear of not trusting digital solutions and payment systems is part of the culture of the older generation, because they think that "fintech is not for them, but for the young and tech-savvy, so they miss out on technology that can open up more comfort for them. Total consumer education is a key factor, which is crucial to convince the target groups and to a large extent the unbanked society about the benefits of digital payments and to achieve their spread. Encouraging women's participation in the digital world and providing education on various aspects can help women take to technology to get closer.

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