

## ASTUDY OF DIGITAL FINANCIAL LITERACY AMONG THE COLLEGE STUDENTS IN VISAKHAPATNAM

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**Abstract:** Digital financial literacy has been a hot topic of discussion around the world. Digital Financial literacy can be defined as an individual's ability to understand, analyze, manage, and communicate matters related to personal finances using digital platforms. It encompasses a set of skills and knowledge that empower individuals to make informed and effective decisions based on their understanding of money. Financial literacy involves the capacity to make decisions and judgments regarding the use and management of money. In the context of digital financial literacy, individuals are adapting to the use of digital platforms for their financial transactions. As online banking, debit and credit cards, and mobile banking gain importance, people are transitioning to digital payment methods. The government's Digital India initiative has further promoted the adoption of digital financial services. This study focuses on examining the level of digital financial literacy among college students in Visakhapatnam. It aims to understand how students' perceptions and decision-making related to personal finances are influenced by their level of digital financial knowledge. By assessing their understanding of digital financial concepts and analyzing their financial decision-making processes, the study seeks to shed light on the relationship between digital financial literacy and financial behaviors among college students.

**Keywords:** Financial Literacy, Digital Financial Literacy, Digital Financial Transactions, Financial Inclusion

### INTRODUCTION:

### DIGITAL FINANCIAL LITERACY

The demand for digital financial literacy in India has become urgent in recent years. To understand digital financial literacy, it is important to grasp the concept of financial literacy

itself. Financial literacy refers to an individual's ability to understand, interpret, manage, and communicate personal financial matters. It involves a set of skills and knowledge that enable individuals to make informed decisions based on their understanding of finances. Financial literacy entails making sound decisions and judicious choices regarding the utilization and management of money.

Digital financial literacy is an extension of financial literacy in the digital realm. It encompasses the knowledge and skills required to navigate online financial activities. This includes online shopping, various forms of digital payments, and the use of online banking systems. India has set its sights on becoming a cashless and digital nation, which makes digital financial literacy all the more important.

In today's world, where financial services and goods are increasingly available in digital form, digital financial literacy plays a crucial role. Following the demonetization initiative, the importance of digital financial literacy in India has become evident. The widespread availability of mobile connectivity and the rapid expansion of digital communication have facilitated the adoption of digital payment methods. This has allowed previously underserved households to access affordable and reliable financial tools through mobile phones. Digital interfaces have opened up opportunities for the unbanked population to access resources that were previously inaccessible to them.

India, as a rapidly growing economy focused on inclusive growth and a stable financial system, recognizes the significance of financial literacy. The country has developed the National Strategy for Financial Education (NSFE) with the support of the Technical Group on Financial Inclusion and Financial Literacy under the Financial Stability and Development Council (FSDC). This strategy aims to benefit all sections of the Indian population and promote digital financial literacy among its citizens.

## **LITERATUREREVIEW**

Demonetization in India aimed to transform the country into a cashless digital economy and promote the use of digital financial services. While it led to an increase in digital transactions, it also revealed the existing digital financial disparity and the need for improved digital literacy (Singla & Mahajan, 2017).

Lack of financial digital literacy has been identified as a barrier to the adoption of digital financial services in rural areas, and users struggle to save money through mobile money platforms (Finau et al., 2016).

Financial education programs and training have shown a positive impact on financial literacy among youth and university students (Totenhagen et al., 2015; Morris & Kofi, 2015).

Digital literacy, including knowledge of technical features of the internet, understanding of institutional practices, and awareness of privacy policies, influences privacy-related online behaviors (Park, 2011).

The creation and usage of technology-based financial literacy education resources have increased, emphasizing the potential of new media in enhancing financial literacy (Way & Wong, 2010).

Age, education, work experience, and parents' education have been found to be positively associated with financial literacy (Ansong & Gyens, 2012).

Financial literacy has been linked to financial well-being, fewer financial concerns, and the ability to plan and track personal finances (Marzieh et al., 2013).

These findings highlight the importance of digital financial literacy and its impact on various populations. Factors such as age, education, access to resources, and cultural context play significant roles in shaping individuals' level of digital financial literacy. Recognizing and addressing these factors can help improve digital financial literacy and empower individuals to make informed financial decisions in the digital era.

## **OBJECTIVE OF STUDY**

- ❖ To analyze the Digital Payment Management skills possessed by Students
- ❖ To understand the challenges and goals of digital financial matters
- ❖ To suggest measures to increase the Digital Financial Literacy and awareness among

the students.

## RESEARCH METHODOLOGY

**Research Design:** Descriptive research design is done. Survey method is followed.

**Source of Data:** The study's data is gathered from both primary and secondary sources. The components of Digital Financial Literacy were drawn on existing research when creating the questionnaire. The data was collected from the respondents via a questionnaire.

**Sample Description:** The sampling unit is 100 students in the age group of 19 to 29 belonging to two categories called Graduation and Post-Graduation. Where 20 respondent's data found to be inappropriate, hence the sampling unit considers 80 students only.

## LIMITATION OF THE STUDY:

The study is limited to the age group of 19-29 years. Data was collected among the students who are studying graduation and post graduation of Visakhapatnam city therefore, the results cannot be generalized.

## DATA ANALYSIS:

Table:1

<b>Gender</b>			
Gemder	Frequency	Percent	Cumulative Percent
Male	47	58.8	58.8
Female	33	41.3	100
Total	80	100	
<b>Age</b>			
19-29 years	80	100	100
<b>Education</b>			
Graduation	36	45	45
Post Graduation	44	55	100
Total	80	100	

Demographic variable	Factor Name	Chi square value	Sign Value (two sided)
Gender	Lack of technical skills	6.263	.180
	Awareness in digital payments	3.464	.483
	payments are bind to phone	4.002	.406

From the above table: 1 Out of the 80 respondents the gender compositions of the students were 47 Males which is 58.8 percent and 33 Females that is 41.3 percent. The male percent is dominant factor in this study. All the respondents belong to the age group between the 19 to 29 years. The educational qualifications of respondents were graduates and post graduates. Majority 44 respondents studying post graduation which is 55 percent and 36 graduation studying respondents occupies 45 percent.

Cronbach's alpha in this study is 0.910, indicating that the factor scales are internally consistent. The data was coded in excel using the MS-Office software for statistical analysis. SPSS was used to examine the coded data. Descriptive statistics were used to analyse the data. To see if the scale is measuring any variation, all questions were subjected to frequency analysis and item total correlation. The 35 scale items were then condensed into ten convenience dimensions using factor analysis. Following that, Cronbach's Coefficient Alpha, Correlation analysis was used to test the scale's reliability and validity.

<b>Qualification</b>	Lack of technical skills	2.316	.678
	Awareness in digital payments	2.788	.594
	payments are bind to phone	7.278	.122
<b>Gender</b>	wide acceptance in market	6.433	.169
	cash is not available	8.303	.081
<b>Qualification</b>	wide acceptance in market	3.170	.530
	cash is not available	7.077	.132

Table: 2

The results of the analysis indicate that the variables related to digital payment management skills possessed by the students are correlated significantly, providing a reasonable basis for factor analysis. The Kaiser-Meyer-Olkin (KMO) measure of sampling adequacy is 0.812, which is above the recommended threshold of 0.5, suggesting that the sample is adequate for factor analysis.

The Bartlett's test of sphericity is significant with a p-value of .000, which is less than the significance level of 0.05. This indicates that the correlation matrix is not an identity matrix and supports the use of factor analysis.

In the rotated component matrix, three factors are heavily loaded, indicating that these factors explain a significant portion of the variance in the data. The specific interpretation of these factors would require examining the loadings of individual variables on each factor and considering the context of the study.

Based on the factor analysis results, three factors were identified as significant in relation to digital payment management skills among the students: "Lack of technical skills," "Lack of awareness in digital payments," and "Payments are bound to phone." These factors represent underlying dimensions that contribute to the students' proficiency in managing digital payments.

To further analyze the relationship between demographic variables (such as gender and educational qualification) and the heavily loaded factors, a chi-square analysis was conducted. The p-value (Sig.) for both gender and educational qualification was found to be greater than

0.05, indicating that there is no significant association between these demographic variables and the identified factors.

Based on this analysis, it can be interpreted that gender and educational qualification do not have a significant impact on the students' digital payment management skills. Other factors or variables may be more influential in shaping their proficiency in this area.

Based on the factor analysis results for the challenges and goals of digital financial matters among the respondents, two factors were identified as significant: "Wide acceptance in the market" and "Cash is not available." These factors represent underlying dimensions that are related to the challenges and goals faced by the respondents in the context of digital financial matters.

The KMO value of 0.873 indicates that the sample is adequate for factor analysis, and the Bartlett test result with a significance value of 0.00 confirms the validity of the factor analysis.

To examine the association between the demographic variables (gender and educational qualification) and the factors heavily loaded, a chi-square analysis was conducted. The p-value (Sig.) for both gender and educational qualification was found to be greater than 0.05, indicating that there is no significant association between these demographic variables and the identified factors.

Based on this analysis, it can be interpreted that gender and educational qualification do not have a significant impact on the challenges and goals of digital financial matters reported by the respondents. Other factors or variables may play a more influential role in shaping their perceptions and experiences in this domain.

### **Conclusion:**

The study suggests that college-going students have the potential to play a crucial role in promoting digital inclusion. It proposes a framework that addresses the challenges, ideas, and methodology for civil society stakeholders involved in digitally inclusive financial activities.

According to the study, the gender and educational qualification of college-going students in Visakhapatnam do not significantly influence their performance in digital financial transactions.

The success rate in understanding and implementing digital financial literacy among college students is reported to be higher compared to traditional models of digital literacy education. By using electronic devices to learn digital transactions, dropout rates related to digital financial literacy are significantly lower with this model.

Additionally, the study explored the levels of financial literacy among individual college-going students, an underdeveloped area of research. The findings indicate that digital payment skills, challenges, and goals may not be lacking in terms of digital financial literacy. The study found little variance between the usage of digital financial platforms and the difficulties encountered during digital transactions.

The paper emphasizes the vulnerability of college students who often face substantial debt upon graduation and have low levels of financial literacy. It suggests the need for additional research and pedagogical programs and tools aimed at improving financial literacy among this demographic.

The research also implemented an innovative digital financial platform based on artificial intelligence and the Internet of Things (IoT). The use of IoT-based digital transaction awareness helped achieve goals and minimize obstacles in the study.

However, the study acknowledges certain limitations, as is the case with any research. It suggests that replicating the study with a larger and more diverse group of college students would be beneficial in highlighting the importance of individual digital financial abilities.

Finally, the study recognizes that digital financial literacy is a complex set of cognitive abilities, personal characteristics, habits, and critical thinking skills that develop over time. Our financial digital literacy skills are influenced by various factors such as our environment, education, family, friends, and demographics.



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