

“FINANCIAL LITERACY IN THE DIGITAL AGE: AWARENESS AND ACCESS”

Mr. Ashok Botta*, & Dr. Chintala Balaji**

*Research Scholar, Department of MBA, Koneru Lakshmaiah Education Foundation,
Vaddeswaram, AP, India.

**Research Supervisor, Department of MBA, Koneru Lakshmaiah Education Foundation,
Vaddeswaram, AP, India.

Abstract

India of today is reflected in the digital age. The government's recent demonetization and promises to transform India into a cashless society have prompted people to learn about digitalization because it is being implemented across all industries. By launching initiatives to educate Indian residents about digital finance, the government of India has made changes in the financial sector to update information about digital components of financial literacy of every citizen. So, everyone is now highly interested in the topic of digital financial literacy.

This article explores the idea of digital financial literacy, the population of Srikakulam city rural household's awareness and access levels, and the connection between education level, awareness, and digital instrument use. The population of Srikakulam rural household's has been examined using a sequential structured questionnaire in order to achieve these goals. The reliability and validity of the questionnaire were confirmed using a pilot study and the Cronbach's alpha method. The research results were analysed using correlation analysis, descriptive statistics, and the ANOVA test in SPSS.

Key words: Digitalization, financial literacy in the digital age, financial decision-making, financial knowledge, and way of life.

1. INTRODUCTION

One of our government's hopes for the future is a digital India. The Government of India's flagship initiative, the Digital India programme, aims to make India into a knowledge-based

society and economy. Every sector in India is gradually becoming more digital. The entire landscape of the modern era has changed as a result of the banking sector's digitalization. The combination of digital, financial, and literacy is known as digital financial literacy.

Financial literacy is the presence of the information and skills necessary for someone to effectively manage all of their financial resources. Having the knowledge, abilities, and habits required to use digital devices for financial transactions efficiently is known as digital financial literacy. This is related to a person's proficiency with digital technology and their degree of basic literacy.

A significant issue in the nation is the lack of understanding of digital financial literacy, particularly among the rural population. It is vital to educate the public about the fundamentals of digital finance services, especially in rural and semi-urban areas. Common Services Centres (CSCs), which fall under the Ministry of Electronics and IT, have been set up to offer training in digital financial literacy, host informational sessions on government regulations and digital finance options accessible to rural residents, as well as enable various mechanisms of digital financial services.

In a nutshell, digital financial literacy has three pillars: (A) educating individuals about government policies, programmes, and digital financial options available to them; (B) raising awareness of digital payment possibilities; and (C) disseminating information on the safety and security of digital payments..

2. RESEARCH METHODOLOGY

Research Objectives:

1. To determine the degree of access to and knowledge of digital financial literacy in rural households in Srikakulam.
2. To determine a link between knowledge and the use of digital tools for financial transactions.

Research Design:

A descriptive research design was used to investigate this study problem. In a descriptive research, the what, where, and how of a phenomenon are all investigated. As a result, the findings of this study could be applied to the entire population of Srikakulam city rural

households.

Sample Design:

250 Srikakulam City rural residents were the intended study participants. 16 responses were left out since they didn't know about or utilize digital instruments. Finally, the data from the 234 respondents was examined and analyzed using SPSS. Due to the study's limited target population, a census was undertaken, with all target respondents participating.

Research Hypothesis:

The hypothesis that will guide through this research are-

H₀₁: Use of digital tools and awareness of digital finances are strongly correlated.

H₀₂: Education level significantly affects knowledge of and use of digital equipment.

Data Collection:

The study used a questionnaire to gather primary data, and the response rate was 100%. The poll had two sections: one to gauge how frequently people used digital platforms for financial transactions, and the other to gauge how much people knew about them. To determine the questionnaire's reliability and validity, a pilot test was also carried out. Cronbach's alpha was used to estimate the instrument dependability. The instrument's overall dependability was.907. These numbers are more than the Cronbach alpha cutoff of 0.85.

Data Analysis:

A. Demographics of Respondents

| Variables | Groups | Frequency | Percentage |
|------------|--------------|-----------|------------|
| Gender | Male | 160 | 68.37 |
| | Female | 74 | 31.62 |
| Age | 21-35 years | 148 | 63.24 |
| | 36-60 years | 86 | 36.75 |
| Education | School Edu. | 86 | 36.75 |
| | Graduate | 98 | 41.88 |
| | Professional | 50 | 35.8 |
| Occupation | Service | 186 | 79.48 |
| | Non-Service | 48 | 20.52 |

B. Relationship between Awareness and Use of Digital Instruments for Financial

Transactions

| | | Frequency of Use | Frequency of Awareness |
|------------------|---------------------|------------------|------------------------|
| Frequency of Use | Pearson Correlation | 1 | .748* |
| | Sig. (2-tailed) | | .000 |
| | N | 234 | 234 |

* Correlation is significant at 0.01 level (2-tailed).

According to the study above, a positive correlation of .748 was discovered, which proved that the first null hypothesis (H01) was correct and should be adopted. Therefore, it can be claimed that the actual use of digital platforms for financial transactions is a result of public knowledge of these platforms.

C. Effect of Education Level on Knowledge of and Adoption of Digital Financial Instruments.

To test the hypothesis, F ANOVA was applied. The results are analyzed in the table below:

| | | Sum of Squares | df | F | Significance level |
|------------------------|----------------|----------------|-----|--------|--------------------|
| Frequency of Use | Between Groups | 859.681 | 12 | 37.546 | .000 |
| | Within Groups | 5974.8835 | 222 | | |
| | Total | 6834.5645 | 234 | | |
| Frequency of Awareness | Between Groups | 763.95 | 12 | 47.709 | .000 |
| | Within Groups | 4532.950 | 222 | | |
| | Total | 5296.9 | 234 | | |

The results support the validity of hypothesis (H02). This shows that one's educational background has a big impact on their understanding of the digital platform and how to use it. The statistics show a statistically significant difference between individuals with graduate degrees and professional experience and those with only a high school diploma. Respondents with merely a high school diploma on average received fairly poor scores. Between respondents in the graduate and professional groups, there wasn't much of a difference.

3. FINDINGS & CONCLUSION

The analysis above indicates that there were twice as many male respondents as female respondents. It is clear that male family members make the majority of the financial decisions, and while making a decision, it was thought necessary to include those who were responsible for paying for financial activities in the study. That might be the cause of the study's higher proportion of male participants. Similar to this, the age distribution was divided into two groups: young and mature. The responders who were under 35 were classified as

youth, and those who were above 35 as matured. Similar to this, analysis of respondents by profession and education reveals that the majority of respondents were graduates and, accordingly, service-oriented. The use of digital instruments for financial transactions has increased as a result of public awareness. The Indian government's main goal of a less cash-dependent economy may benefit from the awareness campaign regarding the usage of digital tools. Government awareness campaigns must target this group of respondents.

4. LIMITATIONS

However, there were certain restrictions found in the study. Due to time and resource limitations, the study was unable to fully examine all the causes. The study's scope was constrained because all of the respondents were rural households in Srikakulam city, and respondents from those locations might not be as financially literate online. The questionnaires were filled out by the appropriate people, it was supposed.

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