

Digital Financial Literacy for Digital Financial Inclusion: Evidence from Financial capital of Andrapradesh, India

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Abstract: In the current situation, technology access is limited and it is a crucial issue, as it guarantees victory in one's life, and India's banking business is not an oversight. To supply the requirements of the clients in the twenty-first century, the necessity for velocity in product or service distribution is essential. The study scrutinizes the part of Digital Monetary literacy in the growth progression of Digital in India, there is a lot of talk about financial inclusion. This is a paper uses ANOVA and correlation to explain the role of Digital Financial literacy towards Digital Financial Inclusion.

Keywords: *Digital Finance, Financial Inclusion, Income and Gender Bias, Financial institutions, Technology*

Introduction

India is a country that has paid special attention to fostering digital financial solutions, and the digital finance sector in India has grown significantly in recent years. India's financial system has gone through a number of stages of growth in order to serve the country's varied income categories, particularly low-income customers. Progress begins with the banking industry and continues using social media platforms, microfinance, and financial inclusion, as well as digital financial services. Digital finance links new financial products and services to the digital world in order to drive financial innovation. Digital finance facilitates payments via a mobile device and assists various income groups in managing their personal assets and investments, resulting in a greater fiscal presence.

Monetary inclusion is typically achieved through the use of digital technology, which allows for the rapid discovery of new financial openings and the promotion of communal change through financial self-sufficiency. The technological advancements reduced the cost of delivering financial services while also improving access and accessibility, particularly for clients with little financial means in remote areas of the country. Financial services are referred to as digital finance supplied by portable phones, PCs, internet, chip linked cards to a safe digital disbursement system. McKinsey revision identifies digital money as a growing trend and It is referred to as "financial services provided through cell phones, the internet"(Lund, Singer White, & Berry, 2016).

Digital finance refers to the idea of public and institutions adopting Payments over the internet The number of Unified Payments Interface (UPI) transactions increased to 8553.81 million digital infrastructures for a variety of financial services, including deposits, investments, insurance, trading, and credit. Distribution of digital infrastructure-related financial services like telephone and internet, resulting in lower cash transactions and lower visits to custom branches of banks. The utilization of digital infrastructure, which includes computers, tablets, cell phones, and cards that can be used as point-of-sale (POS) devices, ensures that customers, whether individuals or institutions, have a seamless experience when using the nationalized digitized payments communication.

The new moto of 'Cash is king, but digital is holy,' says the RBI. According to the research, over the last five years, digital payments in the nation have grown at a composite yearly growing rate of 61% in terms of volume and 19% in terms of value. The flow of cash augmented to 10.70% in 2017-18 and 11.2% in 2018-19, which is comparatively less than the pre-demonetization level of 12% in 2015-16. This is to observe the steep growth observed in digital payments with respect to retail industry where there is a rapid Increasing vast acceptance and speed convenience of digital payments. According to the RBI's "2021 vision paper," mobile-based payment transactions would increase by 50% in volume and the mobile wallet and the mobile payments application market is extended to 52.2 per cent during 2019-23.

Digital financial inclusion focuses on the accessibility and value by digital means of official financial services. Over the digital system, The people's financial inclusion in the economy is conceivable because it ensures that the people conducts remote financial transactions. As a result,

by presenting information on the usefulness and benefits of digitization, the Group may be persuaded to employ the digital infrastructure. As a result, a successful digital organization necessity be created and installed quickly and at a low price to facility providers and clients.

Literature review:

Scholars all over the world have extended their study to include digital financial inclusion as a outcome in the quick advancement of digital know-how. This study began the growing the importance of digital financial literacy with a focus on mobile banking, digital payment system which remained at the vanguard of digital financial novelty at the time, and then long-drawn-out to include a broader variety of digital monetary presence services. Innovative financial systems to enhance the economy and standard of living The study's findings examined support for novel financial technologies People. Right of entry to digital technology, notably mobile, internet, and biometric technology, enables the provision of financial facilities such as E-banking, mobile banking, and online credit for the convenience of digital economic services and traditional banking services, allowing People in developing countries' lower and middle classes to utilise digital economic services and old-fashioned banking services. (Huma Haider, 2018). Examining the impact of mobile banking on the usual of living in developing nations: development, inequality, and destitution. Their outcomes are portable Utilization of banking system bolsters growth efficiency and reduces inequality. (Asongu and Odhiambo, 2017). Digital monetary inclusion decreases the costs for banks by shortening lines in banking facilities, reducing the need for paper forms and credentials, and maintaining fewer bank branches. Individuals and businesses will benefit from a accountable digital platform for retrieving their bank reserves for financial transactions. (Manyika 2016). During the previous five years, the Indian Fintech market has grown. Improved business commotion in India and the emergence of new developed Fintech startup companies have led to a rise in customer approval of Fintech elucidations in India. In 2018, India rated second globally in terms of Fintech acceptance. The average percentage of Fintech customers in the United States is approximately 57.9 percent, lagging behind China's 83.5 percent and far exceeding the 34.2 percent of established nations. (University of Zhejiang , 2018). With a large technology environment as its foundation and a large number of customer with low monetary services capacity, the Indian Fintech industry possesses enormous growth potential. (PWC, 2019). As the digital peer group ages, gains affluence, and gains intelligence, the incentive to adopt will increase. The companies will shortly satisfy the needs of their customers. The digital age group gains wealth, experience, and age. With their innovations, the businesses would swiftly meet customer expectations. (Chen, J., & Lam, McKinney & Company,

2014). The research looked into how innovative financial technology would help people live healthier lives and achieve better financial outcomes. Digital technology access, Thanks to developments in phones, internet connections, and biometric identification, unbanked persons may now access a broader variety of monetary services, including linked banking, mobile banking, and digital credit. Digital monetary facilities, which are more suitable and cheaper than old-style banking facilities in the official financial system, Permit low-income and disadvantaged individuals in developing nations to invest and benefit, earn reappearance, and balance their expenditures. (Huma Haider (2018),

Objective

The purpose of this study is to examine how India's digital financial literacy is growing in relation to digital financial inclusion.

Research Methodology

For the collection of primary data, A well-organized questionnaire was meticulously created to study the expansion of digital finance in financial inclusion, multiple choice and Likert scale questions were carefully crafted. The data was gathered using a well-designed questionnaire aimed at determining the types of financial needs related with the use of digital monetary dealings, as well as the rationale for using it in digital financial transactions On a five-point scale, defendants stood asked to rate the frequency with which they used digital monetary needs in the form of 17 declarations referring to payments made for several forms of financial happenings. These evaluations were given a score from 1 to 5 on a scale of 1 to 5. By asking people evaluations on a five-point scale, the reasons for digital financial transactions were also mapped. Scores ranging from 1 to 5 were ascribed to the ratings. A similar instrument was added to map knowledge of the existence of digital platforms. A total of 558 Visakhapatnam residents completed the survey (Andrapradesh). There were 26 replies that were discarded due to a lack of information. Digital Financial Inclusion (DFI) was defined as the frequency with which people used digital platforms to conduct financial transactions, and Digital Financial Literacy was defined as a composite score of awareness (DFL). Cronbach's alpha was utilised to evaluate the instrument's reliability. The instrument's overall dependability was .942. These numbers are higher than the Cronbach's alpha norms of 0.922.

Table I: Reliability Statistics for type of financial literacy and the Digital Platform for Financial inclusion

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	No. of Items
.942	.944	17
.922	.923	11

Demographic Outline of the Defendants

The purpose of the first unit of the questionnaire was to pleat demographic data. In the table below, you'll find a summary of the replies.

Variables	Groups	Frequency	Percent
Gender	Male	259	49.1
	Female	257	48.7
	Trans gender	12	2.3
Age	Under 18 years	36	3.8
	19 – 29	192	36.4
	30 - 39	125	23.7
	40 – 49	55	10.4
	50 - 59	80	15.2
	60 and Above	40	7.6
Education	No Formal Education	43	8.1
	Below 10th class	180	34.1
	Intermediate/ITI/Diploma	42	8.0
	Graduation	216	40.9
	Post-Graduation	47	8.9
Monthly Income	Rs.1 - to Rs.9999	89	16.9
	Rs.10,000 - to Rs.19,999	187	35.4
	Rs.20,000 - to Rs.29,999	26	4.9
	Rs.30,000 - to Rs.39,999	26	4.9
	Rs.40,000 - to Rs.49,999	200	37.9

As can be seen from the table above, males outnumber females respondents are equal in the study. It is evident that most of the respondents, the financial literacy and different types of financial needs used through digital transactions with the reason behind transaction decisions are intricate in construction imbursement of financial events must be comprised in this study. The age wise distribution was categorized. The majority respondents of age 19 to 29 categorized as youth and 30 and below 40 were categorized as mellowed. Likewise, edification and monthly income prudent examination displays that extreme defendant were graduates and lower income group categorized as below 20 thousand, higher income group treated as above Rs 40 thousand monthly income.

Relationship between financial needs of digital transaction and the reason behind the performance of transactions

As previously, stated, the instruments used to map the incidence of usage and awareness were given an arithmetical score. All of the assertions in each instrument's mathematical score were added together. Digital Financial Literacy (DFL) is a composite notch for using digital platforms for financial transactions, as well as a compound score for the purpose for the transactions. Digital Fi was used to describe attentiveness. The subsequent hypothesis was framed to investigate the association between literacy level and the reasons for use.

H_{01} : There is no correlation between financial digital literacy (DFL) knowledge and occurrence of usage of the digital finance inclusion stand (DFI).

The aforementioned hypothesis was investigated by means of SPSS and the Pearson correlations test. The results of the SPSS Relationships test are listed below.

Table III: Relationship between digital financial knowledge and Digital Financial Inclusion

Correlations			
		Digital financial literacy	Digital financial inclusion
Digital financial literacy	Pearson Correlation	1	.320**
	Sig. (2-tailed)		.000
	Amount of Squares and Cross-products	536.759	152.075
	Covariance	1.019	.289
	N	528	528

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

At a 1% level of significance, the null hypothesis is rejected, and a positive correlation of .320 is discovered, as can be shown. As a result of this increased knowledge of digital platforms for financial transactions, they are now being used for a variety of everyday activities. Financial awareness regarding the usage of digital podiums might be a boon to the primary goal of reduced currency economy.

Effect of Education Level on Cognizance and Usage of digital finance literacy and financial Inclusion

It widely assumed that a well-educated individual would be aware of any emerging trend. As a result, the researcher included a question on the respondents' educational level, with the goal of determining the influence of education level on occurrence of usage and digital literacy on digital platforms for financial transactions. The following hypotheses were developed to investigate these.

H₀₂: In terms of Digital Financial Literacy, no difference in educational level (DFL).

H₀₃: In terms of Digital Financial Inclusion, the respondent's educational level has no bearing (DFI).

F ANOVA was used to test these assumptions. The following table summarises the findings:

ANOVA

		Sum of Squares	df	Mean Square	F	Sig.
Digital financial literacy	Between Groups	5.362	4	1.341	1.319	.262
	Within Groups	531.397	524	1.016		
	Total	536.759	528			
Digital financial inclusion	Between Groups	2.040	4	.510	.637	.637
	Within Groups	419.010	524	.801		
	Total	421.050	528			

Both hypotheses were found to be unfalsifiable at the 2% and 6% levels of significance, respectively. This suggests that educational attainment has no bearing on understanding of the digital platform and its use.

Effect of Personal Physiognomies on Digital Literateness and Financial Transactions on a Digital Platform:

Gender, age, and monthly income are examples of personal attributes. It also has an impact on how people utilise digital platforms to conduct financial transactions. As a result, respondents were prompted to elaborate. The following hypotheses were created to investigate the effects of personal physiognomies on digital literacy and platform use.

H₀₄: In terms of the Aggregate score of Digital Financial Literacy, no difference between male and Female respondents.

H₀₅: In terms of the Aggregate notch of Digital Financial Literacy, no variation in age groups of respondents.

H₀₆: There is no correlation between respondents' monthly revenue and their digital financial literacy Aggregate score.

SPSS was used to perform a test for alteration between means (t-test) to evaluate these assumptions.

The findings are presented in the table below.

Impact of Individual Characteristics on Digital literacy and Use of Digital Platform

Hypothesis		sig	df	Result
H ₀₄	64.824	.000	527	Rejected
H ₀₅	0.750	.000	27	Rejected
H ₀₆	4.532	.000	27	Rejected

The table shows that the hypotheses H04, H05, and H06 linked to digital financial literacy were rejected at the 1% level of significance, as were the hypotheses related to gender H04, respondent age group H05, and respondent monthly income H06.

Male participants had a higher mean score than female individuals. It's possible that this is related to the fact that women, especially those in their forties and fifties, have less exposure to digital platforms. As a result, female-specific digital platform awareness activities must be implemented. There is a statistically substantial difference in knowledge of digital platforms between those with a high income and those with a low income. In comparison to the higher income group, the lower income group had a lower financial literacy mean score. The lower income group gets a lower average score for awareness and use of digital financial systems (DFI). As a result, it's possible that lower-income respondents don't use digital platforms owing to a lack of understanding. As a result, awareness campaigns for these individuals must be organised.

Conclusion

The purpose of this study is to provide gestalt of digital money literacy and its implications for financial presence and constancy. Fintech firms' digital currency has a positive impact on monetary inclusion in both developing and developed nations, and the opportuneness that digital lending provides to low- and variable-income individuals is frequently more important to them than the complex expenses that they pay. Is it going to cost money to use standard regulated banks' services? This paper assumed the benefits of digital finance, but it also pointed out several threats to financial inclusion and consistency that digital finance confronts. Lastly, an important path for forthcoming investigation to inspect the association among digital money and the impact of the demographic profile to decide whether A smart phone may be used to conduct financial transactions. It will enhance payment methods, decrease the usage of paper, and minimize the frequency of trips to old-fashioned banking locations, saving clients time and money in the process.

- The vast amount of data created by mobile phones, artificial intelligence, and machine learning procedures will allow for a more accurate evaluation of a customer's

creditworthiness. This will enable consumers to receive loans and cash quickly, even if they have no credit history. The successful implementation of digitization would need competent management of technological and infrastructural constraints.

- Factors such as thin population, inconsistent availability of internet networks, inadequate capital reserves for digitized organization, and lack of consumer confidence in technology can serve as barricades in remote areas.
- Customers' concerns about the security procedures and costs associated with using emerging financial platforms are value seeing.

According to the findings of the empirical study, Digital Financial Inclusion is positively related to age groups, gender, and income, as evidenced by a review of the survey data; hence, the null hypothesis was rejected. The administration (Govt) is expected to take action and exert openness over the regulatory requirements of digital monetary inclusion to safeguard that technology is used efficiently for the advantage of numerous financial system contestants, in order to preserve transparency over the financial system. Aversion to technology-related services has been noticed across India, presumably due to clients' low confidence level as well as their lack of technological awareness. Furthermore, clients in India place a high importance on personal ties, particularly when it comes to money.

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