

“DIGITAL FINANCIAL LITERACY: AWARENESS AND ACCESS”

Mr. Sumit Saini*

Abstract

Digitalization is the echo of today's India. Government's recent demonetization and plans to make India a cashless economy has caused to learn the know-how of digitalization as it has put into practice in all the sectors. Government of India has made reforms in financial sector to update knowledge about digital aspects of financial literacy of every citizen by starting campaigns to literate Indian citizens about digital finance. So, digital financial literacy has arisen as a matter of keen interest for every individual. This article reveals the concept of digital financial literacy, level of awareness and access of digital financial literacy among population of Karnal, relationship between level of education and awareness and use of digital instruments. To attain these objectives, the population of Karnal has been studied through sequential structured questionnaire. A pilot study and Cronbach's alpha method were used to verify reliability and validity of the questionnaire. Descriptive statistics, ANOVA test and correlation analysis was used through SPSS to summarize the research findings.

Key words: Digitalization, Digital Education, Digital Financial Literacy, Financial Decision, Financial Knowledge, Life-Style.

*** Assistant Professor, Budha College of Management, Karnal**

1. INTRODUCTION

Digital India is one of the dreams of our government. The Digital India program is a flagship program of the Government of India with a vision to transform India into a digitally empowered society and knowledge economy. India is progressively moving towards digitalization in every sector. Digitalization in financial sector has transformed the whole scenario of today's econ. Digital Financial Literacy is the blend of Digital, Finances and Literacy.

Financial literacy is the possession of the set of skills and knowledge that allows an individual to make effective decisions with all of their financial resources.

Digital Financial Literacy is having the knowledge, acquired skills and developing necessary habits to effectively use digital devices to for financial transactions. This intersects with an individual's basic literacy levels and the individual's ability to use digital devices/technology.

Lack of awareness of digital financial literacy, especially among the rural population is a major challenge in the country. There is an urgent need to create awareness among the citizens, especially in rural and semi-urban areas regarding basics of digital finance services. Under the Ministry of Electronics and IT, Common Services Centers (CSCs), has been installed to provide digital financial literacy training and to host awareness sessions on government policies and digital finance options available for rural citizens as well as enabling various mechanisms of digital financial services.

In a nutshell, Digital Financial Literacy has three tenets- (A) to inform citizens about government policies, initiatives and digital financial options available for them, (B) to build awareness of digital payment methods, and (C) to impart knowledge of safety and security of digital payments.

2. RESEARCH METHODOLOGY

2.1 Research Objectives:

1. To identify the level of awareness and access of digital financial literacy in Karnal.
2. To establish a relationship between Awareness and Use of Digital Instruments for Financial Transactions.

2.2 Research Design:

This research problem was studied through the use of a descriptive research design. According to Cooper and Schindler (2003), a descriptive study is concerned with finding out the what, where and how of a phenomenon. This study therefore was able to generalize the findings population of Karnal.

2.3 Sample Design:

The study targeted 150 respondents from Karnal City. Out of which 16 responses were excluded due to none of awareness and/or use of digital instruments. Finally, the 134 respondents were used to study and to analyze the data using SPSS. As the target population of the study was small, the study conducted a census where all target respondents were included in the study.

2.4 Research Hypothesis:

The hypothesis that will guide through this research are-

H₀1: Digital financial awareness has significant relationship with use of digital instruments.

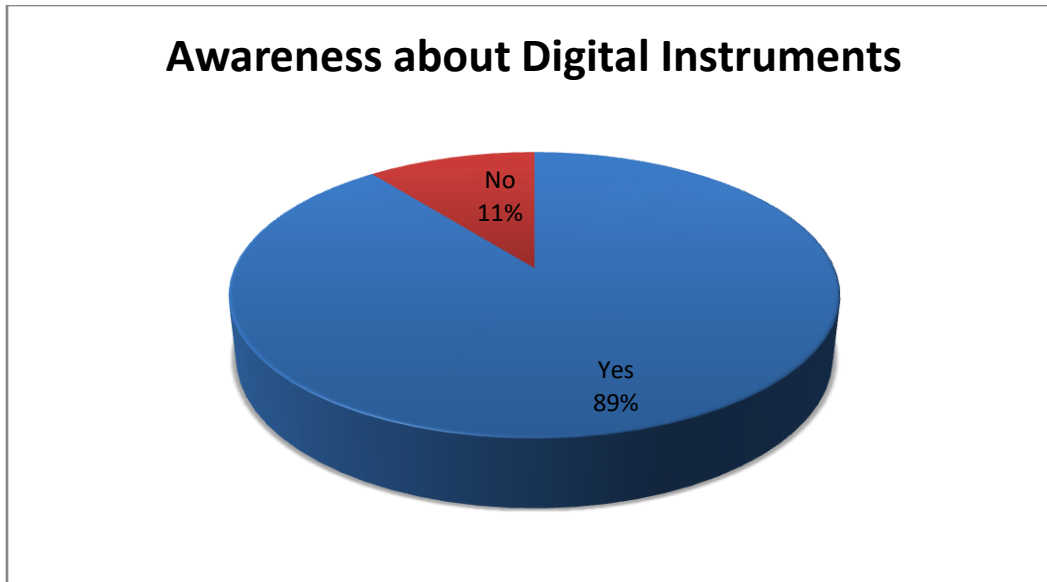
H₀2: Level of education has significant relationship with awareness and use of digital instruments.

2.5 Data Collection:

The study employed questionnaire to collect primary data with 100% response rate. The questionnaire comprised of two sections, one for measuring the frequency of use of digital platform for financial transactions, and another for measuring the awareness about availability of digital platforms. The pilot testing was also conducted to establish the validity and reliability of the questionnaire. The reliability of instruments was estimated by calculating Cronbach's alpha. Overall reliability for the instrument was .808. These values are above threshold limits of 0.75 of Cronbach alpha values.

2.6 Data Analysis:

A. Level of Awareness and/or Use of Digital Instruments



B. Demographics of Respondents

Variables	Groups	Frequency	Percentage
Gender	Male	90	67.2
	Female	44	32.8
Age	21-35 years	58	43.3
	36-50 years	76	56.7
Education	School Edu.	6	4.5
	Graduate	80	59.7
	Professional	48	35.8
Occupation	Service	84	62.7
	Non-Service	50	37.3

C. Relationship between Awareness and Use of Digital Instruments for Financial Transactions

		Frequency of Use	Frequency of Awareness
Frequency of Use	Pearson Correlation	1	.595*
	Sig. (2-tailed)		.000
	N	134	134

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

By the above analysis, it can be seen that a positive correlation of .595 was found and this made first null hypothesis (H_01) was true and should be accepted. Thus it can be said that awareness about digital platforms for financial transactions results in its actual use for various day today transactions.

D. Effect of Level of Education on Awareness and Use of Digital Instruments for Financial Transaction

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	846.681	2	18.773	.000
	Within Groups	2987.8835	132		
	Total	3834.5645	134		
Frequency of Awareness	Between Groups	575.557	2	25.110	.000
	Within Groups	1518.550	132		
	Total	2094.107	134		

The results exhibits that the hypothesis (H_02) was accepted. This means that the education level is an important determinant for awareness about the digital platform and its use. The analysis shows that the statistically significant difference exists between school educated category of respondents and graduate & professionally qualified. The mean score of up to school educated respondents was very less. However, very less difference was found in graduate and professional category respondents.

3. FINDINGS & CONCLUSION

It can be concluded from the above analysis that male respondent in the study just double of female respondents. It is evident that financial decisions are taken by male member of the family and while making choice it was considered that those involved in making payment of financial activities must be included in study. That may be the reason that male participants were more in the study. Similarly, the age wise distribution was categorized in two category viz. youth and matured. The respondents of age 35 and below were categorized as youth and above 35 as

matured. Similarly, education and profession wise analysis shows that maximum respondents were graduates and service oriented respectively. Awareness about digital instruments for financial transactions results in its actual use for various day today transactions. The awareness campaign about use of digital instruments may prove to be advantage for the prime objective of less cash economy of Indian government. The government must focus their awareness programs to this category of respondents.

4. LIMITATIONS

However, some limitations were encountered during the study. The study could not investigate all the factors due to time and resource constraint. The area of study was limited as the respondents were pertained to the Karnal city only, the respondents from rural areas may have low digital financial literacy. It was assumed that the questionnaires were filled by the right persons.

5. REFERENCES

- Arif, K. (2015). Financial Literacy and Other Factors Influencing Individuals 'Investment Decision: Evidence From A Developing Economy. *Journal of Poverty, Investment and Development*, 12, 74-84.
- <http://www.newindianexpress.com/states/odisha/2016/dec/13/nabard-to-launch-digital-financial-literacy-programmes-in-odisha-1548392.html> Retrieved on 2017, Feb 14
- I, S. T. (2016, Dec). *International Education & Research Journal [IERJ]*, 2(12), 17-19.
- Lusardi, A., & Mitchell, O. S. (2013, March). The Economic Importance of Financial Literacy: Theory and Evidence. *Journal of Economic Literature*, 52(1), 5-44.
- Michael, H. E., Hill, R. R., & Perdue, G. (2010). School of Study and Financial Literacy. *Journal of Economics and Economic Education Research*, 11(3), 29-37.
- Nash, D. R. (2012, April). Financial Literacy: An Indian Scenario. *Asian Journal of Research in Banking and Finance*, 2(4), 70-84.
- Park, Y. J. (2011). Digital Literacy and Privacy Behavior Online. *Communication Research*, 40(2), 215-236.
- Press Information Bureau. (2017, Feb 14). Retrieved Feb 14, 2017, from <http://pib.nic.in/newsite/PrintRelease.aspx?relid=155462>

- Potrich, A. C., Vieira, M. K., & Kirch, G. (2015). Determinants of Financial Literacy: Analysis of the Influence of Socioeconomic and Demographic Variables. *Revista Contabilidade & Finanças*, 26(69), 362-377.
- Retrieved Feb on 14, 2017, from Business Standard: http://www.business-standard.com/article/pti-stories/cscs-to-offer-digital-financial-literacy-in-rural-india-116113001294_1.html
- Subha, D. V., & Priya , P. S. (2014, February). A Study on the Factors Determining Financial Literacy of Households. *International Journal of Advanced Information Science and Technology*, 22(22), 15-20.