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Awareness of Digital Financial Literacy among College Students - A Study

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Abstract:
Financial literacy is a combination of financial knowledge, financial behaviour, financial attitude, and financial skills for financial decision-making and financial decision well-being. In this digital era, everything has transformed into digital formats, including financial literacy. According to the OECD, "digital financial literacy is the ability to access, understand, and use digital financial services in a secure and informed manner. Currently, the government is promoting digital initiatives such as the Unified Payment Interface (UPI). It is important for everyone to understand digital financial literacy, as it facilitates the management of day-to-day activities. In this backdrop, the present study aims to analyse the awareness of digital financial literacy among college students and to identify the major challenges faced while using digital financial tools. The convenience sampling method was used for sampling, and data was collected from 120 respondents using a questionnaire through Google Form. The data was analysed using descriptive statistics, and a Mann-Whitney U test was conducted to test the hypothesis utilizing SPSS software. The findings of the study are that the college students possess a fairly good level of awareness regarding various aspects of digital financial literacy. Hypothesis testing shows that there was a significant difference in the level of awareness between UG and PG students.
Keywords: Digital Financial Literacy, awareness, digital tools, college students.

Introduction

There are several initiatives underway in India to promote digital financial literacy. One such initiative is the Digital India program, launched by the Indian government in 2015, which aims to transform the country into a digitally empowered society and knowledge economy. As part of this program, the government has launched several initiatives to promote digital financial literacy, such as the Pradhan Mantri Jan Dhan Yojana (PMJDY) scheme, which aims to provide every household in the country with a bank account, and the BHIM app, a mobile payment app launched by the government (Marvaniya, 2023).

Awareness of digital financial literacy is increasingly important as financial services move online and digital platforms become central to personal money management. Digital financial literacy (DFL) involves not just understanding financial concepts, but also knowing how to safely and effectively use digital tools for financial transactions, protect against fraud, and make informed decisions in a digital environment.

Digital Financial Literacy refers to the ability of individuals to effectively use digital tools, platforms, and technologies to manage their personal finances, make informed financial decisions, and safeguard themselves from online financial risks. It combines both financial knowledge and digital competence in today's tech-driven economy.

According to the Reserve Bank of India (RBI), "Digital Financial Literacy involves understanding how to transact digitally, use internet banking, mobile wallets, UPI, and other digital platforms while ensuring safety and avoiding cyber fraud."

Digital financial literacy means to use digital tools and platforms to manage personal finances effectively. This includes understanding online banking, mobile payment systems, cryptocurrency, and digital investment platforms. As digital financial services become more ubiquitous, the ability to navigate these platforms safely and efficiently becomes imperative. The accessibility and convenience offered by digital financial services can enhance financial inclusion, but they also pose risks such as cybersecurity threats and digital fraud. Therefore, a well-rounded digital financial literacy education is essential for mitigating these risks and empowering students to make informed financial decisions (Dinge & Kumar, 2024).

Review of Literature

The review of literature is requisite to know the research gap to carry out the present study. It comprises the studies conducted on various aspects of digital financial literacy and carried out in different regions of India and across the world. The following are some of the literatures on digital financial literacy and the research gap of the study.

Rai and Sharma (2019) analysed the level of awareness regarding digital financial services among students of higher education institutions in Delhi. A questionnaire was used to collect the data from 210 respondents under the survey method and analysed using parametric tests. The study found that there is a significant difference in awareness level between male and female students, and there is a significant difference in awareness level between business and non-business students. Further, awareness did not vary significantly by students age or educational attainment level.

Botta and Balaji (2022) explored awareness and access levels of digital financial literacy of the rural household population of Srikakulam city. For this purpose, data collected from 234 respondents was analysed using correlation and ANOVA through SPSS. The study indicated that the actual use of digital platforms for financial transactions is a result of public knowledge of digital platforms. There is a significant difference between education level and knowledge of the use of digital equipment.

Mandal and Dua (2023) explored the opportunities and challenges of digital financial literacy in rural India. The researchers identified opportunities, namely digital expansion, government promotion of digital financial services, and the spread of UPI and mobile payments in rural areas. Further, the major challenges are low financial literacy and digital literacy, infrastructure problems, security risks, language barriers, etc. They recommend conducting awareness initiatives, designing simple and secure digital platforms for users, collaborating between public, private, and NGO sectors to find solutions for regional contexts, and creating localized education modules to increase literacy levels.

Sajeer and Anandalakshmy (2023) analysed the level of digital financial literacy among working women in Malappuram District, Kerala. The study is based on a descriptive research design and used convenience sampling to collect the data from 130 respondents. They employed descriptive statistics, factor analysis, and regression analysis for data analysis. The study found that financial inclusion, awareness, access to technology, and peer influence are major factors affecting digital financial literacy, and there is a positive association between digital financial literacy and investment behaviour among working women.

Dheepiga and Kumar (2024) assessed the awareness and knowledge of digital financial literacy of college students in the context of evolving fintech usage accelerated by the COVID-19 pandemic. The data was gathered from 200 respondents selected through structured surveys using convenient sampling and analysed using SPSS. The major findings of the study were, that students exhibit moderate to low level of awareness and understanding about digital financial services, and significant knowledge gaps were observed in areas like fraud awareness, digital transaction skills, and service comparison.

Marjorie et al. (2024) investigated how digital financial literacy relates to the use of digital financial tools, namely GCash, PayMaya, and PayPal, among college students in Calapan City, Oriental Mindoro, Philippines. For the study purpose, they surveyed 372 students from various higher education institutions using a multi-stage sampling. The study found that students with high digital financial literacy were more likely to show responsible behaviour like regular saving and controlled spending, and they are good at using GCash, PayMaya, and PayPal for financial management. Further, the students have a higher level of digital financial literacy, more effectively utilising digital financial tools. This shows that there is a relationship between digital financial literacy and use of digital tools.

Santhanakrishnan and Divya (2024), in their study emphasized the growing influence of fintech on everyday financial behaviour and highlighted the need to develop digital literacy programs for adult learners and offered recommendations to educators, trainers, fintech platforms, and policymakers. The researchers highlighted the critical importance of equipping adult learners with the ability to engage confidently and responsibly with fintech-based financial services. While not empirical, it serves as a roadmap for curriculum design, policy guidance, and educator strategy in the digital financial literacy domain.

Research Gap

The review of literature includes various studies on the opportunities and challenges of digital financial literacy, the impact of fintech knowledge on financial behaviour, and the awareness levels of digital financial literacy among diverse groups such as rural households, working women, and college students. These studies have been conducted across different regions of India and internationally. However, a noticeable research gap exists, as no prior studies have specifically examined the awareness of digital financial literacy among college students in Shivamogga city. Therefore, the present study seeks to address this gap by exploring the level of awareness of digital financial literacy among college students in this region.

Objectives of the Study

The following are the major objectives of the study:

1. To analyse the awareness of digital financial literacy among college students.
2. To understand the major challenges faced by the college students for using digital financial tools.

Hypothesis of the Study

For the study purpose, null hypothesis is formulated as given below:

H_0: There is no significant difference between UG and PG students with regard to awareness of digital financial literacy.

Scope of the Study

The present study is confined to analysing the awareness of college students regarding digital financial literacy and the use of digital financial tools. The respondents include only undergraduate (UG) and postgraduate (PG) students from colleges located in Shivamogga city.

Due to the limited sample size and the geographical focus on Shivamogga, the findings of this study may not be generalised to other regions or populations.

Result and Discussion

The result and discussion section presents the analysis and interpretation of data collected from respondents. It includes the findings of the reliability test, demographic information, challenges related to digital financial literacy, and testing of hypothesis as discussed below:

Table No. 1: Results of Reliability Test

Particulars	**No. of Items**	**Cronbach's Alpha**
Awareness of Digital Financial Literacy	10	0.933

Source: SPSS Output

To determine the overall internal consistency of the measure used to assess the awareness about the digital financial literacy, Cronbach Alpha was calculated. This questionnaire had ten items with the alpha value of 0.933. The results indicate a high reliability of this finding which is an indication that the items of a given scale are congruent on a single underlying construct and therefore this makes it be used as a means to test audio awareness on digital financial literacy among the students.

Table No. 2: Demographical Information of the Respondents

Demographical Factors	**Variables**	**Frequency**	**Percentage (%)**
Gender	Male	63	52.5
	Female	57	47.5
	Total	**120**	**100.0**
Age (in Years)	18-20	80	66.7
	21-23	34	28.3
	Above 23	6	5.0
	Total	**120**	**100.0**
Academic Program	Undergraduate	91	75.8
	Postgraduate	29	24.2
	Total	**120**	**100.0**
Location	Urban	58	48.3
	Semi-urban	9	7.5
	Rural	53	44.2
	Total	**120**	**100.0**

Source: Field Survey

Table 2 represents the demographic characteristic of the respondents; the analysis indicates there is a gender balance of respondents to the number of respondents who are males and females, 52.5% and 47.5% respectively. Based on age, the respondents comprise a majority (66.7%) in the age group of 18 to 20 years, 28.3% between 21 and 23 years and the remaining 5%, above 23 years of age. In connection with academic program, a vast majority (75.8%) are undergraduate students, and remaining 24.2% are postgraduate students which indicates that the results of the study are more characteristic of undergraduate students. Concerning the place of the respondent, 48.3% have residing in urban area, 44.2% in rural location and 7.5% of semi-urban background. The given distribution recognizes a significant presence of both the urban

and rural background, which provides a balanced picture of the digital literacy awareness about finances in various geographic contexts.

Table 3: Challenges of Digital Financial Literacy

Challenges	Frequency
Lack of internet access	41
Technical Issues	83
Difficulty understanding apps	13
Fear of fraud or scams	32
Lack of trust in digital platforms	21
Language barriers	12
No challenges	10

Source: Field Survey

Table 4 presents the challenges faced by the respondents regarding digital financial platforms. A majority (83 responses) reported experiencing technical issues. This is followed by lack of internet access (41 responses), fear of fraud or scams (32), and lack of trust in digital platforms (21). Other reported challenges involve difficulty in understanding apps (13 responses) and language barriers (12 responses). Notably, 10 responses showed that they faced no challenges while using digital financial platforms. The findings recommend that technical, infrastructure, and trust-related issues are the major barriers to adopting digital financial platforms.

Table 4: Showing Respondents' Awareness of Digital Financial Literacy

(1 = Strongly Disagree, 2 = Disagree, 3 = Neutral, 4 = Agree, 5 = Strongly Agree)

Statements	SD	D	N	A	SA	Mean	Std. Dev.
I am aware of the basic concepts of digital financial tools (e.g., UPI, internet banking).	23	9	6	32	50	3.64	1.54
I understand how to use digital wallets and UPI apps for financial transactions.	12	19	12	38	39	3.61	1.35
I use PIN or two-factor authentication digital transactions.	11	13	23	39	34	3.60	1.26
I understand the risks involved in digital financial transactions	18	11	20	46	25	3.41	1.32
I know how to protect my personal information while using digital financial tools.	15	14	29	33	29	3.39	1.31
I know how to protect myself from online financial frauds or scams.	17	10	34	46	13	3.23	1.19
I trust digital financial services for making transactions.	15	10	34	43	18	3.32	1.20

I feel confident using mobile apps for financial management.	13	17	20	47	23	3.42	1.25
I have received formal or informal training in digital financial literacy.	20	21	40	26	13	2.92	1.22
I actively follow updates related to digital financial tools and security.	12	17	12	43	36	3.62	1.31

Source: Field Survey

Table 4 discloses respondents' awareness regarding digital financial literacy; it reveals that college students possess a fairly good level of awareness regarding various aspects of digital financial literacy. A majority of the respondents indicated that they are aware of the basic concepts of digital financial tools such as UPI and internet banking, with the highest mean score of 3.64. Similarly, strong awareness is reflected in their understanding of how to use digital wallets and UPI apps (Mean = 3.61) and their practice of using PIN or two-factor authentication during digital transactions (Mean = 3.60). Students also appear to actively follow updates related to digital financial tools and security (Mean = 3.62), highlighting their engagement with current trends and safety measures.

In terms of digital risk awareness, the mean scores suggest a moderate level of understanding. Students demonstrated reasonable awareness of the risks involved in digital financial transactions (Mean = 3.41) and expressed confidence in using mobile apps for financial management (Mean = 3.42). Their ability to protect personal information (Mean = 3.39) and trust in digital financial services (Mean = 3.32) were also evident, although these scores are slightly lower. Awareness of how to safeguard against online financial fraud or scams was relatively lower (Mean = 3.23), indicating a potential area for improvement. The lowest mean score (2.92) was recorded for receiving formal or informal training in digital financial literacy, suggesting that structured educational initiatives or awareness programs may be lacking. Overall, while the respondents display a sound understanding of digital financial tools and practices, there remains scope for enhancement in areas such as formal training and fraud prevention.

Testing of Hypothesis

To test the null hypothesis that "There is no significant difference between UG and PG students with regard to awareness of Digital Financial Literacy", the data did not meet the normality assumption, and the Mann–Whitney U test was applied to ten statements. The null hypothesis was tested, and its result was interpreted as below:

Table 5: Showing Results of Mann-Whitney U Test

Statements	**Mann-Whitney U**	**Asymp. Sig. (2-tailed)**	**Alpha Value**	**Decision**
I am aware of the basic concepts of digital financial tools (e.g., UPI, internet banking).	900.500	.007	0.05	Reject the H_0
I understand how to use digital wallets and UPI apps for financial transactions.	1055	.092	0.05	Fail to Reject H_0

I use PIN or two-factor authentication digital transactions.	843.500	.003	0.05	Reject the H_0
I understand the risks involved in digital financial transactions	1068.500	.110	0.05	Fail to Reject H_0
I know how to protect my personal information while using digital financial tools.	904.000	.009	0.05	Reject the H_0
I know how to protect myself from online financial frauds or scams.	1224.000	.541	0.05	Fail to Reject H_0
I trust digital financial services for making transactions.	954.000	.020	0.05	Reject the H_0
I feel confident using mobile apps for financial management.	1098.500	.159	0.05	Fail to Reject H_0
I have received formal or informal training in digital financial literacy.	956.000	.022	0.05	Reject the H_0
I actively follow updates related to digital financial tools and security.	934.500	.014	0.05	Reject the H_0

Source: SPSS Output *(Significance Level at 95%)*

Table 5 shows the results of Mann-Whitny U test, the results revealed that for six out of ten statements, the p-values were less than 0.05, leading to rejection of the null hypothesis. This indicates that there is a significant difference in awareness levels between undergraduate and postgraduate students on those aspects particularly in areas such as basic concepts, authentication methods, personal information protection, training received, and staying updated. For the remaining four statements, the p-values were greater than 0.05, hence the null hypothesis was not rejected, suggesting no significant difference in those specific awareness areas between the two groups. Overall, the test shows that awareness of digital financial literacy does vary significantly between UG and PG students in several important areas.

Suggestions

The suggestions offered to the respondents, policymakers, and educational institutions based on the findings of the study. They are:

- The students are also taught about safe online financial usage to eliminate fraudulent activities and phishing.
- The students should tell and discuss with their friends and family about safe usage of digital finance tools and share their experience.
- The students can take various free courses on digital finance being offered on the MOOCs (SWAYAM, Coursera) or RBI.
- The students are supposed to take into consideration multi-factor authentication and the frequent changing of the passwords used to access their financial accounts.
- The possible recommendation to the students is that they should keep track of their online expenditures, make plans, and maintain a digital transaction history.
- The policy makers should emphasize digital safety and fraud prevention in all government and institutional training initiatives.
- The policy makers facilitate the setting up of online finance support centres in institutions or by partnering with the local banks and Common Service centres (CSCs).

Conclusion

The objective of the study was to evaluate the level of digital financial literacy among the college students and covered several areas, including knowledge and digital tools, securities in transactions, fraud prevention and scams, and training. The results reveal that students had a moderate-high level of awareness of the simple dashboard of digital financial innovations, including the UPI, internet banking, mobile applications, and digital wallets. It was found that there was a significant difference in the level of awareness between UG and PG students. Overall, while college students show promising awareness with digital finance, targeted training and awareness programs, especially for UG students, are recommended to enhance their digital financial literacy and secure use of financial technologies.

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