IRJEMS International Research Journal of Economics and Management Studies
Published by Eternal Scientific Publications
ISSN: 2583 – 5238 / Volume 4 Issue 3 March 2025 / Pg. No: 249-253
Paper Id: IRJEMS-V4I3P128, Doi: 10.56472/25835238/IRJEMS-V4I3P128

Original Article

A Study on Influence of Demographic Factors of Household on Digital Financial Literacy: With Special Reference to Madhya Pradesh

[1]Vaishali Silakari, [2]Dr. Priti Goswami
[1]PhD Scholar, Department of Business Management, Indira Gandhi National Tribal University, Amarkantak (M.P).
[2]Assistant Professor, Department of Business Management, Indira Gandhi National Tribal University, Amarkantak (M.P).

Received Date: 04 March 2025 Revised Date: 19 March 2025 Accepted Date: 22 March 2025 Published Date: 24 March 2025

Abstract: *Increased digital transformation has impacted all walks of life, and the financial aspect is one of them. In order to keep pace with the transformation, digital financial literacy is a must. But despite the technological advancement, people of different ages, genders & education have different approaches and opinions regarding the selection and usage of financial products & services. The household financial decision is influenced by factors of demography such as age, gender, education, etc, of the consumers. Therefore, the present study objective lies in studying how demographic factors influence Digital Financial Literacy of household consumers in terms of selection & usage of financial products & services. Hypothesis constructed in this respect are tested using a way ANOVA test. The study's findings opined that none of the selected demographic factors influence the selection of digital financial products & services, but in the case of usage, age & education are found to be influencing, but gender has no influence. Therefore, there is a need for education campaigns to be initiated. In this study, only selected demographic factors (age, gender & education) are taken, and the other digital concepts, such as digital threats, virtual currencies, cyber security, etc, are not taken in the study.*

Keywords: *Digital Financial Literacy, Financial Decisions, Financial Literacy.*

I. INTRODUCTION

Financial literacy is the set of skills and knowledge required for decision-making with respect to the use & management of finance. Digital financial literacy is linked to knowledge about online purchasing & online payment through various modes and online banking systems (Prasad et al., 2018a). Technological innovation has rapidly grown in every sector, especially finance; thus, knowledge about digital finance has become an important aspect to meet with challenges of technological advancement (Gautam et al., 2022). Financial Literacy and digital skills enable consumers to use financial services effectively (Ray et al., 2022). With the development in IT, the financial sector has developed technologically (Fintech), improving financial services and making easier & quicker access to financial products & services, but despite the rapid development of Fintech, the literacy of the public regarding digital finance is not that much (Rahayu et al., 2022). In different studies, authors have given different dimensions to measure digital financial literacy, which is discussed in the review section of the study. The present study here discusses how demographic factors (age, gender, and education) influence digital financial literacy in terms of selection as well as usage of financial products & services.

A) Financial Literacy

Education & Understanding about money in terms of spending, saving, etc, is termed “Financial Literacy” (Melbha, 2018). Technological advancement in finance & wide range of digital & financial products & services has led to financial complexity. The competency to deal with financial problems & complexities is known as “Financial Literacy” (Azeez & Akhtar, 2020). Financial Literacy is impacted by many demographic factors, which is evident from several studies. Gender, Education background, etc, are significantly associated with financial literacy (Komara et al., 2019). Through the Regression model, the impact of Financial Literacy on getting financial access was found to be significant along with other variables such as age, education level of parents/guardians, knowledge regarding depositing & withdrawing money, etc. (Kumari et al., 2022). Gender bias was found to be the reason impacting financial literacy, as lack of education impacts their financial understanding with respect to saving & investment decisions (Bhavani, 2018).

B) Digital Financial Literacy

How an individual applies knowledge and skills to control financial resources, resulting in understanding & strengthening financial well-being and instilling financial behavior (like that of saving budgeting) and directing financial decisions is termed "Financial Literacy" (Surendar & Sarma, 2017).

With the increased penetration of mobile phones and the internet, the world of finance is not limited to documentary files; it is now part of the digital world, therefore being called digital finance. To digitally empower people, Digital India, an Indian government vision & flagship program, has been introduced. Digitalization has transformed the financial sector; therefore, Digital Financial Literacy is needed (Saini, 2019). How an individual understands financial literacy using digital technology is "Financial Literacy" (Rahayu et al., 2022). An individual`s knowledge, skill & habit of effectively using a digital device is termed "Digital Financial Literacy." Digital financial literacy is understanding the activities of digital transactions like online payment, mobile banking, Internet banking, etc (Kalyan & Sarathi, 2022). The increasing digitalisation of financial products & services has impacted the financial sector by making money manageable using smartphone technology, plastic money, etc. This has made transactions easy, quick & safe, affecting saving and spending habits and increasing the need for digital financial literacy (Shinu & Mullappallykayamkulath, 2022). With increased digitalization, the customer base has increased with the benefit of user-friendly services to consumers but external threats have exposed customers to internal risk of fraud. Thus, lack of knowledge or Financial Literacy among people was seen as a major challenge in India (Kumari et al., 2019). Without Digital Financial Literacy, the inability to transact finance, financial loss & breach of privacy are some of the challenges that users of Digital financial services will undergo (Ravikumar et al., 2022).

C) Financial Decisions

The ability to use knowledge about financial products & services to make financial decisions is one of the dimensions of Financial Literacy (Huston, 2010). Financial Decision refers to deciding the selection & use of financial resources among the alternatives available in the form of financial products & services. Financial Literacy is how an individual makes effective decisions through his skill & knowledge to understand & manage personal financial matters (Prasad et al., 2018b). In many studies, financial literacy is measured by taking financial decisions as one of the variables.

D) The objective of the Study:

1. To study the impact of demographic factors of households (Education, Gender, & Age) on Digital Financial Literacy in terms of selection of financial products & services.
2. To study the impact of demographic factors of households (Education, Gender, & Age) on Digital Financial Literacy in terms of financial products & services usage.

II. LITERATURE REVIEW

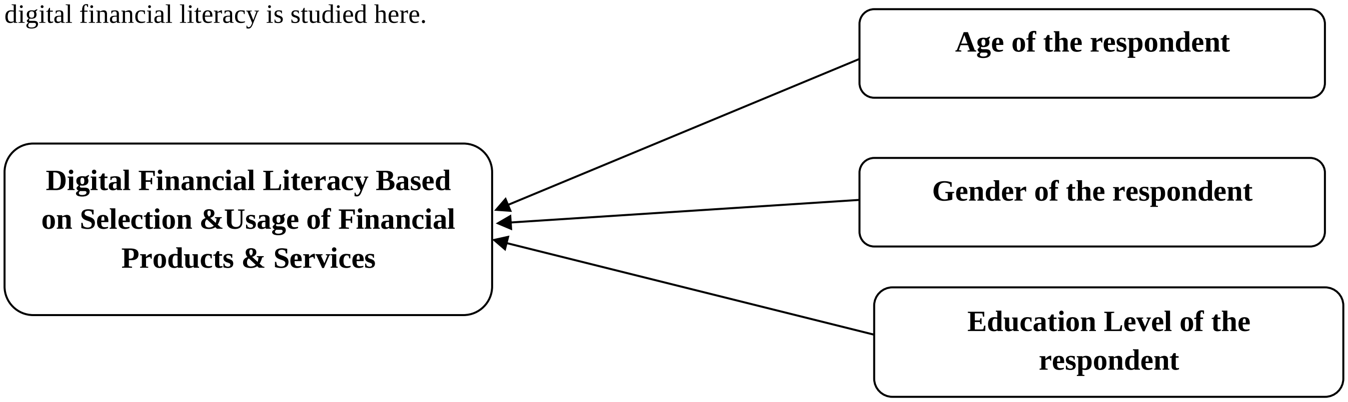
Demographic variables like age & education significantly affect digital financial literacy levels. It is evident from the study "An Analysis of Digital Financial Literacy among College Students," where the relationship between demographic variables & level of Digital Financial Literacy was measured. It was found that Postgraduate students were more literate than graduates, & Age was found to influence Digital Financial Literacy in all dimensions (Rajdev et al., 2020). Education level impacts awareness about digital platforms & their usage; more educated were found to be more aware. Influence of age, gender, etc, was also studied, and it was found that the male population is more familiar than females. Among the youth & mature age groups, males have more awareness than mature females(Prasad et al., 2018b). To determine the degree of Financial Literacy among Malaysian youth, respondents' demographic information on gender & education level was taken with three dimensions of Financial Literacy (Rahim et al., 2022). The demographic factor (Gender, Age, Education level) with respect to the usage of different payment technologies was measured. And it was found that women use more digital payment technologies than men. In terms of age, the younger generation was more likely to use online payment than the previous generation. The higher the education, the higher the probability of usage of digital payment technology (Seldal & Nyhus, 2022). The combination of financial Literacy and Digital Literacy, called Digital Financial Literacy, is necessary to access and use digital financial services. Digital Financial Literacy is measured on some dimensions like the Quality of Digital Financial Services, Practical application of Knowledge & Skill, Awareness of digital finance risk, gendered financial knowledge, etc., keeping in view demographic factors like age, education, gender, etc (Ravikumar et al., 2022).

III. RESEARCH METHODOLOGY

The sample for the study is taken from various districts of Madhya Pradesh, with a size of 101 respondents. The sampling method is convenient, and data collected is done using the primary method of questionnaire & scheduling. Collected data was analysed using SPSS. To study the impact of demographic factors of households (Education, Gender, & Age) on Digital Financial Literacy in terms of selection & usage of financial products & services, one-way ANOVA is used.

A) Framework of the Study

Various factors impact Digital Financial Literacy in terms of selection & usage of financial products & services. Therefore, in digital terms, the concept here means how an individual uses his/her financial & digital knowledge (relating to applications & online services) while undergoing financial activities through any online platform to select and use the products and services that best suit and satisfy its need. For studying a selection of financial products & services, frequency & reason for the preference for financial facilities digitally, financial products digitally, digital platforms for common utilities, digital platforms for payment, and financial services like NEFT, UPI, IMPS, etc. Usage is studied in terms of how frequently they use any digital platform for payment, general banking services via online medium, loan facility through a digital platform, deposit scheme digitally, online checkbook facility & debit card-related services online. In our study, we have also taken Demographic factors, Age, Gender, & Education level only to study their impact on Digital Financial Literacy. Demographic factors are independent variables impacting Digital Financial Literacy (Dependent Variable). How these demographic factors impact the selection & usage of digital financial literacy is studied here.



B) Research Hypothesis:

Hypothesis based on Objective 1:

H_{01})1: Education of household consumers does not influence the selection of digital financial literacy of financial products & services.

H_{01})11: Gender of household consumer does not influence the selection of digital financial literacy of financial products & services.

H_{012})12: The age of household consumer does not influence the selection of digital financial literacy of financial products & services.

Hypothesis based on Objective 2:

H_{01})2: Education of household consumers does not influence the usage of digital financial literacy of financial products & services.

H_{02})2: Gender of household consumer does not influence the usage of digital financial literacy of financial products & services.

H_{03})2: The age of household consumer does not influence the usage of digital financial literacy of financial products & services.

IV. DATA ANALYSIS & INTERPRETATION

A) Data Analysis

Table 1

ANOVA						
Hypothesis based on Objective 1		**Sum of Squares**	**Df**	**Mean Square**	**F**	**Sig.**
H_{01})1: Education of household consumers does not influence the selection of digital financial literacy of financial products & services.	Between Groups	2.024	3	.675	1.295	.281
	Within Groups	51.064	98	.521		
	Total	53.088	101			
H_{02})2: The gender of household consumers does not influence the selection of digital financial literacy of financial products & services.	Between Groups	198.709	1	198.709	.223	.638
	Within Groups	89042.545	100	890.425		

	Total	89241.255	101			
H_{03})3: The age of household consumer does not influence the selection of digital financial literacy of financial products & services.	Between Groups	.474	2	.237	.446	.642
	Within Groups	52.615	99	.531		
	Total	53.088	101			
Hypothesis based on Objective 2		**Sum of Squares**	**Df**	**Mean Square**	**F**	**Sig.**
H_{01})1: Education of household consumers does not influence the usage of digital financial literacy of financial products & services.	Between Groups	5.549	3	1.850	5.495	.002
	Within Groups	32.989	98	.337		
	Total	38.538	101			
H_{02})2: Gender of household consumer does not influence the usage of digital financial literacy of financial products & services.	Between Groups	1014.938	1	1014.938	2.331	.130
	Within Groups	43535.415	100	435.354		
	Total	44550.353	101			
H_{03})3: The age of household consumer does not influence the usage of digital financial literacy of financial products & services.	Between Groups	2.847	2	1.424	3.949	.022
	Within Groups	35.691	99	.361		
	Total	38.538	101			

B) Data Interpretation:

Table 2

Hypothesis based on Objective 1	Test	Result	Remark
H_{01})1: Education of household consumers does not influence the selection of digital financial literacy of financial products & services.	One way ANOVA	Calculated value of *p*=.281, which is more than 0.05.	The null hypothesis stands true.
H_{02})2: The gender of household consumers does not influence the selection of digital financial literacy of financial products & services.	One way ANOVA	Calculated value of *p*=.638, which is more than 0.05	The null hypothesis stands true.
H_{03})3: The age of household consumer does not influence the selection of digital financial literacy of financial products & services.	One way ANOVA	Calculated *p*-value of 0.642, which is more than 0.05.	The null hypothesis stands true.
H_{01})1: Education of household consumers does not influence the usage of digital financial literacy of financial products & services.	One way ANOVA	Calculated *p* value= .002, which is less than the significant value of 0.05	The null hypothesis is rejected.
H_{02})2: Gender of household consumer does not influence the usage of digital financial literacy of financial products & services.	One way ANOVA	Calculated *p* value = .130, which is more than .05.	The null hypothesis, therefore, stands true.
H_{03})3: The age of household consumer does not influence the usage of digital financial literacy of financial products & services.	One way ANOVA	calculated *p*-value was found to be .022, which is less than .05,	The null hypothesis is rejected

V. FINDING & DISCUSSION OF THE STUDY

Financial literacy is about effectively using financial products & services available. In a digital sense, it is about how digital financial products & services are utilized to manage finance & achieve financial goals by making appropriate financial decisions. In our study, Education & Age were found to be influencing the usage of financial products & services. In contrast, gender was found to be ineffective regarding the usage of Digital Financial Literacy. None of the demographic factors (Age, Education, & Gender) were found to be influencing the selection of digital financial products & services.

VI. SUGGESTION & CONCLUSION

Since education was found to be influencing the usage of digital financial products & services, therefore, more education campaigns must be initiated to literate people about the products that meet their requirement of effectively managing finance.

The respondent's age was also found to be influencing the usage of digital financial products & services. Therefore, the more mature an individual becomes, the better products & services it opts for.

VII. LIMITATIONS OF THE STUDY

1. The study is limited only to the household population. Population belonging to business or elite class is not taken in the study.
2. In the study, only three factors of demographic (age, gender & education level) are considered.
3. The finance activities include Savings, Investment, Payment & Remittance, and Borrowing. In the study, Investment is not taken into view.
4. In the study, only banking products & services are taken.
5. Presently, increasing digital threats are impacting financial decisions in selecting & using digital financial products & services; the present study ignores this fact.

VIII. REFERENCES

[1] Azeez N. P, A., & Akhtar, S. M. J. (2020). Gender Differences in Financial Literacy : Evidence from India. *Saudi Journal of Economics and Finance*, *4*(11), 521–522. https://doi.org/10.36348/sjef.2020.v04i11.004.

[2] Bhavani, M. (2018). A Study on Financial Literacy among the Members of Self Help Groups. *Journal of Emerging Technologies and Innovative Research*, *5*(10), 22–23.

[3] Gautam, R. S., Rastogi, S., Rawal, A., Bhimavarapu, V. M., Kanoujiya, J., & Rastogi, S. (2022). Financial Technology and Its Impact on Digital Literacy in India: Using Poverty as a Moderating Variable. *Journal of Risk and Financial Management*, *15*(7), 14. https://doi.org/10.3390/jrfm15070311.

[4] Huston, S. J. (2010). Measuring Financial Literacy. *The Journal Of Consumer Affairs*, *44*(2), 306–308. https://doi.org/10.1111/j.1745-6606.2010.01170.x

[5] Kalyan, N. B., & Sarathi, S. P. (2022). A Study on Digital Financial Literacy of Households of Kadapa, Andhra Pradesh. *International Journal of Advances in Engineering and Management (IJAEM)*, *4*(2), 1230. https://doi.org/10.35629/5252-040212301238

[6] Komara, R., Widyastuti, A., & Layyinaturrobaniyah. (2019). Financial literacy and demography characteristics among Indonesian Millenials. *International Conference of Organizational Innovation*, *100*, 84–85. https://doi.org/10.2991/icoi-19.2019.15

[7] Kumari, M., Harshitha, G., & Rakesh, N. H. S. (2019). A Study On ‘ The status of digital financial literacy among street vendors.’ *Seshadripuram Journal of Social Sciences*, 246–251.

[8] Kumari, S. S., Lakshmaiah, K., Foundation, E., Lakshmaiah, K., Foundation, E., Inclusion, F., Technology, F., & License, R. F. (2022). *A Study on Financial Literacy and its Impact on Financial Inclusion (With reference to Undergraduate Students in Hyderabad City)*. 1–16. https://doi.org/10.21203/rs.3.rs-1670694/v1

[9] Melbha.D. (2018). Importance of Financial Literacy in Rural Areas. *International Journal of Science and Research*, *9*(5), 1–2. https://doi.org/10.21275/SR20427124950

[10] Ozili, P. K. (2023). Digital finance research and developments around the world: a literature review. *International Journal of Business Forecasting and Marketing Intelligence*, *8*(1), 35. https://doi.org/10.1504/ijbfmi.2023.127698

[11] Prasad, H., Meghwal, D., & Dayama, V. (2018a). Digital Financial Literacy: A Study of Households of Udaipur. *Journal of Business and Management*, *5*(I), 23–24. https://doi.org/10.3126/jbm.v5i0.27385

[12] Prasad, H., Meghwal, D., & Dayama, V. (2018b). Digital Financial Literacy: A Study of Households of Udaipur. *Journal of Business and Management*, *5*(I), 23–32. https://doi.org/10.3126/jbm.v5i0.27385

[13] Rahayu, R., Ali, S., Aulia, A., & Hidayah, R. (2022). The Current Digital Financial Literacy and Financial Behavior in Indonesian Millennial Generation. *Journal of Accounting and Investment*, *23*(1), 78–79. https://doi.org/10.18196/jai.v23i1.13205

[14] Rahim, N. M., Ali, N., & Adnan, M. F. (2022). Students ’ Financial Literacy : Digital Financial Literacy Perspective. *GATR Journal of Finance and Banking Review*, *6*(4), 18–25. https://doi.org/10.35609/jfbr.2022.6.4(2)

[15] Rai, K., & Sharma, M. (2019). A Study on Awareness about Digital Financial Services among Students. *Proceedings of 10th International Conference on Digital Strategies for Organizational Success*, 600–602. https://doi.org/http://dx.doi.org/10.2139/ssrn.3308732

[16] Rajdev, A. A., Modhvadiya, T., & Sudra, P. (2020). An Analysis of Digital Financial Literacy among College Students. *Pacific Business Review International*, *13*(5), 32–40.

[17] Ravikumar, T., Suresha, B., Prakash, N., Vazirani, K., & Krishna, T. A. (2022). Digital financial literacy among adults in India : measurement and validation Digital financial literacy among adults in India : measurement and validation. *Cogent Economics & Finance*, *10*(1), 1–4. https://doi.org/10.1080/23322039.2022.2132631

[18] Ray, S., Morgan, P., & Thakur, V. (2022). Digital Financial Inclusion and Literacy from a G20 Perspective. *Asian Development Bank Institute*, *6*, 5. https://doi.org/https://doi.org/10.56506/ UXOQ1249

[19] Saini, S. (2019). “Digital Financial Literacy: Awareness and Access.” *International Journal of Management, IT & Engineering*, *9*(4), 201–207.

[20] Seldal, M. M. N., & Nyhus, E. K. (2022). Financial Vulnerability, Financial Literacy, and the Use of Digital Payment Technologies. *Journal of Consumer Policy*, *45*, 281–293. https://doi.org/10.1007/s10603-022-09512-9

[21] Shinu, & Mullappallykayamkulath, M. A. (2022). Digital Financial Literacy and its Impact on the Financial Behaviour of Millennials: An Empirical Investigation. *International Journal of Financial Management*, *12*(3), 10–12.

[22] Surendar, G., & Sarma, V. V. S. (2017). Financial Literacy and Financial Planning among Teachers of Higher Education – A Comparative Study on Select Variables. *Amity Journal of Finance*, *2*(1), 31–32.