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A STUDY ON DIGITAL LITERACY AND ACCEPTANCE OF DIGITAL FINANCIAL TOOLS AMONG DIFFERENT DEMOGRAPHIC GROUPS

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ABSTRACT

The widespread availability of digital financial services has revolutionized the way people handle their money, but not everyone is on board with these innovations. This study takes a look at how different demographics' levels of digital literacy relate to their willingness to use digital financial instruments. One hundred and fifty participants, spanning a wide range of ages, genders, and levels of education, filled out a structured questionnaire that provided the basis for the descriptive and analytical research. The data was examined using descriptive statistics, including mean and standard deviation, as well as cross-factor analysis. Levels of digital literacy and acceptance were measured using a five-point Likert scale. According to the research, in order to encourage digital financial adoption among all demographics, it is crucial to raise awareness and improve digital literacy through focused training programs. The results give important information for lawmakers, banks, and internet service providers to consider when developing initiatives to increase access to digital financial services while also taking demographics into account.

Keywords: Digital Literacy; Digital Financial Tools; Financial Inclusion; Demographic Factors; Technology Acceptance

I. INTRODUCTION

In today's knowledge-driven economy, digital literacy is crucial for accessing information, communicating, and participating in economic activities. As the reach of the internet and mobile devices continues to grow, more and more banking services are moving online, away from branch locations, and toward digital platforms like UPI, digital wallets, mobile banking, and internet banking. Greater efficiency, accessibility, transparency, and ease of use are all claimed benefits of these digital financial tools. Users' proficiency with digital literacy—encompassing not just fundamental technological abilities but also the capacity to comprehend, assess, and safely employ digital monetary services—is crucial to the efficient utilization of such resources.

To increase access to banking services and decrease reliance on cash, several organizations have been pushing for digital financial instruments in recent years. Digital India, the Jan Dhan-Aadhaar-Mobile (JAM) trinity, and the extensive use of UPI have all had a profound impact on the financial ecosystem in nations like India. In spite of all these improvements, digital financial instruments still have a long way to go before they are widely used and accepted. A person's propensity and capacity to embrace digital financial services are highly dependent on demographic variables such as age, gender, education, income, employment, and location. This disparity in adoption rates exemplifies the ongoing digital divide that affects many demographics.

A person's level of digital literacy depends on their familiarity with a wide range of topics, including but not limited to: online transactions, cybersecurity, privacy, and digital financial goods. People who are more comfortable with technology are more inclined to embrace and use digital financial instruments because they believe they are helpful, secure, and easy to use. On the flip side, many people—especially the elderly, those living in rural areas, women, and those from economically poor backgrounds—face substantial obstacles due to a lack of digital literacy, distrust in online platforms, and insufficient access to digital infrastructure.

Feelings of safety, utility, peer pressure, and familiarity with new technologies are some of the psychological and socio-cultural aspects that impact whether or not people embrace digital financial tools. The impact of these elements varies among demographic groupings. People who are younger and better educated are more likely to use digital financial tools because they have grown up with them, whereas people who are older may be reluctant to use them because of their habits, distrust, or fear of making mistakes. The perception and utilization of digital financial services are further impacted by gender norms, language hurdles, and regional inequities.

Given this setting, it is crucial to conduct a comprehensive study on the level of digital literacy and the acceptance of digital financial tools among various demographic groups. Finding out which demographics have the most trouble utilizing digital financial services and how much digital literacy affects adoption behavior are both important goals of this type of research. Policymakers, financial institutions, and educators can benefit greatly from the study's findings, which examine variations across age, gender, education, income, and geographical region. This information can then be used to create more focused interventions, awareness campaigns, and digital platforms that are easy to use. If we want to achieve inclusive digital finance, give people agency, and make sure that everyone shares in the advantages of technology, we must improve digital literacy across all demographics.

II. REVIEW OF LITERATURE

Karwal, Anupama et al., (2025). Focusing on demographic profiles, patterns of digital payment platform usage, and the relationship between financial literacy levels and demographic variables, this study explores the digital financial literacy of individuals in Dehradun. One hundred fifty participants filled out a standardized questionnaire. A number of statistical tests, including Pearson correlation and chi-square tests, were applied to the data using SPSS 20. Higher levels of education are associated with better digital habits, and the results show that education greatly affects digital literacy and secure transaction practices. When it came to security perceptions, however, there were clear gender variations; women felt much more protected than men. The results stress the necessity for customized initiatives that are specific to regions in order to encourage safe and inclusive financial practices, and they also show how important education is in this regard.

Chaugule, suryakant et al., (2024). To make sound financial decisions in today's tech-driven environment, one must be well-versed in digital finance. People learn how to use digital platforms and tools for budgeting, investing, and spending management. Strong digital financial literacy is associated with higher financial stability and wellness because it allows people to manage their resources more effectively and securely. The purpose of this study was to assess the significance of people's level of digital financial literacy. The data was evaluated using a one-sample t-test. Microfinance access, expense tracking, digital banking support, market analysis, debt management, investing knowledge, savings awareness, economic participation, risk management, financial literacy, and access to financial services were all found to play a significant role in

people's financial literacy. Alternatively, people's familiarity with taxation and government schemes (i.e., aid programs) have a negligible influence in their level of financial literacy.

Gumilar, Desy et al., (2024). In this age of digital disruption, financial technology has improved upon the efficiency of conventional financial service processes. One of the most crucial digital competencies for achieving financial inclusion through technology is digital financial literacy. Examining the effects of digital financial inclusion and digital financial literacy on economic inequality and financial well-being is the goal of this essay. This paper employs a systematic literature review approach, drawing on Scopus datasets covering the years 2020–2024. Findings indicate that optimizing digital financial inclusion requires digital financial literacy, that digital financial inclusion can promote greater financial well-being, and that adoption of digital financial services has the ability to decrease economic and social inequalities. While technological advancements have broadened access to financial services, obstacles remain in the area of actual use.

Pattnayak, nirmala & sahoo, rashmita. (2024). A critical factor in expanding access to financial services in India is the prevalence of digital financial literacy. With the fast digitization of financial services in India, it is crucial for people to be literate in digital financial matters. This is because digital financial literacy has the power to change people's minds, increase their understanding, and encourage them to use digital financial services. The researchers in this study set out to compare and contrast digital financial literacy levels among Indians living in urban and rural locations, as well as across different socioeconomic and demographic groups. Researchers in this study used a combination of quantitative surveys and qualitative interviews with participants from eight different districts in India, including both urban and rural areas. Several statistical analyses were performed on the primary data obtained to investigate the links between digital financial literacy and socio-demographic characteristics. These analyses included the Chi-Square Test, Cramer's V, correlation analysis, and multiple regression analysis. Education, age, and income were found to have a strong positive link with digital financial literacy, highlighting their substantial impact, according to the study. On the other hand, smaller connections indicate that other socio-demographic indicators, such as occupation and social stratification, have less of an impact on digital financial literacy. There was found to be no significant relationship between gender and any of the digital financial literacy factors, suggesting that this competency is gender-neutral. Researchers found that compared to their urban counterparts, people living in rural areas had lower

levels of digital financial literacy, indicating the presence of a digital divide between the two regions. Regression research provides more evidence that education level, age, and yearly family income are significant predictors of digital financial literacy. Government, regulator, and financial institution initiatives are the primary focus of the existing literature and prior research on digital financial literacy. Among the demand-side variables examined in this research was the extent to which social and demographic characteristics affected participants' digital financial literacy. Policymakers can use the study's key findings to pinpoint areas where financial education is lacking and develop targeted strategies based on socio-demographic parameters to increase digital financial literacy. The study also identifies the socio-demographic factors that influence digital financial literacy.

N.P., Abdul et al., (2022). A growing number of academics and government officials around the globe, particularly in India, are interested in the topic of digital financial literacy. Promoting digital financial literacy could be an effective way to attain financial inclusion. The digital divide widens between urban and rural areas as a result of digital incompetence and illiteracy brought forth by quicker internet technologies and digitalization. A large body of research indicates that digital financial literacy is significantly related to demographic variables such as age, gender, married status, education level, social group membership, religion, occupation, family size, APL/BPL status, and landholding size. Consequently, in order to increase digital financial literacy, it is necessary to establish training programs that consider all of these variables. The purpose of this research is to examine demographic variables in rural India and their potential impact on people's level of digital financial literacy. The 500 participants surveyed for the study came from rural parts of Uttar Pradesh's Aligarh region and were selected using a multi-stage selection process.

III. RESEARCH DESIGN

This study takes a descriptive and analytical approach to investigate how various demographics' levels of digital literacy correlate with their openness to using digital financial tools. Data on respondents' levels of digital literacy, patterns of usage, and acceptance of digital financial services can be systematically collected, analyzed, and interpreted with this architecture.

Population of the Study

Participants in the survey come from all walks of life and utilize a wide range of digital financial instruments such as online payment platforms, digital wallets, mobile banking, UPI applications, and more.

Sample Size and Sampling Technique

For this research, we used a random sample of 160 participants. To make sure that important demographics like age, gender, and education level are well represented, the respondents are selected using a stratified random sample technique. Different demographic groups' levels of digital literacy and acceptance can be captured by stratification.

Sources of Data

A combination of primary and secondary resources formed the basis of the study.

- **Primary Data:**

A systematic questionnaire developed for the research is used to gather primary data. The following topics are covered in the survey:

  - familiarity with and skill in using digital financial instruments
  - How often people use digital banking services
  - How well-versed in using digital technologies one is
  - user-friendliness, safety, and confidence
  - The adopting and planning to utilize of digital financial instruments

- **Secondary Data:**

Secondary data is sourced from a variety of online and offline sources, including academic journals, books, government reports, websites, and publications from the Reserve Bank of India (RBI).

Research Instrument

The study tool is a structured questionnaire that participants fill out on their own. Here is what the survey includes:

- Inquiries around demographics
- Measures of digital literacy and acceptance using multiple-choice and Likert-scale questions

Respondents from a wide range of educational backgrounds will be able to comprehend and use the instrument with ease because of its focus on clarity, relevance, and accessibility.

Data Collection Procedure

Both online and offline methods are used to gather data. We use digital tools to distribute our online surveys, and when necessary, we collect offline results through personal engagement. The academic goal of the study is communicated to participants, and they are guaranteed that their responses will remain anonymous.

Techniques of Data Analysis

Simple statistical tools are used to code, tabulate, and evaluate the acquired data, including:

- Frequencies
- Percentages
- Averages

We use comparative research to look at how different demographics do when it comes to digital financial instrument acceptability and digital literacy. The results are presented in a structured and organized way using tables.

IV. RESULTS AND DISCUSSION

Table 1: Summary of Demographic Profile of Respondents

Variable	Category	Frequency	Percentage
Gender	Male	90	56.25
	Female	70	43.75
Age Group	Below 35 years	85	53.13
	36–45 years	40	25.00
	Above 45 years	35	21.87
Education	Up to High School	30	18.75
	Graduate	65	40.63
	Postgraduate & Professional	65	40.62

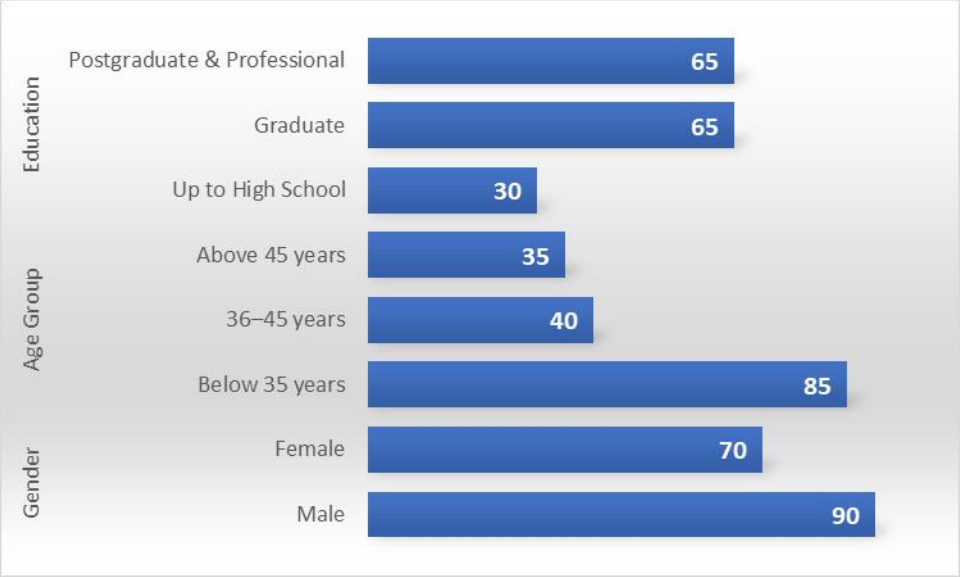

Figure 1: Summary of Demographic Profile of Respondents

Table 1 provides a snapshot of the respondent demographics broken down by age, gender, and level of education. The gender distribution of the sample is fairly balanced, with slightly more males (56.25%) than females (43.75%). This survey appears to be primarily comprised of younger and middle-aged people, as the majority of respondents (53.13%) are under the age of 35, followed by those between the ages of 36 and 45 (25.00%), and those above the age of 45 (21.87%). When

broken down by level of education, a large majority of respondents have advanced degrees; 81% of the sample consists of graduates and postgraduates/professionals, while just 18.75% have completed high school. Digital literacy levels and acceptability of digital financial instruments are expected to be impacted by the sample's relatively high educational attainment and the predominance of younger respondents, according to the demographic makeup.

Table 2: Level of Digital Literacy Among Respondents

Level of Digital Literacy	**Frequency**	**Percentage**
Low	30	18.75%
Moderate	75	46.88%
High	55	34.37%
Total	**160**	**100.00%**

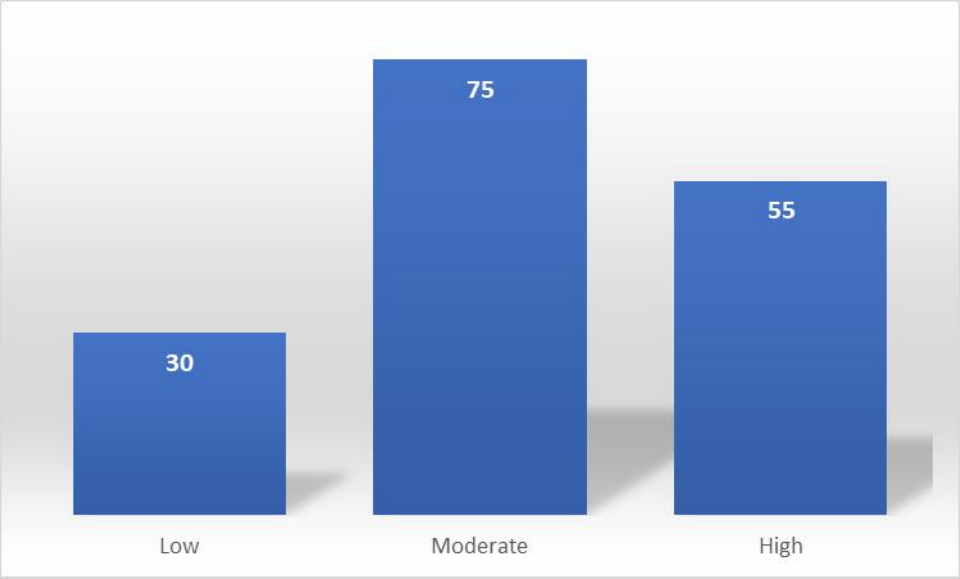

Figure 2: Level of Digital Literacy Among Respondents

In Table 2, we can see how well-versed in digital tools the respondents were. According to the findings, over half of the participants (46.88%) have a moderate level of digital literacy, which means they can utilize digital devices and the internet with basic to intermediate proficiency. A significant fraction of the participants (34.37%) demonstrate a high degree of digital literacy,

indicating a solid grasp of and comfort with digital technology, particularly digital financial instruments. On the other hand, respondents with low levels of digital literacy make up 18.75% of the total, suggesting that this demographic may have trouble making good use of digital resources. There is a clear need for focused digital literacy programs to increase inclusive adoption of digital financial instruments, since the results show that even while the majority of respondents have a moderate level of digital literacy, there is still a significant gap.

Table 3: Acceptance Level of Digital Financial Tools

Acceptance Level	**Frequency**	**Percentage**
Low Acceptance	25	15.63%
Moderate Acceptance	70	43.75%
High Acceptance	65	40.62%
Total	**160**	**100.00%**

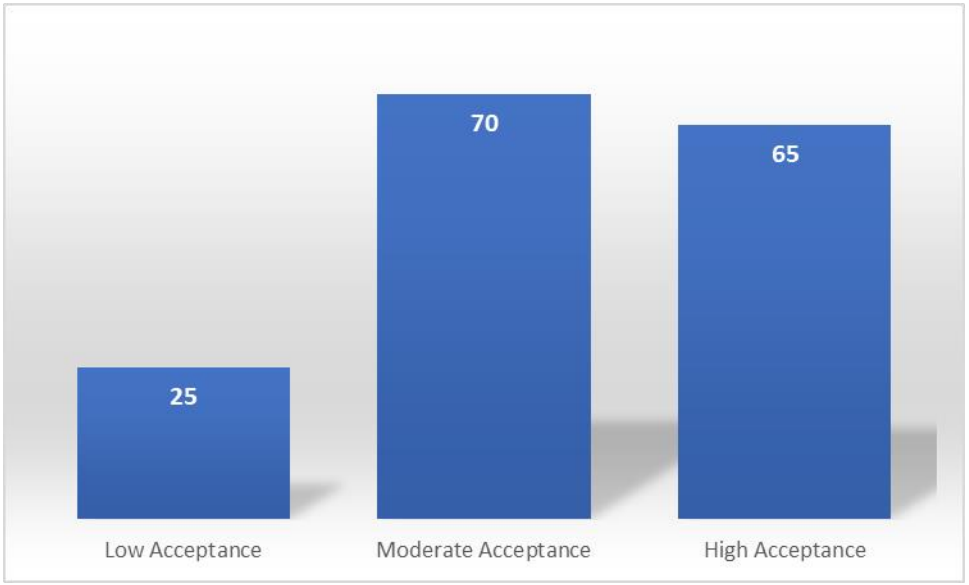

Figure 3: Acceptance Level of Digital Financial Tools

The respondents' level of acceptability of digital financial tools is seen in Table 3. According to the results, 43.75 percent of people are somewhat accepting, which suggests that they are wary but generally enthusiastic about using digital financial instruments. A sizeable portion of respondents

(40.62%) show a high level of acceptability, which indicates a strong desire, confidence, and frequent utilization of online banking. Alternatively, 15.63% of people who took the survey indicate a lack of acceptability, which could be a result of issues including a lack of knowledge, security concerns, or insufficient digital literacy. A majority of respondents demonstrated moderate to high acceptance of digital financial instruments, as shown in the table; nonetheless, it is important to overcome the challenges faced by the low-acceptance group.

Table 4: Cross-Factor Summary of Digital Literacy and Acceptance of Digital Financial Tools (Mean ± SD)

Demographic Factor	**Category**	**Digital Literacy (Mean ± SD)**	**Acceptance of Digital Financial Tools (Mean ± SD)**
Gender	Male	3.98 ± 0.61	4.12 ± 0.58
	Female	3.42 ± 0.67	3.55 ± 0.64
Age Group	Below 35 years	4.15 ± 0.54	4.28 ± 0.51
	36–45 years	3.63 ± 0.60	3.71 ± 0.59
	Above 45 years	3.12 ± 0.69	3.05 ± 0.72
Educational Qualification	Up to High School	3.05 ± 0.71	3.10 ± 0.73
	Graduate	3.78 ± 0.58	3.85 ± 0.56
	Postgraduate / Professional	4.32 ± 0.49	4.45 ± 0.47

Based on the averages and standard deviations, Table 4 shows how various demographic groups fare when it comes to digital literacy and the adoption of digital financial tools. Gender, age, and level of education are the three variables that show the most distinct differences in the outcomes. In comparison to female respondents, males have significantly better levels of familiarity, confidence, and acceptance of digital financial tools, as seen by higher mean scores for digital literacy (3.98 ± 0.61) and acceptance of such products (4.12 ± 0.58). The results of the age-wise analysis reveal that the average levels of digital literacy and acceptance are highest among respondents under 35 years old (4.15 ± 0.54) and 36-45 years old (4.28 ± 0.51), respectively. Respondents above 45 years old have the lowest average scores in these two categories. There

appears to be a correlation between age and a decrease in digital proficiency and acceptance. Respondents with a bachelor's degree or more exhibit the best levels of digital literacy (4.32 ± 0.49) and acceptance (4.45 ± 0.47), while those with only a high school diploma or less had the lowest average scores. The table shows that a person's digital literacy and acceptance of digital financial instruments are positively correlated with their age, gender, and level of education, demonstrating the impact of demographic factors on this adoption.

V. CONCLUSION

Findings from this study highlight the importance of digital literacy as a factor influencing the uptake and efficient utilization of digital financial instruments across various demographics. According to the results, people who are more tech-savvy are more likely to use online banking, digital payment systems, and other forms of digital financial services with confidence and trust. This lays the groundwork for digital financial inclusion by demonstrating the importance of digital literacy.

In addition, the study shows that digital literacy and acceptance levels are greatly affected by demographic parameters including age and educational qualification. Respondents' levels of adaptability to digital financial technologies are higher among the younger and more educated generations, whereas those with less education and less experience to the technology show signs of reluctance owing to security concerns, ignorance, and lack of exposure. Though gender inequalities do exist, they are small and usually go away as people get more tech savvy and educated.

In sum, the research shows that inclusive policy measures and targeted digital literacy programs are critically needed right now. The digital divide can be bridged and digital financial instruments can be widely accepted if stakeholders raise awareness, simplify digital platforms, and educate users to develop trust. Promoting financial inclusion and contributing to sustainable economic growth in an increasingly digital environment can be achieved by strengthening digital literacy across all demographic segments.

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