



## **Analysis of Impact of Digital Financial Services among College Students on Financial Literacy**

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### **Abstract**

Recently information technology has enhanced the functions of Indian financial institutions. A country's economic progress is significantly influenced by its banks. A comprehensive program of branch expansion, savings mobilization, and lending high-tech financial services to both literate and uneducated members of society characterize the development of banking for economic growth. The current era can be accurately said as a Digital era and it has become essential for banking and financial institutions to focus on digitalization for its survival and growth. Internet has been considered as the most valuable tool for sharing of data and other relevant information. It is the fastest medium of communication (Dr Neeraj Kasuhik, 2014). In recent years, formal financial services have grown significantly. The RBI and the Central Government take numerous actions to provide banking services and products, particularly to young people.

**Keywords:** Digital Financial Services, Financial Literacy

### **Introduction**

Digital financial services, such as payments, credit, savings, remittances, and insurance, are defined as the evaluation and provision

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of financial services via digital channels. Among the concepts of digital financial services (DFS) are mobile financial services (MFS) and online financial services. Using the internet, mobile phones (smart and feature phones), ATMs, POS terminals, NFC-equipped devices, chips, electronically enabled cards, biometric devices, tablets, and any other digital system are all considered digital channels in the context of digital financial services. Through efficient and effective technological expertise, such as the instruments required for novel technologies, such as mobile phones, electric money models, and these days, platforms for digital payment services, digital financial services (DFS) helps to bring basic financial services to the impoverished.

This study examines the following topics related to awareness of digital financial services: basic knowledge of credit and debit cards; interest rates; inflation; time value of money; perceptions of risk; and familiarity with online payment systems, SIPs, etc. The benefits of DFS can be used to insurance, remittances, credit, savings, payments, and financial information access. The goal of financial inclusion is partially attained when people are aware of (DFS), which boosts their inclination to adopt digital financial services systems. The fact that so few studies have examined students' awareness of financial services globally may be related to the difficulty financial companies face in simplifying their product offerings. By determining the students' financial literacy level, this study will help to assess their financial literacy.

### **Sampling Design**

According to the Records available with the District Statistical Hand Book 2021- 2022 in the Virudhunagar district Profile – There are 5 Arts & Science Colleges are operated in Sivakasi Taluk namely:

1. Government College – 2100 Students
2. SFR Women College – 3319 Students
3. ANJA College – 4556 Students
4. SMS College – 603 Students
5. Sri Kaleeswari College – 2309 Students

The Researcher has selected 1% of these education institution (i.e) **129 respondents** as samples selected through **Proportionate Stratified Random Sampling Method**. The following table shows the selected sample for the study.

S. No.	Colleges Name	No. of Students	Percentage (1%)	No. of Samples
1.	Government College	2100	21	21
2.	SFR College	3319	33.19	33
3.	AJ College	4556	45.56	46
4.	SMS College	603	6.03	6
5	Sri Kaleeswari College	2309	23.09	23
Total		12,887	128.87	129

Source: Computed Data

### Mostly used Digital Financial Services

The investigation has brought out the Digital Financial Services which is mostly used by the students and the results are presented in the following Table 1.1.

**Table 1.1**

### Mostly Used Digital Financial Services

S. No.	Services	No. of Respondents	Percentage
1.	Electronic payment cards (Credit/Debit cards)	36	27.91%
2.	Mobile Banking	68	52.71%
3.	E-wallets	4	3.10%
4.	Net Banking	19	14.73%
5.	EFTC (NEFT/ RTGS)	2	1.55%
6.	E-Passbook app	0	0.00%
Total		129	100.00%

Source: Primary Data

From the above Table 1.1, it is clearly visible that among 129 respondents, the respondents selected the Digital Financial Services which is mostly used by them. Out of these respondents 27.91% of the respondents are using electronic payment cards, 52.71 % of the respondents are using mobile banking, 3.10% of the respondents are using e-wallets, 14.73% of the respondents are using net banking, 1.55% of the respondents are using EFTC (NEFT/ RTGS) and 0.00% of the respondents are using the e-passbook app. It displays that majority of the 52.71% of the Students (68) are using Mobile Banking the most.

### Preferred App to make any Online Payment

The investigation has brought out the preferred app to make any online payment and the results are presented in the following Table 1.2.

**Table 1.2**

#### Preferred App to make any Online Payment

S. No.	Applications	No. of Respondents	Percentage
1.	Gpay	79	61.24%
2.	Paytm	28	21.71%
3.	Paypal	0	0.00%
4.	Amazonpay	3	2.33%
5.	PhonePe	17	13.18%
6.	Whatsapp Pay	2	1.55%
Total		129	100.00%

Source: Primary Data

From the above Table 1.2, it is clearly indicates that among 129 respondents, the respondents select the most preferred app to make any online payment. Out of these respondents 61.24% of the respondents are using Gpay, 21.71% of the respondents are using Paytm, 0.00% of the respondents are using Paypal, 2.33% of the respondents are using Amazonpay, 13.18% of the respondents are using PhonePe and 1.55% of the respondents are using the Whatsapp Pay. It reveals that majority of the 61.24% of the Students (79) are using Gpay.

### Preferred Type of Transaction

The investigation has brought out the preferred type of transaction and the results are presented in the following Table 1.3.

**Table 1.3**  
**Preferred Type of Transaction**

S. No.	Transaction	No. of Respondents	Percentage
1.	Online shopping	60	46.51%
2.	Bill payments (EB bill payment, Ticket booking)	27	20.93%
3.	Transfer of funds	27	20.93%
4.	Simple and easy access to my bank A/c	15	11.63%
Total		129	100.00%

Source: Primary Data

From the above Table 1.3, it is clearly indicates that among 129 respondents, the respondents select the preferred type of transaction. Out of these respondents 46.51% of the respondents are using for online shopping, 20.93% of the respondents are using for bill payments, 20.93% of the respondents are using for transfer of funds and 11.63% of the respondents are using for simple and easy access to Bank A/c. It shows that most of the (46.51%) Students are using for Online shopping (60).

### Frequency of Paying College Fees

The researcher has further analyzed that frequency of paying college fees by the respondents. Table 1.4 shows the results.

**Table 1.4**  
**Frequency of Paying College Fees**

S. No.	Usage	No. of Respondents	Percentage
1.	Always	62	48.06%
2.	Sometimes	58	44.96%
3.	Never	9	6.98%
Total		129	100.00%

Sources: Primary Data

It is observed from the above Table 1.4 out of the 129 respondents, 48.06% of the respondents always pay their college fees through DFS mode, 44.96% of the respondents sometimes pay their college fees through DFS mode and the remaining 6.98% of the respondents never pay their college fees through DFS mode. It makes clear that the most of the (48.06%) respondents always pay their college fees through DFS mode (62).

### Literacy Level of Digital Financial Services (DFS)

The respondents are classified based on opinion about the awareness level of digital financial services and the same information are presented in the following Table 1.5

**Table 1.5**

#### Literacy Level of Digital Financial Services (DFS)

Digital Financial Services	HA	A	M	LA	UA	Total
Electronic payment cards (Credit /Debit cards)	75 58.14%	39 30.23%	13 10.08%	1 0.78%	1 0.78%	129 100.00%
Mobile Banking	59 45.74%	55 42.64%	12 9.30%	2 1.55%	1 0.78%	129 100.00%
E-wallets / UPI	31 24.03%	47 36.43%	41 31.78%	7 5.43%	3 2.33%	129 100.00%
d) EFT (RTGS / NEFT)	53 41.09%	28 21.71%	30 23.26%	13 10.08%	5 3.88%	129 100.00%
e) Net Banking	41 31.78%	34 26.36%	27 20.93%	19 14.73%	8 6.20%	129 100.00%
f) Know about e-lobby, e-corner and E-wallets	34 26.36%	41 31.78%	35 27.13%	12 9.30%	7 5.43%	129 100.00%
g) Know the operations of the bank	40 31.01%	47 36.43%	29 22.48%	11 8.53%	2 1.55%	129 100.00%
h) Know the e-passbook app offered by the bank	45 34.88%	40 31.01%	30 23.26%	10 7.75%	4 3.10%	129 100.00%
i) Know about my banking transaction and information through Kiosk	38 29.46%	52 40.31%	22 17.05%	9 6.98%	8 6.20%	129 100.00%

Digital Financial Services	HA	A	M	LA	UA	Total
j) Know about the service cost in DFS	47 36.43%	43 33.33%	26 20.16%	9 6.98%	4 3.10%	129 100.00%

\* HA-Highly Aware, A-Aware, M-Moderate, LA-Less Aware, UA-Unaware

Source: Primary Data

The researcher has assigned the following weight to the respondent's opinion.

Highly Aware (HA) - 5 Points; Aware (A) - 4 Points; Moderate (M) - 3 Points; Less aware (LA) - 2 Points; Unaware (UA)- 1 Point.

It is observed from the above Table 1.5, out of the 129 respondents, 58.14% of the respondents are highly aware about the Electronic payment cards (Credit / Debit cards) offered by the bank (75), 45.74% of the respondents are highly aware about the Mobile Banking services offered by the bank (59), 36.43% of the respondents are aware about the E-wallets / UPI services offered by the bank (47), 41.09% of the respondents are highly aware about the EFT ( RTGS / NEFT ) offered by the bank (53), 31.78% of the respondents are highly aware about the Net Banking services offered by the bank (41), 31.78% of the respondents are aware about the e-lobby, e-corner and E-wallets services offered by the bank (41), 36.43% of the respondents are aware about the operations of the bank (47), 34.88% of the respondents are highly aware about the e-passbook app offered by the bank (45), 40.31% of the respondents are aware about their banking transaction and information through Kiosk (52), 36.43% of the respondents are highly aware about the service cost in DFS (47). It is found that most of the respondents are aware about the Digital Financial Services offered by the bank.

## Conclusion

Technological change has been unavoidable in the banking sector. The digital financial services have revolutionized today's payment system by making it very fast, easy and fare reaching. Banking services are increasingly being accessed by the student groups by using Digital Financial Services to their convenient devices. No doubt, banks are doing a great effort to create awareness about electronic banking services for their customers. But lack of infrastructure facilities in the

rural area they do not use e-banking services. The broad conclusion derived from study is that today's youth is using more e-banking services because of their literacy of computer and internet. Banking industry is the lifeline for the economy of the country in worldwide. The RBI has taken initiative to financial services literacy to the general public and promoting the utilization of e-banking services in the rural area people.

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