



Digital Financial Literacy in Rural Kerala: An Assessment

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Abstract

This paper strives to give details about Digital Financial Literacy among the rural households of Kerala. It seeks to know the relationship between the age and the level of awareness regarding different Digital financial products or services. It makes an effort to envisage if there is any relation between education level and type of investments made by the people. Further, this paper also aims to focus on the level of education and confidence level of the people in managing their funds digitally. The research analysis was conducted on a sample population of 250 respondents from various districts of Kerala. A structured questionnaire was formulated for the purpose of collecting the data. During the research, it was found to be possible to increase the income of some rural people using digital financial literacy. The analysis and findings of this research could be helpful in finding ways of improving Digital Financial Literacy among the rural people. For a country like India where most of the transactions are done physically, paving the way for Black money and Tax evasion, reformation in the monetary system is necessary to increase the usage of Digital Financial Products and blocking the loopholes in the system which are a boon for the tax evader.

Key Words: Digital Financial Literacy, Rural Kerala, Digital Financial Products and Services, Monetary System, Government Schemes.

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Introduction

Evolution is inevitable hence; evolution of Financial Literacy was inexorable in this era of extraordinary technological developments. Financial Literacy has evolved itself into Digital Financial Literacy in the recent past. Financial Literacy is a lucid concept which involves a person's ability to take decisions regarding budgeting, savings and personal finance management. While on the other hand Digital Financial Literacy is much broader and complex concept that encompasses two components-Digital Literacy and Financial Literacy. Though Digital Financial products and services were made available by various institutions in the late 20th and early 21st century around the world. It came into light in India only after 2016 because of Demonetization and more recently during the COVID-19 pandemic. This paper tries to envisage and provide a much clearer picture of Digital Financial Literacy among the rural households of Kerala.

During the course of time complexity of Digital Financial Products has been reduced significantly so that it is within the reach of marginalized and less literate sections of the society. Digital Financial Literacy is no longer a luxury in India anyone with a digital device, active internet connection and an active bank account linked with mobile phone, can realize it. Moreover, an empirical study (Agrawal & Jain, 2019) suggested that governmental schemes like Pradhan Mantri Jan Dhan Yojana, Direct Benefit Transfer, Pradhan Mantri Suraksha Bima Yojana, Pradhan Mantri Jeevan Jyoti Bima Yojana, has made digital and financial inclusion of unreached people of the country possible.

In this paper we are trying to find and establish a liaison between the age of rural respondents and the level of awareness about different Digital Financial services and products.

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This study also tries to provide a better and unclouded image about the role of education level in increasing the Digital Financial Literacy. Currently, 420 million people in India have attained Digital Financial Inclusion.

However, this number is not satisfactory when a country like (Chandramouli, 2011) India is having a population of 1210.2 million, further, 68.84% of the population comprise of rural households. Therefore, a study for knowing the level of Digital Financial literacy among the rural people was conducted, as rural population is a vital part of the Indian society to achieve a holistic and inclusive economic and financial growth of the people and the economy.

Literature Review

A study without critical review of existing literature is fragmented. Hence, literature review was conducted to know the Digital Financial Literacy level among various sections of the society. (Tony & Desai, 2020) found that 76.42% people are having Digital Financial literacy and 62.2% people are using Digital Financial Services. Thus, it can be inferred from the percentages that Digital Financial literacy contributes to Digital Financial Services usage.

(Munna & Khanam, 2021) concluded that lack of digital and financial knowledge affected the financial decision making of the people.

(Shivam Dube & Kumar Asthana, 2017) found that Financial Literacy level, Financial Attitude, Financial Behaviour and Financial Knowledge of people in Uttar Pradesh was low compared to other central zone states.

(Azeez & Akhtar, 2021) said that there existed a positive correlation between Digital Financial Literacy and with determinants like income, education, type of ration card, gender and landholding.

(Wani & Nagaraj, 2020) concluded that the tribal people of Kerala still use cash for making transactions. Many tribal are not acquainted with the digital services and thus rely on the traditional mode of banking transactions.

(Guilherme & Salema, 2017) found that women in India and many other countries are finding difficulty in choosing the financial services and products and this is because of the various social and economic barriers.

(Prasad & Meghwal, 2017) inferred that there existed a divide between people in Udaipur in regards to Digital Financial Literacy on the basis of

gender, education and the sector of occupation.

(Rai & Sharma, 2019) found that there existed a Digital Financial Literacy difference between students on the basis of gender and stream of education they are belonging to i.e.; male students were more literate compared to female and there existed a substantial difference in the knowledge between business stream and non-business stream students.

(S, 2019) inferred that the youth studying in Kerala colleges used Digital Financial products and services at a moderate level.

(Liew et al., 2020) found that the farmers who belong to the rural areas of Sarawak were moderately aware about the Digital Financial products and services but they didn't have any idea regarding the awareness and knowledge Digital Financial risk, moreover, they weren't aware about the various consumer rights available and their redress procedures. Further Digital Financial Literacy must be promoted among the socially marginalized sections for inclusive growth of the economy.

(Raju, 2020) concluded that technically backward sections of the society are still relying on the old conventional banking methods and they are reluctant to make any advancement towards the digital banking methods. The older generation people in particular feel that digital financial services are for young people and tech-savvy people, they consider that they will be cheated if they switch to the digital methods.

(Fathima, 2017) concluded that awareness programs, workshops and demonstrations of Digital Financial Services usage must be done to clear the doubts and fears of the senior citizens. Digital Banega India is one such initiative in achieving the dream of Digital India.

(Saini, 2019) according to him awareness campaigns and programs must be held by the government for the people about the use of digital instruments so that people can start using these instruments.

(Divya Meena et al., 2017) says that though Digital Financial products have reduced the time for making transaction less but, the cost levied on Digital Banking products is not affordable by a middle-income group person in India.

(Malladi et al., 2021) concluded that technological, multipart, and strong approach is required by the government for enhancing financial literacy, socio-educational inclusion. Further strict cyber laws and improved technology is obligatory for enhanced



and large coverage of people through Digital Financial Inclusion.

(Mondal, 2020) concluded that Digital transactions will be most preferred in coming years but at present, the benefit is not been shared equally by all. For this it is important to hold Digital Financial Literacy programs to meet the inter-related needs of the marginalized classes. Similarly, education must be provided at different school levels. Non-profit and private organization must provide training for Digital literacy to the common citizens of all ages.

Research Methodology

The research was conducted in the rural provinces of Kerala. In this study both Primary and Secondary data sources were relied upon. Primary data was collected through online and offline questionnaire responses and direct face-to-face conversation with the rural households helped in providing improved understanding of the level of digital financial literacy among the rural families.

Further, secondary data was collected through various books, websites, articles both offline and online, and official sites of UN and RBI.

Simple Random Sampling was relied upon to select the targeted respondents in the rural areas. The sample size was 250.

The statistical analysis tool employed in the study is the correlation test, to decipher the relationship between education level and type of digital financial investment made by the respondent; further to find out the relationship between age and level of awareness on various digital financial products/services.

Chi-square test was also conducted to compare the education level of the respondents with respect to the confidence level of respondents to manage their funds digitally.

Data Analysis and Results

The data has been analysed using SPSS (Statistical package of Social Sciences). Demographic details has been shown in (Table-4.1, Table-4.2 and Table-4.3). The correlation test has been used in Table-4.4 and Table-4.6; Chi-square test has also been used in analysing data (Table-4.5).

Demographics

The tables given below shows the demographic details of the respondents.

Table4.1.Gender

It can be seen that most of the respondents were male (59.6%)

Gender	Frequency	Percent
Female	101	40.4
Male	149	59.6
Total	250	100.0

Table4.2. Educational Status

The data shows that almost half of the respondents had done their Under Graduation (52.4%)

Educational Status	Frequency	Percent
No Schooling	17	6.8
10 th	16	6.4
12 th	31	12.4
Undergraduate	131	52.4
Post-Graduate	55	22.0
Total	250	100.0

Table4.3.Employment Status

It can be seen that most of the respondents of rural Kerala were self-employed (35.6%)

Employment	Frequency	Percent
Government job	26	10.4
Private sector	35	14.0
Self employed	89	35.6
Professional	32	12.8
Unemployed	68	27.2
Total	250	100.0

Correlation Test

Table4.4.Correlation Analysis

	Education level	Type of investment
Pearson Correlation	1	.850**

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

Interpretation

Pearson product correlation of Education level and Type of investment made, was found to be having high positively and statistically significant ($r = .850$, $P < .000$). Hence a relationship was established between these two variables. Here, we have taken level of education as an independent variable and type of Digital Financial investments made by the respondents as a dependent variable. While, reading the results from Table 4.4, we can see there is a correlation 0.805, which shows that both the variables are highly correlated.

Hence, with the help of this we can conclude that the higher level of education of some rural



respondents has inspired them to invest in Digital Financial Investments. Those with less education are comparatively less investing in Digital Financial Investments.

Chi-Square Test

Table 4.5. Chi-square Analysis

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	71.497 ^a	16	.000
Likelihood Ratio	55.691	16	.000
Linear-by-Linear Association	15.551	1	.000

a. 11 cells (44.0%) have expected count less than 5. The minimum expected count is 1.22.

Correlation Test

Table 4.6. Correlation Analysis

		Age	Mobile phone wallet	Internet Banking	Online Insurance	Online booking services	NEFT/RTGS	Credit/Debit Cards	AEPS
Age	Pearson Correlation	1							
Mobile phone wallets	Pearson Correlation	-.556	1						
Internet Banking	Pearson Correlation	-.510	.861**	1					
Online Insurance	Pearson Correlation	-.611	.822**	.727**	1				
Online booking services	Pearson Correlation	-.664	.693**	.615**	.821**	1			
NEFT/RTGS	Pearson Correlation	-.658	.748**	.698**	.857**	.778**	1		
ATM, Credit/Debit Cards	Pearson Correlation	-.540	.955**	.815**	.797**	.673**	.715**	1	
AEPS	Pearson Correlation	-.502	.485**	.435**	.544**	.497**	.552**	.459**	1
** . Correlation is significant at the 0.01 level (2-tailed).									

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Interpretation

Pearson product correlation of Age and different variables was made, it was found to be having highly negative relation. There is high negative correlation between age and level of awareness of mobile phone wallets variables, that is -.556. This shows that old people do not have great awareness about mobile phone wallets. The degree of relationship between age and Internet banking variable is -.510. This helps to understand that old people do not have great awareness about Internet banking. Further, there is high negative correlation between

Interpretation

We have taken dependent variable as confidence level of respondents to manage funds digitally and independent variable as Education level. While, reading the results from the chi-square test (Table-4.5), it rejects the null hypothesis (p<0.05) and accepts the alternate hypothesis prevailing in the study. From this we can conclude that the education level helps in contributing towards increasing the confidence of the respondents in managing their funds digitally.

age and level of awareness of buying insurance policies and paying insurance premium online variables, that is -.611. This shows that as age increases the awareness level of buying insurance and paying premium online reduces. The relation between age and online booking services is significantly negative, that is -.664. This expresses that as the age of the respondents increase the awareness level of online booking services decreases. Next, the degree of relationship among age and awareness of NEFT/RTGS is highly negative, -.658. Thus, as old people don't have knowledge about



NEFT/RTGS. The correlation between age and awareness level of Credit/Debit card is highly negative, -540. This expresses that old people are not aware about using Credit/Debit cards. Further, the relation between age and awareness about using AEPS is also highly negative, -502. This shows that as age increases awareness about using AEPS does not increase.

Conclusion

The main purpose of this study was to depict the real and just level of digital financial literacy in rural areas of Kerala. The importance of digital financial literacy is self-evident. Digital Financial Literacy is critical for the empowerment of all underprivileged parts of society in today's world, as everything is done digitally. We can deduce from this study that the well-educated rural populations of Kerala make extensive use of digital financial services, whereas a major percentage of the uneducated population does not.

Moreover, women of rural areas especially the uneducated and the elder women didn't find them suitable for the usage of these services. The main reason for this was the fear of hackers or fear of losing their hard-earned money. Hence, service providers of Digital Financial apps should try to build an interface that is user friendly for the less educated, women and elderly people.

However, this is also not enough various camps needs to be set up which gives them a physical demonstration of these services usage. We also uncovered the fact that education contributed towards increasing the confidence level of people in managing the funds digitally. During the course of the study, we also deciphered that Direct Benefit Transfer scheme was acting as a catalyst for stimulating people to acquire Digital Financial Literacy. Additionally, this scheme as also helped in increasing some people's income. Consequently, more additions and weights must be provided to this system in order to target the less advantageous parts, by the policy makers so as to achieve an inclusive Digital Financial growth in the economy.

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