Established in 2008
"बेटी बचाओ, बेटी पढ़ाओ"
University Research Resource Journal
ISSN : 2581-3730
JAYOTI VIDYAPEETH WOMEN'S UNIVERSITY, JAIPUR
Volume 6, Issue 4 (October to December, 2023)

A STUDY OF CONCEPTUAL FRAMEWORK OF DIGITAL FINANCIAL LITERACY

JV'n SHRESHTHI MISHRA, B.com LLB-II
JV'n Ms. Neha Mehra, Assistant Professor

ABSTRACT :

This paper studies the role of digital finance literacy in India. The study concludes that efforts to promote digital financial literacy in India need to be targeted towards underserved and marginalized communities, and should focus on improving access to digital infrastructure, as well as providing education and training on digital financial services. The study also highlights the need for collaboration between government, financial institutions, and technology providers to develop and implement effective strategies to improve digital financial literacy levels in India.

Keywords - financial literacy, digital finance, digital infrastructure.

INTRODUCTION :

The digital finance is a industry of a dispite still being a niche . It is a considered a response to technological development in the financial sector. Financial literacy is the ability to understand and effectively manage personal finances. In India, financial literacy is an important issue, as many people lack the knowledge and skills to manage their finances effectively. They are use of digital technologies to relize their financial solutions that support in the business in executing their operations in innovation. Recently the social and economic environment have dramatically changed the world and significantly impacted firm survival and growth. It is a integrates digital information technology with traditional financial services, and the enabling businesses to access financial services through digital channels. It is also offers a new technologies and innovation services to the financial market, they are improves the efficiency of credit allocation. Specifically, it can more efficiently deal with demand shocks and their process mortgage application, thus accelerating lending processes. The proper execution of digital financial services is necessary to carry out a smooth operation so that people can maintain their basic transactions without the fear of being affected by the virus and government can also check the spread of the disease. Digital finance inclusion, on the flip side, may also affect financial stability distressingly with excessive financial innovations. The role of digital finance, which is neglected by academics compared to other factors, in shaping corporate resilience. Digital finance also offers new technologies and innovative services to the financial market. Liquidity support is essential to the functioning of firms, access to external financial resources plays an important role in the survival and growth of firms. Digital finance is conducive to enhancing the information availability and accuracy of the traditional financial intermediaries, thereby lowering the threshold for corporate financing. Additionally, when obtaining bank financing has become more difficult in a crisis, fintech companies can also provide alternative financing sources for firms. Social and economic environments have dramatically changed the world and significantly impacted firm survival and growth in recently. Digital finance, they are neglected by academics compared to other factors, in shaping corporate resilience. It is integrates digital information

ISSN : 2581-3730

technology with traditional financial services. Digital finance is conducive to enhancing the information availability and accuracy of the traditional financial intermediaries, thereby lowering the threshold for corporate financing. Digital finance can more efficiently deal with demand shocks and process mortgage applications , thus accelerating lending processes. Moreover, based on alternative data such as third-party assessments or social network information, digital finance enables lenders to achieve a more accurate portrait of the borrowers, thereby reducing the costs of credit risk assessment.

REVIEW OF LITERATURE :

Yanchun Xia, Zhilin Qiao, and Guanghua Xie(2022) examined the relationship between digital finance and corporate resilience in Middle East and North African countries for the time period 2004-2020. They concluded that there is a positive impact of digital finance on corporate resilience.

Mohammad o. Al-smadi (2023) examines the association between digital finance and financial inclusion in middle east and north Africa region for the time period 2004- 2020. There result are expand the boundaries of financial in their countries and digital finance in enchancing.

Matloub Hussain and Avraam Papastathopoulos (2018) studied about the moderation effect of digital technology - business strategy alignment on the relationship between organizational readiness and Digital financial innovations . they concluded that they are informative for practitioners and theoreticians.

L Norden, CS Buston, W Wagner(2014) investigated are which channel , the active use of credit derivative changes and their bank behavior in the credit market for the time period 2007-2009 are the concluded that bank their large position are not consistently related to loan pricing.

Zehui Yu , Yiming Li , Lihua Dai are (2023) studied the relationship between digital finance and regional economic resilience an their perform are empirical test based on panel data for 31 provinces in China from 2011 to 2021. Their result are digital finance has a positive effect on regional economic resilience, but the effect is not consistent across subsystems.

Peter Gomber, Jascha-Alexander Koch& MichaelSiering (2017) experienced a continuous evolution in service delivery due to digitalization. The result are in the field of digital finance allows for the arrangement of academic research relatively to each other, and enables for the revelation of the gaps in research.

Ross P. Buckley ,Douglas W. Arner ,Dirk A. Zetzsche and EriksSelga (2019) are examines the long-term process of digitization of finance has increasingly combined with datafication and new technologies including cloud computing, blockchain, big data and artificial intelligence in a new era of FinTech and their result are cybersecurity and technological risks are now evolving into major threats to financial stability andnational security.

Fansheng Meng &Wanyu Zhang (2022) are find out the combination of finance and technology for the many deficiencies of traditional finance and their opportunities for green and innovative development. They result are show that digital finance can significantly improve the level of regional green innovation.

OBJECTIVE :

1. To study the conceptual background of Digital Financial Literacy campaign in India

2. To study its importance and challenges in India.

DIGITAL FINANCIAL LITERACY CAMPAIGN IN INDIA :

It was a found of that the education level is an important determinant for awareness about the digital platform and its use. Digital financial literacy is a particularly relevant in India, where the government has been actively promoting is digital financial inclusion through initiatives such as a Digital India and Jan-Dhan Yojana. Improving the digital financial literacy can ahelp individuals in India to access a financial services more efficiently, reduce the risk of fraud and financial loss, and increase their financial security and well-being. It can also help a to promote financial inclusion and contribute to the overall an economic growth and development of the country. As a result, there have been various initiatives and programs aimed at improving digital financial literacy inIndia, including the National Centre for a Financial Education's Digital Financial Literacy a Campaign and various private sector initiatives such as ICICI Bank's Digital Banking Skill Academy. With the growing adoption of digital financial services, it is becoming increasingly important for Indian citizens to have a good understanding of how to the use digital financial tools and platforms effectively. This includes using digital payment systems such as a BHIM UPI, mobile banking apps, and e-wallets, as well as a understanding concepts such as a credit scores, financial planning, and investment management.

IMPORTANCE OF DIGITAL FINANCIAL LITERACY

Digital financial literacy is crucial in India for several reasons.

First, India is a rapidly becoming a more digital economy, with a significant increase in the adoption of a digital financial services such as a mobile banking, digital wallets, and the online payment platforms. As a result, it is the important for individuals to have the necessary a knowledge and skills to the use these services effectively, securely, and efficiently.

Secondly, the digital financial literacy can a help increase financial inclusion in India, particularly among those who may be a excluded from traditional financial services. Digital financial services can provide access to financial services to those who are underserved or unserved by traditional financial institutions, and digital financial literacy can help ensure that these individuals are able to use these services effectively.

Thirdly, digital financial literacy can help individuals make informed financial decisions. With the right knowledge and skills, individuals can compare and select the best financial products and services, manage their money more effectively, and make informed decisions about investments and savings.

Finally, digital financial literacy can help protect individuals from fraud and other financial crimes. With the rise of digital financial services, there has also been an increase in cyber crime and financial fraud. Digital financial literacy can help individuals identify potential scams and frauds and take appropriate measures to protect themselves.

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CHALLENGES OF DIGITAL FINANCIAL LITERACY IN INDIA

Digital financial literacy is the ability to use digital financial services effectively and safely. India, being one of the fastest-growing economies in the world, has made significant progress in expanding digital financial services. However, there are still several challenges that hinder digital financial literacy in India. Some of these challenges are:

1. **Lack of awareness :** Many people in India are unaware of digital financial services and the benefits they offer. This lack of awareness is especially prevalent in rural areas, where access to digital infrastructure is limited.
2. **Limited digital infrastructure :** Digital financial literacy requires access to digital infrastructure such as smart phones, internet connectivity, and digital payment systems. Many people in India, particularly in rural areas, lack access to these basic amenities.
3. **Low levels of financial literacy :** Many people in India have low levels of financial literacy and may not understand basic financial concepts such as interest rates, credit scores, and savings. This lack of financial literacy can make it challenging for people to make informed financial decisions, including those related to digital financial services.
4. **Security concerns :** Security concerns such as fraud, identity theft, and cybercrime can make people hesitant to use digital financial services. This is particularly true for people who are not well-versed in digital technology and may not understand how to protect themselves from these threats.
5. **Limited language support :** Digital financial services often rely on English, which is not widely spoken or understood in India. This can create a language barrier that can prevent people from accessing digital financial services.
6. **Lack of trust in financial institutions :** Many people in India have a low level of trust in financial institutions. This lack of trust can make people hesitant to use digital financial services, particularly if they perceive them as being controlled by these institutions.

Overall, these challenges pose significant obstacles to improving digital financial literacy in India. Addressing these challenges will require a concerted effort from government, financial institutions, and other stakeholders to ensure that everyone has access to digital financial services and the knowledge to use them effectively and safely.

LIMITATIONS OF THE STUDY :

Limitations of digital financial is literacy in India While digital financial literacy is important in India, there are a some limitations and challenges that need to be addressed. One major limitation is the lack of a access to digital infrastructure, particularly in rural and remote areas. While India has made significant progress in expanding access to digital services, there are still many areas where people do not have access to basic digital infrastructure, such as high-speed internet and mobile phones. This can limit the ability of people in these areas to access digital financial services and benefit from digital the financial literacy programs. Another limitation is the lack of a awareness and trust in digital financial services among certain segments of the population. Many people in India are still skeptical of digital financial services due to concerns about security and privacy, as well as a lack of understanding of how there

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services are work. This can make it challenging to promote digital financial literacy and the encourage people to adopt digital financial services. Finally, there is a need for more targeted and effective digital financial literacy programs in a India. While there are many initiatives aimed at the promoting digital financial literacy, these programs are often generic and do not take into a account the specific needs and circumstances of the different populations. To be a effective, digital financial literacy programs need to be tailored to the needs and concerns of different segments of the population, and should be delivered in a way that is a accessible and engaging for all.

CONCLUSION :

This study found that digital financial literacy is essential in India to the promote financial inclusion, and particularly for the underserved and marginalized communities. It is also highlighted the importance of a digital financial literacy in reducing the cost and inconvenience associated with traditional banking services, and in the promoting the uptake of digital financial services. However, the study also a identified several limitations and challenges to promoting digital financial literacy in India. These include the digital divide, with many people lacking access to digital infrastructure and services, and a lack of awareness and understanding of digital financial services among many people in India.

The study concludes that efforts to promote digital financial literacy in India need to be targeted towards underserved and marginalized communities, and should focus on improving access to digital infrastructure, as well as providing education and training on digital financial services. The study also highlights the need for collaboration between government, financial institutions, and technology providers to develop and implement effective strategies to improve digital financial literacy levels in India.

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