

# “Navigating Financial Literacy In The Digital Era: Strategies For Success”

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## Abstract:

In today's digital era, financial literacy is an important concept. With the rapid advancements in technology and the widespread use of digital platforms for financial transactions, individuals need to possess the knowledge and skills to understand the complexities involved in managing finances digitally.

Financial literacy in the digital era includes understanding concepts such as online banking, digital wallets, cryptocurrencies and investment platforms. It involves being able to evaluate the security and reliability of online financial services, protect personal information from cyber threats and make informed decisions about digital transactions.

Moreover, individuals need to be aware of the potential risks associated with online financial activities such as identity theft, phishing scams and fraud. Developing financial literacy in the digital age empowers individuals to make responsible financial choices, effectively manage their money and safeguard their financial well being in an increasingly interconnected and digitized world.

The present study is undertaken to highlight the importance of financial literacy in the digital era. The data is being collected from the customers of SBI branch, Palakkad RBO. The study will benefit the bank to find out the awareness level, usage and whether they are digitally skilled for using the bank's applications.

**Keywords:** Financial Literacy, Digital Era, Awareness, Usage, Digital Applications

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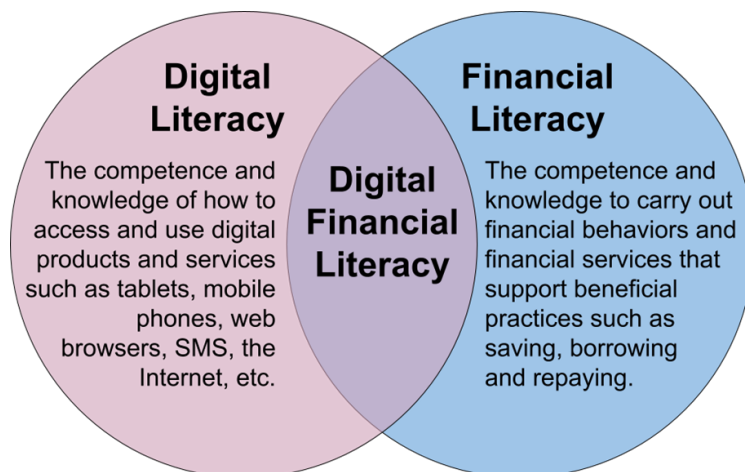
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## I. Introduction:

Digital Financial Literacy refers to the ability of individuals to understand and use digital technologies to manage their financial affairs, such as online banking, mobile payments, and digital wallets. Digital financial literacy (DFL) is likely to become an increasingly important aspect of education for the Digital Age. Individuals will become more responsible for their own financial planning, including for retirement. Consumers will need to have increasing financial sophistication to make effective use of financial technology (fintech) products and avoid fraud and costly mistakes.

An overview of digital financial literacy, which combines the skills needed to navigate financial services with the skills to use digital technologies.



**Digital financial literacy combines the skills needed to navigate financial services with the skills to use digital technologies.**

Depending on the user’s proficiency, technology such as internet browsers and mobile devices may help or hurt access to financial tools. Someone with high skills in technology would have an easier time buying and selling cryptocurrency. Someone with low skills in technology may struggle to access an online bank account.

#### Application of Digital Financial Literacy in Banks:

Digital banking involves the digitization of all traditional banking products, processes, and activities to serve customers through online channels.

Most frequently, they include the following operations and activities (all the traditional banking services that are available 24/7 on mobile phones, computers, and compatible smart devices, without the need for a customer’s presence in the bank branch):

- Obtaining bank statements
- Cash withdrawals
- Transfer money
- Checking/savings account management
- Opening a digital bank account
- Loan management
- Bill payments
- Cheques management
- Transaction records monitoring

Obviously, digital banking software makes all traditional services easier to access, understand and manage.

For assessing all the above services an individual should be financially literate. An individual with low income, residents in rural areas, elderly people etc should be able to assess the services. The banks should develop their applications in a way it could be assessed by all kinds of people. The banks should provide sufficient tutorials, descriptions etc in their website related to the usage of applications. Now a days all the banks are using online platforms to make their customers more convenient with 24 x 7 support.

#### Benefits of being digitally literate:

1. **Convenience:** Digital literacy allows customers to perform various banking transactions from the comfort of their homes or offices. This includes activities like transferring funds, paying bills, and managing accounts online, without the need to visit a physical branch.
2. **24/7 Access:** With digital literacy, customers can access their bank accounts and perform transactions at any time of the day or night, even outside of traditional banking hours. This flexibility is particularly beneficial for individuals with busy schedules or those who require immediate access to banking services.
3. **Cost Savings:** Digital banking often reduces operational costs for banks, and these savings can be passed on to customers in the form of lower fees or higher interest rates on savings accounts. Additionally, customers can save money on transportation costs associated with visiting a physical bank branch.
4. **Security:** While digital banking comes with its own set of security risks, being digitally literate enables customers to understand and implement best practices for securing their online accounts. This includes using strong passwords, enabling two-factor authentication, and being cautious of phishing attempts.
5. **Access to a Wide Range of Services:** Digital banking platforms typically offer a wide range of services beyond basic transactions, such as investment management, loan applications, and financial planning tools. Being digitally literate allows customers to take advantage of these additional services to better manage their finances.
6. **Efficiency:** Digital banking processes are often faster and more efficient than traditional methods. Tasks that might take days to complete through a physical branch can be done online in a matter of minutes, reducing wait times and streamlining the overall banking experience.
7. **Remote Assistance:** Many banks offer digital channels for customer support, including live chat, email, and phone support. Being digitally literate enables customers to access help and assistance remotely, without the need to visit a branch in person.

#### State Bank Of India

State Bank of India (SBI) a Fortune 500 company, is an Indian Multinational, Public Sector Banking and Financial services statutory body headquartered in Mumbai. The rich heritage and legacy of over 200 years, accredits SBI as the most trusted Bank by Indians through generations.

SBI, the largest Indian Bank with 1/4th market share, serves over 48 crore customers through its vast network of over 22,405 branches, 65,627 ATMs/ADWMs, 76,089 BC outlets, with an undeterred focus on innovation, and customer centricity, which stems from the core values of the Bank - Service, Transparency,

Ethics, Politeness and Sustainability.

The Bank has successfully diversified businesses through its various subsidiaries i.e SBI General Insurance, SBI Life Insurance, SBI Mutual Fund, SBI Card, etc. It has spread its presence globally and operates across time zones through 235 offices in 29 foreign countries.

Growing with times, SBI continues to redefine banking in India, as it aims to offer responsible and sustainable Banking solutions.

Digital SBI: Some of the services/applications provided by SBI are:

1. E-Ticketing: The customers can book air ticket, railway, bus ticket through online SBI.
2. SBI E-tax: The customers can pay income tax, TDS, indirect tax, corporate tax, wealth tax through SBI E-tax.
3. Eztrade@SBI: It offers a truly satisfying experience of online investing - anyplace, anytime. This service provides you with a 3-in-1 account which is an integrated platform of Bank Account, Demat Account and an Online Trading Account to give you a convenient and paper free trading experience under one roof. Buying and selling of shares is now just a click away.
4. Demat Account statement: OnlineSBI enables you to view Demat account statement and maintain such accounts. The bank acts as the depository participant. In the third party site, the customers can mark a lien on the Demat accounts and use the funds to trade on stock using funds in your SBI savings account. The customers can view Demat account details, and generate the statements such as statement of holding, statement of transactions, statement of billing.
5. Fund transfer: The Funds Transfer facility enables the customer to transfer funds within the individuals accounts in the same branch or other branches. The customer can transfer aggregating Rs.5 lakhs per day to own accounts in the same branch and other branches. To make a funds transfer, the customer should be an active Internet Banking user with transaction rights. Funds transfer to PPF account is restricted to the same branch.
6. Cheque book request: Cheque book can be requested for any of the Savings, Current, Cash Credit, and Over Draft accounts through online. The customers can opt for cheque books with 25, 50 or 100 cheque leaves. They can either collect it from branch or request the branch to send it by post or courier.
7. BHIM SBI Pay: “BHIM SBI Pay” (UPI App of SBI) is a payment solution that allows account holders of all Banks participating in UPI to send money, receive money and do online bill payments, recharges, shopping, etc. using their smartphones.
8. Yono: YONO Cash is a unique feature available in the YONO platform (both on the App as well as the online portal). It enables an account holder to withdraw money instantly from any of the SBI ATMs and most of SBIs Merchant POS terminals or Customer Service Points (CSPs) within India **without using any physical card** or filling up any physical withdrawal slip.
9. SBI WhatsApp banking: SBI WhatsApp Banking services have been launched to address all the Banking queries. Simply scan the QR using the mobile and avail the services offered such as get balance, mini statement (upto 10 transactions), account statement (upto 250 transaction), NRI services, pension slip service etc.
10. SARAL: Simplified single user transactional product ideally suited for sole proprietorship concerns, micro enterprises or individual businessmen who require online transaction facility in their firm's accounts. The product provides transaction rights to the user involving transfer of funds to own or third party accounts up to a limit of Rs.5 lakhs per day.

**List of SBI branches under RBO-Palakkad**

SL. NO	BRANCH NAME	U/SU/R
1	RBO 4 PALAKKAD	Urban
2	PALGHAT A D B	Urban
3	T B ROAD, PALAKKAD, CHITTUR TOWN	Urban
4	PALAKKAD	Semi urban
5	MANKARA	Semi Urban
6	OLAVAKKOT	Urban
7	CIVIL STATION PALGHAT	Urban
8	SSI KANJIKODE	Semi urban
9	KERALASSERY	Semi urban
10	PUDUPPARIYARAM	Semi urban
11	PALGHAT TOWN	Urban
12	MERCY COLLEGE CAMPUS	Urban
13	CHITTOOR	Semi urban
14	MUTHALAMADA	Semi urban
15	KUNNATHURMEDU	Urban
16	VADAKKANATHARA	Urban
17	VICTORIA COLLEGE	Urban

18	MEENAKSHIPURAM	Rural
19	NRI PALAKKAD	Urban
20	KONGAD	Semi urban
21	MALAMPUZHA ROAD	Urban
22	MARUTHARODE	Urban
23	KODUVAYUR TOWN	Semi urban
24	NEMMARA	Semi urban
25	KOLLENGODE	Semi urban
26	ELAPPULLY	Semi urban

Here the branches I have selected for my study are:

Urban	Semi-Urban	Rural
RBO 4, Palakkad	Palakkad	Valayar
T B Road, Palakkad, ChitturTown	Mankara	Tattamangalam
Olavakkot	SSI, Kanjikode	Ozhalapathy
Civil Station, Palakkad		

**Content:**

**Objectives:**

1. To understand the awareness level of customers related to digital banking applications of SBI.
2. To analyse whether financial educational programmes are suitable for the customers of SBI.
3. To analyse the usage level of applications by the customers of SBI.
4. To suggest suitable measures that could improve the literacy level of customers.

**II. Research Methodology:**

The present research design adopted in the study was descriptive nature. The study is based on both primary and secondary data. The data has been collected from customers through the structured questionnaire and interview. There are 45 branches of SBI in Palakkad RBO. Out of that 10 branches in random has been selected for the study. Data has been collected from 50 customers each i.e  $10 \times 50 = 500$ . Out of that valid data is from 477 respondents. As per Cochran, the formula for unknown population to collect the samples is

**III. Literature Review:**

1. Tiina Kaskelainen & etal(2023) in the article “Financial Literacy in the digital age – A research agenda”. The study aimed to explore how digitalization affects individuals financial literacy and financial capability. The study focus on papers that had their core on the intersection of finance and digital technologies. Three main themes were identified in the intersection of finance and digitalization: Fintech, Financial behaviour in digital environment and behavioural intervention. The study contributed to existing research by proposing a framework for Digital Financial Literacy and Financial capability and a research agenda for future studies.
2. Wael Abdallah & etal(2024) in the article “ The impact of Digital Financial Literacy on financial behaviour: Customers’ perspective”. The study aims to examine the nexus between digital financial literacy and customers perceived financial behaviour within the Kuwaiti context. The data was collected through questionnaire and was analyzed using PLS-SEM approach. The study concluded that there is a significant relationship between digital financial literacy and financial behaviour. In conclusion financial knowledge, awareness and decision making were the factors that had the most significant impact on financial behaviour.
3. Serin Peter & etal(2024) in an article “Navigating the digital financial landscape: unraveling the impact of financial behaviour traits on women-owned enterprises in the new normal perspective”. This study provides insight into the interplay of entrepreneurs digital financial literacy, entrepreneurs financial competency and entrepreneurs financial skills impacting entrepreneurs financial decision making. Data was gathered from 223 active women entrepreneurs from India. The data was analyzed using regression. The outcome showed that an entrepreneur with sound EDFL, EFS, EFC can significantly enhance strategic decision making. The research also showed that EFDm is a consistent predictor of the financial performance of women-owned enterprise.

**Statement of the problem:**

In the rapidly evolving landscape of the digital era, financial literacy has become crucial for individuals to navigate effectively. As now a days there are lot of digital applications, individuals are confronted with a vast array of options and information often leading to confusion and misinformation. Furthermore the shift towards digital banking and electronic transactions has raised concerns about privacy, security and data breaches, amplifying the need for individuals to be vigilant and well informed. In the light of

these challenges, there is a critical need to develop comprehensive strategies that address the intersection of financial literacy and digital technologies.

**Data Analysis:**

Percentage Analysis:

Based on age:

**Table 2.1**

Age	No.of respondents	% of respondents
Below 20	62	13%
21 – 30	173	36%
31 – 40	156	33%
41 – 50	42	8%
Above 50	44	9%
Total	477	100%

Source: Survey data

Interpretation: The above data shows that majority of the respondents are between the age group of 21-30 and the least respondents are between the age group of 41-50.

Based on gender:

**Table 2.2**

Gender	No.of respondents	% of respondents
Male	321	67%
Female	123	26%
Others	33	7%
Total	477	100%

Source: Survey data

Interpretation: The above data shows that majority of the respondents are male and the least respondents belongs to other category.

Based on Education:

**Table 2.3**

Education	No.of respondents	% of respondents
Diploma	23	5%
UG	156	33%
PG	231	48%
PhD	34	7%
Others	33	6%
Total	477	100%

Source: Survey data

Interpretation: Out of 477 respondents majority of them are post graduates and the least respondents are diploma holders.

Based on occupation:

**Table 2.4**

Occupation	No.of respondents	% of respondents
Private sector	152	32%
Public sector	184	39%
Business	102	21%
House wife	24	5%
Others	15	3%
Total	477	100%

Interpretation: Majority of the respondents belongs to public sector employees and the least number of respondents are doing other jobs.

Based on income level:

**Table 2.5**

Income	No.of respondents	% of respondents
Below 50,000	123	26%
51,000 – 1,00,000	201	42%
1,01,000 – 1,50,000	97	20%
1,51,000 – 2,00,000	44	9%
Above 2,00,000	12	3%
Total	477	100%

Source: Survey data

Interpretation: Majority of the respondents earns income between 51,000 – 1,00,000 and the least respondents are above 2,00,000.

Based on experience(using digital applications):

**Table 2.6**

Experience	No.of respondents	% of respondents
0 – 5 yrs	301	63%
6 – 10 yrs	153	32%
11 – 15 yrs	23	5%
16 – 20 yrs	-	
Above 20 yrs	-	
Total	477	100%

Source: Survey data

Interpretation: Majority of the respondents have started to use digital applications between 0- 5 yrs and the least between 11-15 yrs.

Confident in the ability to recognize cybersecurity measures:

**Table 2.7**

Cybersecurityawareness	No.of respondents	% of respondents
Strongly Disagree	3	0.6%
Disagree	12	3%
Neutral	6	1%
Agree	287	60%
Strongly Agree	169	35%
Total	477	100%

Source: Survey data

Interpretation: Most of the respondents are confident in the ability to recognize cybersecurity issues and only least number of respondents are not confident in understanding cybersecurity measures.

Regular Usage of digital applications(Habit):

**Table 2.8**

Habit	No.of respondents	% of respondents
Strongly Disagree	6	1%
Disagree	31	6%
Neutral	9	2%
Agree	296	62%
Strongly Agree	135	28%
Total	477	100%

Source: Survey data

Interpretation: Most of the respondents regularly uses digital applications of the bank and only least number of respondents disagree with the usage of applications.

ANOVA:

H0: There is no significant difference between digital financial literacy and geographical location

H1: There is significant difference between digital financial literacy and geographical location.

**Table 2.9**

	Sum of Squares	df	Mean Square	F	Sig.
Digital Financial Literacy Between Groups	672.12	2	336.06	43.74	.000
Within Groups	3641.82	474	7.68		
Total	4313.94	476			

Source: SPSS

Interpretation: Here the p value is .000 which is less than the significance level 0.05 which means that the null hypothesis is rejected and it says that there is significant difference between digital financial literacy and geographical location.

Correlation:

**Table 2.10**

Correlation between Financial Education Programme and Usage of Digital Application

		Financial Education Programme	Usage of Digital Applications
Financial Education Programme	Pearson Correlation	1.000	.877
	Sig. (2-tailed)		.000
	N	477	477
Usage of Digital Applications	Pearson Correlation	.877	1.000
	Sig. (2-tailed)	.000	
	N	477	477

Source: SPSS

Interpretation: As the r value shows 0.877, there is high relationship between the variables- Financial Education Programme and Usage of Digital Applications which means that as the bank provides more financial education programmes to the customers, the usage of the digital applications also increases.

#### **IV. Findings/Suggestions:**

Findings:

1. The study shows that majority of the individuals have started to use online banking, digital applications etc of SBI within 0-5 years.
2. Majority of the individuals opines that they are confident in the ability to recognize cybersecurity measures related to online banking in SBI.
3. The survey conducted shows that most of the respondents have the habit of regularly using the digital applications of SBI.
4. The ANOVA calculation shows that there is a significant difference between digital financial literacy and geographical location. The literacy level differs based on the location(urban, semi-urban, rural).
5. The correlation value shows that, if the bank provides more financial education programmes, the individuals will use the digital applications more.
6. Most of the respondents opines that they have the ability to adapt to changes and updates in digital application of SBI.

Suggestions:

1. The bank should find out the reasons for the dissatisfaction of the customers towards digital applications.
2. The bank should give importance to rural areas also in providing financial educational programmes.
3. The bank can provide rewards, discount or entry into prize drawings for customers who complete online tutorials, attend workshops or refer friends to sign up for digital banking.
4. Encourage customers to provide feedback on their digital banking services and ask them to suggest areas for improvement
5. The bank can conduct personalized training sessions which involves scheduling one-on-one session with bank staff to address specific questions or concerns.

## **V. Conclusion:**

The study was conducted to know the digital financial literacy level of customers in SBI-Palakkad RBO. Majority of the customers are satisfied with the online banking, digital applications etc and many of the individuals are confident in handling the applications. The study shows that digital financial literacy differs based on geographical locations, therefore the bank should focus on rural areas too in providing literacy programme.

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