

Financial Literacy Education among College Students Concerning Digital Finance and Mobile Banking

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Abstract

In today's digital world, the use of mobile banking and digital finance tools such as Google Pay, PhonePe, and Paytm has become widespread among college students. However, limited financial literacy and awareness about digital safety often lead to problems like overspending, poor money management, and exposure to online fraud. This study aims to analyze the financial knowledge, usage patterns, and challenges faced by students while using digital finance. A descriptive research design was adopted, collecting data from 132 college students through structured questionnaires (Google Forms), with analysis done using MS Excel and SPSS. Findings reveal a moderate positive relationship between financial literacy and digital finance usage, while factors like security awareness, spending habits, and financial management skills greatly impact their financial behavior. The study recommends promoting financial education programs and awareness initiatives by colleges, banks, and digital payment companies to encourage safe, responsible financial practices among students.

Keywords: Digital Finance, Financial Literacy, Mobile Banking, Digital Safety, Spending Habits, Financial Management, Online Fraud, Financial Education, Awareness Programs.

1. Introduction

In today's world, technology is changing how people handle money. With the rise of digital finance tools like mobile banking, online payments, and financial apps, financial services have become faster, easier, and more accessible. This is especially important in developing countries like India, where platforms like UPI, PhonePe, and Paytm have revolutionized digital payments, allowing people to conduct transactions effortlessly and securely. These innovations have been a game changer, particularly in areas where many people still don't have access to traditional banking services or financial knowledge.

Studies (Mu, 2023) show how digital finance improves a company's performance and helps businesses adopt sustainable practices. Similarly, (Daud, 2022) found that digital finance, marketing, and payment systems can boost the financial performance of small businesses in Indonesia, while (Frimpong, 2022) highlighted that financial literacy improves access to digital finance and business success in Ghana. Other research such as (Parul Tandan, 2024) and (Liu, 2024) emphasize the growing importance of technologies like Artificial Intelligence and digital finance in improving

business efficiency, governance, and innovation. Meanwhile, (Tiina Koskelainen, 2023) and (Annmaria Lusardi, 2023) point out that financial literacy is still lacking in many areas, and improving it is necessary for people to safely and smartly use digital financial tools. These studies show that digital finance and financial literacy are closely connected, and both are needed to support financial inclusion, improve business performance, and reduce inequality.

A. Background Information

With the growth of technology, digital finance, and mobile banking services have become very popular, especially among the younger generation. Apps like Google Pay, PhonePe, Paytm, and Internet banking services are commonly used by college students for making payments, transferring money, and managing their daily expenses.

However, many students do not fully understand how these systems work or how to protect their money while using them. Some students may overspend, fall for scams, or struggle with managing their money wisely. This shows a clear need for financial literacy education that focuses not just on traditional money matters but also on digital finance and online safety.

B. Research Problem

Even though college students actively use digital finance and mobile banking apps, many of them lack proper financial knowledge and awareness about safe digital practices. This creates problems like poor money management, overspending, and falling victim to online scams. The problem is that students are using these financial tools without fully understanding them. This study tries to discover how much students know about digital finance and mobile banking, what problems they face while using them, and how financial education can help improve their knowledge and habits.

C. Significance of the Research

This research is important because it highlights the growing need for financial education in the digital age. It will help colleges and educational institutions understand how much students know about digital finance and mobile banking. Based on this, they can plan useful financial literacy programs and workshops to teach students how to manage their money smartly and safely. It will also make students more aware of digital risks like fraud, scams, and overspending, and teach them how to handle their finances responsibly. Additionally, the findings will help banks, mobile payment companies, and policymakers create better awareness campaigns and services tailored for young people. Overall, this study aims to promote safe and smart financial habits among college students.

2. Literature Review

A. Overview

Recent research highlights the growing role of digital finance in improving business performance, financial inclusion, and ESG practices worldwide. Studies show that digital finance reduces financial barriers, especially for SMEs in developing regions, enhancing sustainable growth ((Mu, 2023); (Daud, 2022); (Frimpong, 2022)). Financial literacy emerges as a key factor, enabling better use of digital tools, improving financial decisions, and promoting inclusion across diverse groups and economies ((Tiina Koskelainen, 2023); (Annamaria Lusardi, 2023); (Morshadul Hasan, 2021)).

Artificial Intelligence and Machine Learning are transforming financial accounting, boosting efficiency but also raising concerns about data privacy and job security (Parul Tandan, 2024). Digital finance also fuels innovation and regional economic growth, as seen in China's BRI cities (Xiaoling Song, 2025). Research stresses the importance of combining financial literacy with accessible digital platforms to enhance financial well-being, especially for vulnerable groups ((M. M. Naeser Seldal, 2022); (Georgios A. Panos, 2020); (Arindam Laha, 2022); (Mirza Yuneline, 2023)). Lifestyle and digital habits also shape transaction behavior, particularly among students and young consumers.

Green finance studies suggest incentives like tax benefits and guarantees are crucial to attract private investment for sustainability projects (Farhad Taghizadeh-Hesary, 2019). Meanwhile, digital finance continues to bridge gaps in financial inclusion but faces persistent challenges like inequality and trust, especially in rural and developing contexts ((Ozili, 2018); (Liu, 2024); (Martina Rašticová, 2025); (Joydeep Mookerjee, 2025)).

Lastly, customer satisfaction in mobile and digital banking is driven by system quality, security, and user experience, with trust playing a central role in fintech adoption ((Rishikesh Panthi, 2024); (Nikolina Palamidovska-Sterjadovska, 2025); (Mohammed A. Al Doghan, 2025)).

B. Key Theories

The studies in the literature review are based on some essential ideas. One is that digital tools and financial knowledge help businesses and people manage money better and grow faster. Another idea is that financial literacy (knowing how to handle money) leads to smarter financial decisions and better financial health. Some papers also show that new technology like digital banking and mobile payments spreads faster when people find it easy and useful. Trust, ease of use, and clear benefits are key reasons why people and businesses choose to adopt digital financial services.

C. Gaps in the Literature

Even though many studies talk about digital finance and financial literacy, there are still some areas that need more research. Most of the studies focus only on small businesses or students, so there's less information about big companies or different regions, especially in poorer or rural areas. The long-term effects of using digital tools like how they affect jobs and financial stability are not fully explored. Some studies also point out gaps in financial knowledge between different groups, like age, gender, or income, but don't give clear solutions. Finally, while trust and cybersecurity are very important for using digital banking, these topics need more attention in future research.

3. Objectives

- To assess the level of financial literacy among college students.
- To evaluate students' awareness and usage of digital finance tools.
- To analyze the challenges faced by students in mobile banking.
- To identify common financial mistakes made by students due to a lack of financial education.

4. Research Methodology

Research is a systematic study aimed at gaining knowledge and insights. This study focuses on financial literacy among college students, specifically their awareness, understanding, and use of digital finance and mobile banking. It aims to assess the impact of financial education on their decision-making and identify ways to improve their digital financial skills.

A. Research Design

The study uses a descriptive research design to assess college students' financial literacy, awareness, and usage of digital finance and mobile banking. It aims to identify knowledge gaps, common challenges, and the impact of financial education on students' financial behavior.

B. Data Collection Methods

Both primary and secondary data were used.

- Primary data was collected through a structured Google Forms questionnaire with Likert scale questions, covering demographics, financial knowledge, digital finance usage, challenges, and perceptions.
- Secondary data was gathered from research papers, journals, financial reports, and government publications to support the study and identify research gaps.

C. Sampling Method

The study targeted college students (undergraduate and postgraduate) using a convenience sampling method, chosen

for its ease and ability to access a diverse student group. A total of 132 students (74 males, 58 females) participated.

D. Data Analysis and Techniques

Data was analyzed using MS Excel and SPSS. Descriptive statistics, Pearson Correlation Analysis, and Regression were applied to identify relationships and trends in financial literacy and digital finance usage.

5. Hypothesis

- **Null Hypothesis (H₀):** Financial literacy-related factors (understanding of basic finance, financial scams, spending habits, security awareness, and learning

methods) do not significantly impact the use of digital finance among college students.

- **Alternative Hypothesis (H₁):** Financial literacy-related factors significantly impact the use of digital finance among college students.

6. Result

1. Descriptive Statistics

Descriptive statistics summarize and interpret data, providing insights into trends, central tendencies, and variability. They help organize complex data into meaningful patterns, making it easier to understand distributions, relationships, and key characteristics without drawing causal conclusions.

Table 1: Descriptive Statistics

	N Statistic	Minimum Statistic	Maximum Statistic	Mean Statistic	Std. Deviation Statistic	Skewness	Kurtosis
						Statistic	Std. Error
Understanding of Basic Finance	132	2	5	4.34	.770	-.979	.211
Awareness of Digital Finance	132	1	5	4.02	.920	-.642	.211
Use of Digital Finance	132	1	5	3.79	1.172	-.703	.211
Awareness of Security in Online Payments	132	1	5	3.55	1.213	-.595	.211
Challenges in Mobile Banking	132	1	5	3.60	1.083	-.642	.211
Spending Habits	132	1	5	3.47	1.251	-.501	.211
Awareness of Financial Scams	132	1	5	3.58	1.133	-.562	.211
Common Financial Mistakes	132	1	5	3.48	1.263	-.612	.211
Importance of Financial Education	132	1	5	3.64	1.262	-.533	.211
Preferred Learning Method	132	1	5	4.02	.992	-1.189	.211
Valid N (listwise)	132						1.469

Interpretation: Students have good financial knowledge (Mean = 4.34) and are aware of digital finance (Mean = 4.02), but their actual usage is a bit lower (Mean = 3.79). They face moderate issues with security (Mean = 3.55) and mobile banking (Mean = 3.60). Spending habits and scam awareness are average. Students agree financial education is important (Mean = 3.64) and prefer flexible, modern learning methods (Mean = 4.02). Overall, the data reflects a decent level of financial awareness with room for improvement, especially in usage, safety, and behavioral aspects

2. Pearson Correlation Analysis

Correlation analysis identifies relationships between variables to understand patterns, predict behaviors, and support data-driven decisions. In this analysis, Digital Finance Usage is the dependent variable, with five independent variables: Basic Finance Understanding, Digital Finance Awareness, Spending Habits, Security Awareness in Online Payments, and Preferred Learning Method.

Table 2: Correlation

		Understanding of Basic Finance	Awareness of Digital Finance	Spending Habits	Awareness of Security in Online Payments	Preferred Learning Method	Use of Digital Finance
Understanding of Basic Finance	Pearson Correlation	1	.064	.157	-.056	.110	.131
	Sig. (2-tailed)		.463	.071	.521	.211	.133
	N	132	132	132	132	132	132
Awareness of Digital Finance	Pearson Correlation	.064	1	.249**	.379**	.041	.295**
	Sig. (2-tailed)	.463		.004	.000	.639	.001
	N	132	132	132	132	132	132
Spending Habits	Pearson Correlation	.157	.249**	1	.270**	.102	.365**
	Sig. (2-tailed)	.071	.004		.002	.244	.000
	N	132	132	132	132	132	132
Awareness of Security in Online Payments	Pearson Correlation	-.056	.379**	.27**	1	-.055	.357**
	Sig. (2-tailed)	.521	.000	.002		.531	.000
	N	132	132	132	132	132	132
Preferred Learning Method	Pearson Correlation	.110	.041	.102	-.055	1	.070
	Sig. (2-tailed)	.211	.639	.244	.531		.426

	N	132	132	132	132	132	132
Use of Digital Finance	Pearson Correlation	131	.295**	.365**	.357**	.070	1
	Sig. (2-tailed)	133	.001	.000	.000	.426	
	N	132	132	132	132	132	132

Interpretation: People who know more about digital finance usually have better control over their spending (0.249), are more careful with online security (0.379), and use digital finance more often (0.295). Those with good spending habits also tend to be more aware of security (0.270) and use digital finance regularly (0.365). Being aware of online security is closely linked to how much people use digital finance (0.357). On the other hand, an understanding of basic finance doesn't seem to strongly affect these behaviors. Overall, being aware of digital finance and online security plays a big role in how people manage their money.

3. Regression Analysis

Regression is a method used to predict one value (dependent variable) by using several other values (independent variables) and to see how they affect it together.

3.1 Model summary

Table 3: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.514 ^a	.265	.235	1.025

- a. Predictors: (Constant), Preferred Learning Method, Awareness of Financial Scams, Spending Habits Understanding of Basic Finance, Awareness of Security in Online Payments
- b. Dependent Variable: Use of Digital Finance

Interpretation: The model shows an R-value of 0.514 and an R² value of 0.265, meaning 26.5% of the variation in the use of digital finance is explained by financial literacy factors. This indicates a moderate positive relationship between them.

3.2 Anova

Table 4: Anova

Model	Sum of Squares	df	Mean Square	F	Sig	
Regression	47.645	5	9.529	9.067	.000 ^b	
Residual	132.415	126	1.051			
Total	180.061	131				

- a. Dependent Variable: Use of Digital Finance
- b. Predictors: (Constant), Preferred Learning Method, Awareness of Financial Scams, Spending Habits Understanding of Basic Finance, Awareness of Security in Online Payments

Interpretation: The ANOVA table shows an F-value of 9.067 with a significance value (p-value) of 0.000. Since the p-value is less than 0.05, the model is statistically significant, indicating that financial literacy factors have a significant impact on the use of digital finance.

3.3 Hypothesis Testing Decision

Therefore, the null hypothesis (H_0) is rejected, and the alternative hypothesis (H_1), which states that financial literacy-related factors significantly impact the use of digital finance among college students, is accepted.

7. Discussion

A. Interpretation of Results

The findings show that students generally have good financial knowledge and awareness of digital finance, though their actual usage is slightly lower, with moderate concerns about security and mobile banking. The correlation analysis reveals that those who are more aware of digital finance tend to manage their spending better, are more cautious with online payments, and use digital finance more frequently, while basic financial knowledge alone doesn't strongly influence these behaviors. The regression analysis further confirms a moderate positive relationship, where 26.5% of the variation in digital finance use is explained by financial literacy factors, and the model is statistically significant, meaning these factors do play an important role in influencing students' use of digital finance. Hence, the study concludes that financial literacy significantly impacts digital finance usage among college students.

B. Comparison with Existing Literature

The findings of this study align with existing literature emphasizing the importance of financial literacy and digital awareness in shaping financial behavior. Like Frimpong (2022) and Laha (2022), this study highlights that financial literacy and security awareness significantly impact digital finance usage, though actual usage sometimes lags behind awareness, as noted by Mirza Yuneline (2023). While international studies like Mu (2023) and Liu (2024) focus on corporate and enterprise-level effects of digital finance, this study narrows it down to students, reflecting similar patterns of digital finance's benefits and challenges. Additionally, studies by Koskelainen (2023) and Lusardi (2023) echo the call for updated education and digital financial literacy, which this study supports by showing students' preference for flexible, modern learning methods. Overall, this study contributes to the growing consensus that digital literacy and financial knowledge are essential for responsible financial behavior, but also reveals ongoing gaps in practical adoption and safety awareness.

C. Implications and Limitations of the Study

This study provides valuable insights into the role of financial literacy and digital finance awareness in shaping student financial behavior. However, it has some limitations, including a small sample size, which may not represent the wider student population, and potential biases in the responses. The study also only reflects students' behavior at a specific point in time, and financial habits may change over time. Future research could explore the long-term impact of financial literacy programs on students' financial behavior.

8. Annexure

Questionnaire

Financial Literacy Survey: College Students & Digital Finance

Welcome to our survey, this survey aims to assess students' financial literacy, awareness, and challenges in digital finance and mobile banking. Your responses will remain confidential and help improve financial education.

Email ID

Gender	Male	Female	Prefer not to say		
Age Group	18-20	21-23	24-26	27-30	30 Above
Education Level	Undergraduate	Postgraduate			
Mobile Banking/Digital Finance Usage	Regular user (daily/weekly)	Occasional user (monthly)	Rarely use/Never used		

Strongly agree =5, Agree= 4, Neutral = 3, Disagree =2, Strongly Disagree =1

Variables	Question	1 SD	2 D	3 N	4 A	5 SA
Understanding of Basic Finance	Basic financial concepts like saving and budgeting are easy to understand.					
Awareness of Digital Finance	Digital finance tools like UPI, mobile wallets, and online banking are well known.					
Use of Digital Finance	Mobile banking and digital payment apps are used frequently for transactions.					
Awareness of Security in Online Payments	Awareness of Security in Online Payments.					
Challenges in Mobile Banking	Difficulties like technical issues, fraud risks, or hidden charges make mobile banking challenging.					
Spending Habits	Daily expenses are tracked to avoid overspending.					
Awareness of Financial Scams	Frauds like online scams, phishing, and fake UPI requests are well known.					
Common Financial Mistakes	Financial mistakes like overspending, not saving, or taking unnecessary loans happen often.					
Importance of Financial Education	Learning about finance in college would be helpful.					
Preferred Learning Method	Workshops, online courses, and videos are good ways to learn about finance.					

Conclusion**A. Summary of Key Findings**

The study on financial literacy and digital finance among college students found that while students have good awareness of digital finance tools, their usage is moderate due to security concerns and transaction issues. Students with better financial literacy tend to engage more with digital finance, and those with disciplined spending habits are more likely to adopt digital banking. However, many students hesitate to use digital banking due to fears of scams and fraud. There are gaps in financial education on digital finance, and mobile banking challenges like technical glitches and delayed refunds affect trust. Additionally, students struggle to apply financial knowledge practically, such as in investment planning and credit management.

B. Contribution to the Field

This study highlights the importance of teaching college students about digital finance and mobile banking. It shows that understanding topics like security, spending habits, and digital risks helps students make better financial decisions. The research also encourages collaboration between colleges and financial institutions to offer practical financial education. It supports the idea of preparing students to use digital finance tools responsibly in real life. This contribution is especially relevant as more students shift to online banking and digital payment systems.

C. Future Research

Future studies can explore how financial literacy affects students' money habits over time. Researchers could also test different ways of teaching like workshops, apps, or online courses to see what works best. It's also useful to study how factors like income, peer influence, and trust in digital platforms shape student decisions. More inclusive programs can be developed to support students with different levels of financial knowledge. Exploring regional and cultural differences could also give a broader understanding of student needs.

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