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Digital Financial Literacy among College-Going Students: Awareness, Usage, and Challenges in the Digital Era

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ABSTRACT

In today's fast-evolving digital world, financial services and digital literacy have become more accessible than ever. It’s a necessity-among the youth, especially college-going students, the use of digital tools is almost inseparable from daily life. With just a few taps on a smartphone, one can transfer money, pay bills, invest, or even apply for loans. This shift has been widely adopted by the youth, who are among the most active users of digital platforms. However, while usage is high, the actual understanding of how digital finance works — along with its risks and responsibilities — often remains low.

This research paper explores the current level of digital financial literacy among college students, focusing on their awareness, usage behavior, challenges faced, and cybersecurity understanding. A sample of 100 students from various academic backgrounds was surveyed through a structured questionnaire. It includes a literature review, primary data insights, and critical analysis, recommendations include integrating digital education into curricula and increasing digital awareness campaigns

The study found that although students are generally comfortable using technology, use apps like UPI, e-wallets, and digital banking frequently, many lack proper knowledge of investment options, fraud risks, and safe online financial practices. Gaps remain in understanding digital safety, evaluating information, and using digital tools productively.

The findings point to the need for financial education programs that go beyond textbook theory and teach students real-world money skills. By improving digital financial literacy, we can empower young adults to make smarter, safer financial decisions that will benefit them long after they leave college.

KEYWORDS:

Digital Literacy, College Students, Awareness, Internet Usage, Digital Safety, Online Education, Challenges

INTRODUCTION

The 21st century has ushered in a digital revolution that has transformed the way we live, learn, and communicate. For college-going students, digital platforms are central to their academic and social lives. From online classrooms to mobile banking, social media, and job portals, students are constantly

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engaging with digital tools. However, using technology is not the same as understanding it fully or using it responsibly. This gap is where digital literacy becomes crucial.

Digital literacy goes beyond being able to operate a smartphone or browse websites. It includes skills such as evaluating online information, managing digital identity, protecting privacy, and understanding the consequences of digital behavior. This paper aims to understand how digitally literate college students really are and what challenges they face in navigating the digital world effectively.

The intersection of finance and digital technology has fundamentally reorganized the operation of contemporary societies. Specifically, the emergence of mobile payment services, net banking, UPI platforms, and digital investment apps has brought financial instruments within easy reach. This shift is particularly evident among students who go to college and are a digitally literate generation. They are exposed to digital interfaces not just for social communication and study but increasingly for financial purposes as well.

The Government of India, through programs such as Digital India, Pradhan Mantri Jan Dhan Yojana, and BHIM UPI, has gone at great lengths to promote financial inclusion through the widening of digital access. Access, however, does not necessarily mean understanding. The fact that people can open a digital wallet or send money using an app does not necessarily mean that they comprehend interest rates, data privacy rights, fraud prevention methods, or even simple budgeting concepts. This is what renders digital money management a vital skill for young adults.

Today's students pay bills online for everything—tuition and books, yes, but also food, clothes, and subscriptions. And yet research indicates that though they are technically savvy, they frequently do not know how to make use of digital money services wisely and securely. They infrequently go through the terms and conditions of applications, have no idea what their data is being utilized for, and scarcely monitor their spending. Some even become victims of phishing, job scams, or internet fraud because they lack adequate awareness.

This paper is predicated on the conviction that financial and digital literacy should go hand in hand for authentic economic empowerment. It looks at how conscious college students are of their financial behavior online, how frequently they make use of online tools, and the difficulties they encounter. It also employs real data from 100 students combined with findings from existing academic studies and dissertations to establish a clearer picture of the problem. This is not merely a technical question, but also an educational and social one—with long-term implications for economic security and youth development in India

OBJECTIVE OF THE STUDY & RESEARCH QUESTIONS

OBJECTIVE OF THE STUDY

- To examine the level of awareness among college students about digital financial services.
- To analyze how students are using digital finance in their daily lives.
- To identify the challenges students, face while using digital financial services.
- To explore how aware students are about online financial safety and cybersecurity.
- To suggest ways to improve digital financial literacy among students.

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RESEARCH QUESTIONS

- How familiar are college students with various digital financial services?
- What are the most commonly used digital tools among students?
- What difficulties or risks do students face while using digital finance?
- Are students aware of how to protect their financial information online?
- What can be done to improve digital financial literacy among the youth?

LITERATURE REVIEW

The concept of digital financial literacy has gained importance over the last decade as the world shifts from cash-based economies to digitally managed financial systems. It is built on two foundational skill sets—financial literacy, which includes knowledge of savings, budgeting, interest, credit, and investments, and digital literacy, which involves the ability to access, understand, and use digital tools safely and efficiently

Over the past two decades, financial literacy has gained critical attention among economists, educators, and policymakers, particularly with the rise of digital financial tools.

The foundation for this research is strengthened by the dissertation by Kumkum Pandey (2025), which examined digital financial literacy among 100 students in Chhattisgarh. The study identified high usage of UPI and digital wallets but alarmingly low investment knowledge and cybersecurity awareness.

According to the IAMAI report (2022), more than 70% of digital financial users in India are under the age of 30, but awareness of online risks is still lacking. The report suggests that while platforms like UPI have transformed payment behaviors, users are not equipped with the skills to protect their digital identity and transactions. This gap between usage and understanding forms the core issue addressed in the current study.

The OECD (2020) reaffirms this concern with global survey data indicating widespread gaps in adult financial literacy. The organization emphasizes practical interventions in schools and colleges as a strategy to bridge this gap. Similarly, the Reserve Bank of India (2021) in its Financial Literacy Week observed that young adults are the most vulnerable group to digital frauds, recommending inclusion of cybersecurity and digital finance modules in academic programs

The World Bank's Global Findex Report (2019) also supports this notion, identifying that financial inclusion does not guarantee financial literacy. Although millions of people in developing countries now have access to digital banking, their ability to use these services securely and responsibly remains questionable. The need for literacy programs that accompany digital rollouts is evident.

UNESCO (2018) has acknowledged the growing need for youth to be equipped with digital skills that include, but are not limited to, the use of ICT tools. Their framework identifies digital financial literacy as a sub-domain where young people must understand the risks of financial apps, manage their data securely, and recognize the potential for financial misinformation. The report stressed the inclusion of digital education in national curricula, particularly in developing countries like India.

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Gomber et al. (2018) explored the digital transformation of the finance sector and discussed how FinTech tools have changed consumer behavior. While digital finance offers unmatched convenience and access, it also exposes users to risks like cyber fraud and impulsive financial decisions. Their paper calls for increased research in digital finance adoption and its associated challenges, which is highly relevant to the student demographic examined in this research.

A foundational report by S&P Global (2015) assessed the global financial literacy rate and found that India ranked significantly low, with only 27% of its adult population being financially literate. While the focus was not solely on college students, the implications are relevant: early adulthood is often the first stage of financial independence, and the absence of structured financial education leads to poor financial decisions, even when digital tools are available.

Lusardi and Mitchell (2014) emphasized that financial literacy significantly impacts an individual's economic decisions, such as saving, investing, and retirement planning. Their findings underscore the importance of integrating financial education from an early stage to foster responsible behavior, especially as technology shapes financial interactions.

In the Indian scenario, Bhushan and Medury (2013) conducted a study specifically on financial literacy among youth and found that while students frequently used digital financial services such as debit cards, e-wallets, and internet banking, their understanding of compound interest, EMI structures, credit card charges, and digital safety was extremely limited.

They argued that most students gained financial information through peer groups or social media, and not through formal education. This lack of structured knowledge made students vulnerable to making financial errors or becoming victims of fraud.

Atkinson and Messy (2012), through an OECD study, highlighted the lack of financial knowledge across nations, particularly among the youth. Their pilot study also set a framework for assessing financial literacy levels globally, revealing that even in developed countries, young adults struggle with core financial concepts like budgeting, interest rates, and online safety. These insights are essential when considering the shift to digital finance.

Sarma and Pais (2011) conducted a cross-country analysis linking financial inclusion with development indicators. Their findings showed that inclusive financial ecosystems improve overall economic growth but require accompanying literacy programs to be sustainable. Their study supports the claim that college-going students should not just have access to digital platforms but must also be educated in using them wisely.

Chen and Volpe (1998) focused on personal financial literacy among college students in the United States and found that most students had inadequate knowledge of managing finances. They argued that financial behavior was directly related to gender, major, and academic year, which suggests that targeted educational initiatives may be more effective. This aligns with findings from Indian studies that show commerce and management students slightly outperform others in financial awareness.

The roots of digital literacy were laid by Paul Gilster (1997), who defined it as the ability to understand and use information across multiple formats, accessed via digital means. Gilster emphasized that digital literacy is not just about using a tool, but about thinking critically while engaging with digital content.

When applied to finance, this idea extends to a student's capacity to analyze, evaluate, and manage their money through digital systems.

Together, this body of literature highlights the pressing need for integrating digital financial education into higher education. Although students are enthusiastic adopters of technology, their lack of financial planning, savings discipline, and security awareness limits the benefits they can gain from digital finance. Addressing these gaps through structured learning, industry collaboration, and government policies can ensure that digital finance becomes an empowering tool rather than a risky venture for youth.

RESEARCH METHODOLOGY

Research Design: study adopts a descriptive research design to understand the level of digital financial literacy among college-going students. The approach focuses on observing and documenting current awareness, usage, and challenges faced by students using digital finance tools.

Population and Sample:

- **Target Population:** The research targets undergraduate and postgraduate students aged 18–25 years enrolled in colleges in Raipur, Chhattisgarh.
- **Sample Size:** The study included 100 college students from different disciplines including Commerce, Management, Arts, and Science
- **Sampling Technique**: Convenience sampling was employed due to the accessibility of participants and time constraints. While this method may not fully represent the entire population, it is suitable for exploratory studies like this one.

Data Collection Tools: A structured questionnaire was prepared containing closed-ended and Likert-scale questions to collect primary data. Secondary data was sourced from reports by RBI, IAMAI, OECD, World Bank, and academic publications.

Data Analysis: Responses were analyzed using percentage methods, pie charts, and bar graphs. Trends and patterns were compared with the earlier research by Kumkum Pandey for validation.

DATA ANALYSIS AND INTERPRETATION:

The following section presents a detailed analysis of the primary data collected through a structured questionnaire from 100 college-going students across various disciplines and academic years. The interpretation draws patterns regarding their awareness, usage, and challenges in digital financial literacy.

Demographic profile of respondents:

Total Respondents: 100 college students.
Age Group:18–20 years: 28%; 21–23 years: 54%; 24–25 years: 18%.
Gender: Female: 53%; Male: 47%.
Streams of Study: Commerce: 38%; Management: 27%; Science: 20%; Arts: 15%.

Interpretation: The sample provides a balanced representation across academic streams and gender, with a slightly higher number of students from commerce and management disciplines, where financial topics are more commonly introduced.

Usage of Digital Financial Tools:

85% of students reported using UPI-based apps (Google Pay, PhonePe, Paytm) regularly.60% used debit cards and net banking features. Only 6% used investment apps like Zerodha, Groww, or mutual fund platforms.10% were aware of digital gold, cryptocurrency, or other emerging finance platforms.
Interpretation: Digital payments are widespread among students, but actual financial planning and investment usage remain significantly low. Students primarily use digital finance for spending, not for growing or managing money.

Cybersecurity Awareness:

35% showed strong understanding of cyber safety practices (e.g., using secure passwords, recognizing phishing).40% had moderate awareness (used PINs/passwords but unaware of fraud risks).25% had little to no awareness-used the same password across platforms or shared credentials.

Interpretation: Although digital finance usage is high, many students are unaware of basic cybersecurity measures. This exposes them to potential risks such as OTP frauds, phishing, and identity theft.

Budgeting and financial management:

Only 28% of students maintained a monthly budget.22% had an emergency fund or saving strategy.50% reported spending money digitally without tracking it. Commerce students scored higher in budgeting habits than those from science or arts.
Interpretation: There is a lack of financial discipline among students despite access to technology that could help manage money. Budgeting and savings education is missing or ineffective.

Barriers to Financial Literacy:

only38% feared online fraud or misuse of data.32% cited a lack of knowledge or confidence as a reason for avoiding investment.15% found financial apps difficult to understand or use.10% felt digital financial learning wasn't taught in their education system.
Interpretation: Digital finance is accessible, but literacy is a barrier. Fear of cyber threats and limited understanding discourage students from exploring beyond simple transactions.

Satisfaction with Digital Financial Platforms

65% of students said they were satisfied with UPI and app-based services.20% were neutral.15% expressed dissatisfaction, mostly due to technical issues or lack of features. **Interpretation**: Even though students lack deep understanding, they find digital tools convenient. This indicates that satisfaction is driven by usability, not necessarily financial knowledge.

Learning Sources

40% learned from peers or family.30% learned from YouTube, Instagram, or Google.20% learned from personal trial and error. Only 10% learned through formal education or workshops. **Interpretation:** Informal learning dominates. Structured financial education is limited or missing entirely. Most students rely on non-academic, unverified sources.

Impact of Financial Education

Students who had attended at least one financial workshop or seminar scored better in budgeting, security, and investment questions. They also expressed more confidence in using advanced financial tools.
Interpretation: There is a clear positive link between formal exposure to financial education and actual financial behavior. Even minimal structured learning leads to better outcomes.

CHALLENGES FACED BY COLLEGE-GOING STUDENTS:

Although college students today are active users of digital financial tools, several challenges hinder their ability to fully understand and responsibly use these services. Based on data analysis and literature review, the following key challenges were identified:

Lack of Structured Financial Education: One of the most significant challenges is the absence of digital finance education in college curricula. Most students are exposed to these tools without any formal training or guidance, relying on peer learning or social media content. This lack of structured instruction leads to incomplete or incorrect understanding of financial principles, such as interest rates, digital security, and long-term savings.

Poor Awareness of Cybersecurity Risks: Although many students use UPI, mobile banking, and e-wallets, a large number lack awareness about cybersecurity practices. Many are unaware of threats like phishing, fake apps, identity theft, and OTP scams. Reusing passwords, using public Wi-Fi for financial transactions, and ignoring app permissions are common habits that increase vulnerability.

Low Confidence in Investment Tool: Students hesitate to use digital investment platforms due to fear of financial loss, lack of knowledge, and mistrust of online apps. Very few students engage with SIPs, stocks, or mutual funds, and many believe such tools are only for working professionals or older adults. This lack of early investment exposure prevents the development of future-ready financial habits.

Over-Reliance on Informal Learning Sources: Instead of learning from verified educational platforms, many students depend on friends, influencers, or unregulated YouTube channels for financial knowledge. While these may provide quick answers, they often spread incomplete or risky information, leading to misinformed financial decisions.

Mismatch Between Confidence and Actual Knowledge: Many students show high confidence in using digital apps but score low in understanding terms like credit score, transaction security, financial planning, and budgeting. This overconfidence creates a dangerous gap, as students often make financial choices without fully understanding consequences.

Limited Access to Personalized Financial Advice: College students rarely have access to personalized financial guidance. Unlike salaried individuals who can consult banks or financial advisors, students often navigate finance without expert help, especially when facing fraud, technical errors, or app-related issues.

Influence of Digital Distractions and Impulse Spending: The ease of digital payments contributes to impulsive spending habits. Students often spend without budgeting, especially during sales or when using buy-now-pay-later schemes. The constant notifications, cashback offers, and discount alerts push students toward short-term gratification, ignoring long-term financial health.

Language and Technical Barriers: Although digital finance tools are available in multiple languages, many students find them too technical or complex, especially those from non-commerce backgrounds or rural areas. Terminologies like "KYC," "auto-debit," "nominee," or "mutual fund returns" are not easily understood, creating a gap in inclusive financial literacy.

Fear of Online Fraud and Data Misuse: A large percentage of students reported fear of being scammed or losing money online. Past experiences or news reports of fraud make them hesitant to explore beyond basic transactions. This fear, while justified, limits their engagement with useful tools like budgeting apps, online savings accounts, and digital insurance platforms.

Financial Dependence on Family: Many students depend on their parents for money management. This lack of real-world financial responsibility reduces motivation to learn about digital financial planning. Students often defer financial decisions, assuming that they will "learn it later," delaying critical skills development.

CONCLUSION AND RECOMMENDATIONS:

Digital literacy is no longer optional. For students preparing for competitive careers, higher education, or entrepreneurship, it is a foundational skill. This paper finds that although students use digital tools extensively, many lack formal understanding, particularly in areas such as data protection, information credibility, and responsible usage. The gap between digital access and digital understanding highlights the need for structured digital education. Without proper literacy, students may become victims of cybercrime, disinformation, or mental health issues related to excessive digital consumption.

To create a digitally empowered generation, educational institutions and policymakers must step in. Awareness campaigns, curriculum updates, and student-led workshops can help bridge the digital literacy gap.

This study concludes that while college students are active users of digital financial services, their understanding of cybersecurity, investment options, and safe financial practices is limited. There is a clear need to improve digital financial literacy through education, training, and awareness programs.

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Recommendations include:
1. Organizing digital finance workshops in colleges.
2. Teaching students about digital investments and cybersecurity.
3. Using social media to promote safe financial practices.
4. Encouraging responsible usage of financial apps and early savings habits.

By equipping students with the right knowledge, we can help them become more financially responsible and secure in a digital world.

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