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FINANCIAL LITERACY AND DIGITAL ECONOMY IN TELANGANA STATE

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ABSTRACT

In this Digital era every economy transforming in to Digital economy including countries like India, Modi government recognized importance to development of Digital economy for achievement their piolet project Digital India, Indian government recently introduced schemes like Pradhan Mantri Jan Dhan Yojna, Jeevan Jyoti Bima Yojna, Suraksha Bima, MUDRA Bank Yojna, BHIM, Aadhaar Inclusion and various Digital literacy initiatives etc., to promote Digital India thorough Digital Economy, financial literacy is the one of most important factor to develop digital economy, financially literate people can utilize digital resource effectively then financially illiterate people, the main objective of the study is to know the financial literacy and awareness of various digital platforms and their ability of use in the households of Hyderabad and Secundrabad twin cities in Telangana State.

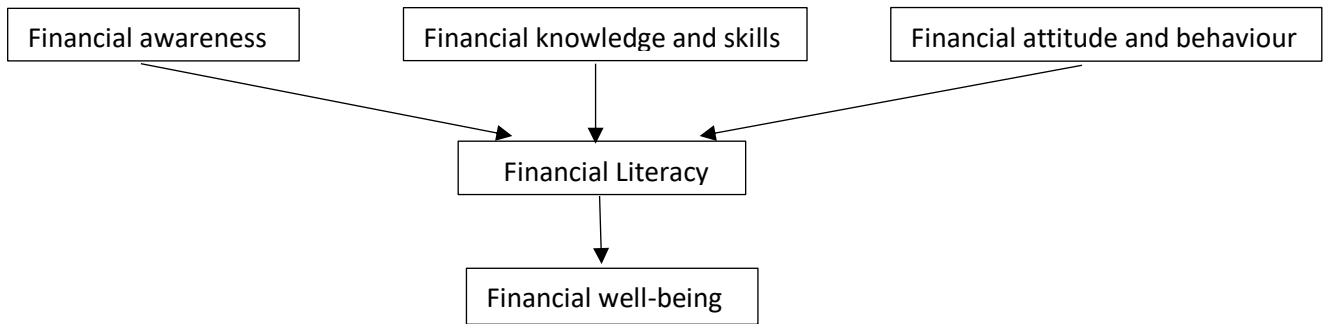
Key words: Financial literacy, Financial awareness, Financial knowledge, Financial skills, Financial attitude, Digital Economy, Digital services, Digital payment platforms, Digital technologies, E-commerce, Social media.

1.INRODUCTION

Financial literacy in India refers to the knowledge and understanding of financial concepts, products, and services among individuals, which empowers them to make informed and effective financial decisions. It encompasses various aspects of personal finance, including budgeting, saving, investing, borrowing, and retirement planning, it plays a vital role in promoting economic growth and stability, Informed financial decisions can lead to better management of personal finances, reduced debt, and increased savings, It enables individuals to navigate the complex financial landscape, make wise investment choices, financial literacy levels in India have been relatively low, with many individuals lacking basic knowledge of financial products and services, the diverse population and varied levels of education contribute to disparities in financial awareness across different regions, The OECD defines financial literacy as the combination of financial awareness, knowledge, skills, attitudes, and behaviors necessary to make sound financial decisions and ultimately achieve individual financial well-being.

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Source: Compiled from OECD

In Digital economy, economic activities are driven by digital technologies, including online transactions, digital services, e-commerce, and the use of information and communication technologies (ICT), the digital economy encompasses a wide range of sectors, including e-commerce, digital payments, fintech, online education, digital entertainment, Social media and more, The e-commerce sector has seen tremendous growth in India, with platforms like Amazon, Flipkart, and others becoming major players in the market, India has witnessed a surge in digital payments, driven by initiatives like demonetization and the introduction of Unified Payments Interface (UPI), mobile wallets, UPI-based apps, and digital payment platforms have gained popularity, providing convenient and secure alternatives to traditional cash transactions.

2.OBJECTIVE OF THE STUDY

The objective of this study is to evaluate the level of financial literacy, awareness, and utilization of digital platforms among the residents of Hyderabad and Secunderabad urban areas in Telangana state. It aims to assess the existing knowledge and understanding of financial concepts, examine the awareness and accessibility of digital platforms for financial transactions, and analyze the factors influencing their utilization. Additionally, the study seeks to identify potential areas for improvement and provide recommendations to enhance financial literacy and encourage greater engagement with digital platforms within the target communities.

3.METHODOLOGY

A sample of 200 respondents was selected from Hyderabad and Secunderabad in Telangana state. A structured questionnaire addressing financial literacy and digital platform usage was administered in December 2023 either in person or electronically to ensure response consistency. The collected data were organized into two tables: Table I detailed financial literacy responses, while Table II depicted digital platform awareness and utilization. This method ensured a comprehensive understanding of respondents' financial knowledge and digital engagement behaviors, providing insights into the study's objectives within a sample reflective of the twin cities' urban population.

4.STUDY ON LEVEL OF FINANCIAL LITERACY

Table I

Financial literacy of Residents in Urban area of Hyderabad and Secunderabad in Telangana state

| Statement | Strongly Agree | Agree | Neutral | Disagree | Strongly Disagree | Total |
|---------------------------------------------------------------------------------------------------------------------------------------------------------|----------------|-------|---------|----------|-------------------|-------|
| a) I able to understand financial concepts and its Impact like Interest Rate, compound interest, Time value of money, Inflation, Risk and Returns etc., | 93 | 30 | 27 | 29 | 21 | 200 |
| | 46.5 | 15 | 13.5 | 14.5 | 10.5 | 100 |
| b) I make and review budget, financial plans for Expenses, Savings and Investments regularly | 98 | 23 | 33 | 20 | 26 | 200 |
| | 49 | 11.5 | 16.5 | 10 | 13 | 100 |

| | | | | | | |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------|------|------|------|-----|-----|
| c) It is important to maintain adequate financial records, Insurance coverage, and having tax plan etc., | 88 | 73 | 24 | 15 | 0 | 200 |
| | 44 | 36.5 | 12 | 7.5 | 0 | 100 |
| d) I pay bills and EMIs on time to avoid fines, charges and negative impact on CIBIL score | 79 | 45 | 23 | 33 | 20 | 200 |
| | 39.5 | 22.5 | 11.5 | 16.5 | 10 | 100 |
| e) I actively monitor my expenses (Prioritization, Segregation of expenses like Essential Expenses and Non-Essential Expenses, avoiding unnecessary expenses etc.,) | 83 | 78 | 15 | 20 | 4 | 200 |
| | 41.5 | 39 | 7.5 | 10 | 2 | 100 |
| f) I feel confident in my ability to make informed purchase decisions (Comparing different brands, reviews and ratings, price, quality, additional features, benefits, return or exchange policy etc.,) | 63 | 73 | 23 | 36 | 5 | 200 |
| | 31.5 | 36.5 | 11.5 | 18 | 2.5 | 100 |
| g) I able take investment decisions effectively (Selection of Investment, Returns, Refunds, diversifying etc.,) | 63 | 41 | 15 | 27 | 54 | 200 |
| | 31.5 | 20.5 | 7.5 | 13.5 | 27 | 100 |
| h) I actively seek out financial information from various sources to improve my financial knowledge. | 59 | 41 | 26 | 38 | 36 | 200 |
| | 29.5 | 20.5 | 13 | 19 | 18 | 100 |
| i) I able to identify and avoid financial scams or fraud. | 68 | 45 | 43 | 33 | 11 | 200 |
| | 34 | 22.5 | 21.5 | 16.5 | 5.5 | 100 |

Source: Compiled from primary data

Ability to understand financial concepts and its Impact like Interest Rate, compound interest, Time value of money, Inflation, Risk and Returns etc.,

From the Table-I a majority of respondents, totally 69.5%, either strongly agree or agree that they understand financial concepts and their impact, 13.5% of respondents provided neutral responses, indicating that they may not have a strong opinion or may require further clarification on financial concepts, While 25% respondents disagree or strongly disagree, indicating some level of difficulty or lack of understanding regarding financial concepts, this number is relatively lower compared to the combined agreement levels.

Habit of review budgets, making financial plans for Expenses, Savings and Investments regularly

It is found from Table I, a significant majority (49%) strongly agree and (11.5%) agree that they make and review budgets and financial plans regularly, this indicates a proactive approach to financial management among a considerable portion of the respondents, 16.5% of respondents provided a neutral response, suggesting that they may not have a strong opinion or may not be consistent in making and reviewing budgets and financial plans regularly, the combined percentage of respondents who disagree or strongly disagree is 23%, indicating that there is a portion of the population who either do not make or review budgets and financial plans regularly or do not see the importance of doing so

Opinion on maintain adequate financial records, Insurance coverage, and having tax plan etc.,

Most of the respondents (80.5% combining Strongly Agree and Agree responses) believe that it is important to maintain adequate financial records, insurance coverage, and a tax plan, 12% of respondents provided a neutral response, suggesting that they may not have a strong opinion or may require further clarification, Only 7.5% of respondents disagree with the statement, indicating that the majority recognizes the significance of financial organization and planning, it's noteworthy that there were no respondents who strongly disagree, suggesting a unanimous acknowledgment of the importance of financial records, insurance coverage, and tax planning

Habit timely payment of bills and EMIs to avoid fines, charges and negative impact on CIBIL score

It is clear from Table I, that a greater number of respondents 62% either strongly agree or agree that they pay bills and EMIs on time to avoid fines, charges, and negative impacts on their CIBIL score, 11.5% of respondents provided a neutral response, suggesting that they may not have a strong opinion or may not be consistent in paying bills and EMIs on time, approximately 27.5% of respondents either disagree or strongly disagree with the statement, indicating that there is a portion of the population who may not prioritize timely payments or may face challenges in meeting payment deadlines

Ability to monitor expenses (Prioritization, Segregation of expenses like Essential Expenses and Non-Essential Expenses, avoiding unnecessary expenses etc.,)

It can be observed from Table I, that 80.5% of respondents either strongly agree or agree that they actively monitor their expenses, prioritize, segregate essential and non-essential expenses, and avoid unnecessary expenses. This indicates a proactive approach to managing finances among the respondents, 7.5% of respondents provided a neutral response, suggesting that they may not have a strong opinion or may not be consistent in actively monitoring their expenses, approximately 12.5% of respondents either disagree or strongly disagree with the statement, only 2% of respondents strongly disagree with the statement, suggesting that the vast majority recognize the importance of actively monitoring their expenses.

Confidence in making informed purchase decisions (Comparing different brands, reviews and ratings, price, quality, additional features, benefits, return or exchange policy etc.,)

According to Table I, a combined 68% (Strongly Agree and Agree) of respondents feel confident in their ability to make informed purchase decisions, 11.5% of respondents provided a neutral response, indicating that they may not have a strong opinion about their ability to make informed purchase decisions, this group might require more information or confidence-building exercises to improve their decision-making skills, 18% of respondents either disagree or strongly disagree with the statement, suggesting that a notable portion of the population lacks confidence in their ability to make informed purchase decisions, only 2.5% of respondents strongly disagree with the statement, suggesting that the majority of respondents at least partially believe in their ability to make informed purchase decisions.

Ability to take investment decisions effectively (Selection of Investment, Returns, Refunds, diversifying etc.,)

It is observed from Table I, a combined 52% (Strongly Agree + Agree) of respondents feel confident in their ability to make investment decisions effectively, this indicates that a notable portion of the respondents believes they can effectively select investments, assess returns, manage refunds, and diversify their investment portfolios, 7.5% of respondents provided a neutral response, indicating that they may not have a strong opinion about their ability to make investment decisions effectively, this group might require more information or education about investment strategies and financial planning, approximately 41.5% of respondents either disagree or strongly disagree with the statement.

Ability to seek out financial information from various sources to improve financial knowledge

As per Table I, approximately 50% (Strongly Agree + Agree) of respondents actively seek out financial information from various sources to improve their financial knowledge, 13% of respondents provided a neutral response, suggesting that they may not actively seek out financial information but may not necessarily oppose

the idea, early 37% of respondents either disagree or strongly disagree with the statement, It's notable that 18% of respondents strongly disagree with the statement, suggesting a significant portion of individuals who may not prioritize financial education or may not see the value in seeking out financial information

Ability to identify and avoid financial scams or fraud.

It is clear from Table I, that approximately 56.5% (Strongly Agree + Agree) of respondents believe they can identify and avoid financial scams or fraud, 21.5% of respondents provided a neutral response, suggesting that they may not be entirely confident in their ability to identify financial scams or fraud, but they are not entirely doubtful either, Approximately 22% of respondents either disagree or strongly disagree with the statement, It's noteworthy that 5.5% of respondents strongly disagree with the statement, suggesting a small but notable portion of individuals who may feel particularly vulnerable to financial scams or fraud and may require targeted support and education in this area.

5.STUDY OF AWARENESS AND UTILIZATION OF DIGITAL PLATFORMS

Table II
Behaviour towards digital platforms of Urban Residents of Hyderabad and Secunderabad in
Telangana state

| Statement | Strongly Agree | Agree | Neutral | Disagree | Strongly Disagree | Total |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------|-------|---------|----------|-------------------|-------|
| a) I am comfortable in using computers and other digital devices (e.g., smartphones, tablets). | 101 | 29 | 21 | 31 | 18 | 200 |
| | 50.5 | 14.5 | 10.5 | 15.5 | 9 | 100 |
| b) I able to collect and navigate information form digital source (Internet websites, social media, mobile applications etc.,) | 84 | 44 | 12 | 35 | 25 | 200 |
| | 42 | 22 | 6 | 17.5 | 12.5 | 100 |
| c) I know and use E-commerce applications frequently (like Flipkart, Zomato, PharmEasy, IRCTC, Ola, Apollo 24/7, OYO app, BYJU'S) | 85 | 73 | 14 | 15 | 13 | 200 |
| | 42.5 | 36.5 | 7 | 7.5 | 6.5 | 100 |
| d) I can utilize effectively Digital payment tools such as Online bank account, Mobile Banking application, Mobile payment application (like Yono lite SBI, axis mobile, Phonepe, google pay(tez), Amazon pay) | 79 | 75 | 11 | 13 | 22 | 200 |
| | 39.5 | 37.5 | 5.5 | 6.5 | 11 | 100 |
| e) Most of the times I purchase through E-commerce applications (like Flipkart, Amazon, Zomato, PharmEasy etc.,) | 83 | 76 | 10 | 20 | 11 | 200 |
| | 41.5 | 38 | 5 | 10 | 5.5 | 100 |
| f) I avail service through E-commerce applications (like Porter, IRCTC, Redbus, Ola, FASTag, Practo, Apollo 24/7, OYO app, BYJU'S, Amazon prime video, bookmyshow etc.,) | 65 | 74 | 23 | 33 | 5 | 200 |
| | 32.5 | 37 | 11.5 | 16.5 | 2.5 | 100 |

| | | | | | | |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------|------|----|------|------|-----|
| g) I prefer digital payment methods like UPI apps, Bank Cards, Online/Mobile banking etc., over traditional methods (while making payment to online purchases, shopping malls, Retail stores, Utility bills and other persons) | 74 | 52 | 8 | 17 | 49 | 200 |
| | 37 | 26 | 4 | 8.5 | 24.5 | 100 |
| h) I prioritize implementing security measures to safeguard my Digital financial transactions (like update and maintain strong passwords, use secure and trusted Wi-Fi networks, website or mobile apps, never share passwords, otps, account details etc.,) | 59 | 41 | 26 | 38 | 36 | 200 |
| | 29.5 | 20.5 | 13 | 19 | 18 | 100 |
| i) I actively seek opportunities to learn and improve my digital skills and believe that digital literacy is essential for personal and professional success in today's society | 78 | 45 | 32 | 33 | 12 | 200 |
| | 39 | 22.5 | 16 | 16.5 | 6 | 100 |

Source: Compiled from primary data

Comfortability in utilization of computers and other digital devices (e.g., smartphones, tablets).

As per Table II, a combined 65% (Strongly Agree + Agree) of respondents feel comfortable using computers and other digital devices. This indicates that a majority of the respondents are confident in their ability to operate digital technology, 10.5% of respondents provided a neutral response, approximately 25% of respondents either disagree or strongly disagree with the statement, indicating that there is a significant portion of the population who may not feel comfortable using computers and digital devices, it's noteworthy that 9% of respondents strongly disagree with the statement, suggesting a subset of individuals who may face significant barriers or challenges in using computers and digital devices, tailored interventions, and support mechanisms may be needed to address their specific needs and concerns

Ability to collect and navigate information form digital source (Internet websites, social media, mobile applications etc.,)

Table II shows a majority of respondents 64% (Strongly Agree + Agree) feel capable of collecting and navigating information from digital sources, Only 6% of respondents provided a neutral response, indicating that they may not have a strong opinion or may be unsure, approximately 30% of respondents either disagree or strongly disagree with the statement, it's noteworthy that 12.5% of respondents strongly disagree with the statement, indicating a subset of individuals who may require targeted interventions and support in developing digital literacy skills and confidence in navigating digital platforms.

Knowledge and frequency in utilization of E-commerce applications (like Flipkart, Zomato, PharmEasy, IRCTC, Ola, Apollo 24/7, OYO app, BYJU'S)

As per Table II, it is clear that 79% (Strongly Agree + Agree) of respondents claim to know and frequently use e-commerce applications. This indicates that a significant majority of the respondents are familiar with and actively utilize various e-commerce platforms for their needs, 7% of respondents provided a neutral response, suggesting that they may not have a strong opinion or may not be frequent users of e-commerce applications, Approximately 14% of respondents either disagree or strongly disagree with the statement, indicating that there is a minority who are not familiar with or do not frequently use e-commerce applications, it's notable that 6.5% of respondents strongly disagree with the statement, indicating that there is a small but significant portion of individuals who are not familiar with or do not use e-commerce applications frequently.

Efficiency in utilization of Digital payment tools such as Online bank account, Mobile Banking application, Mobile payment application (like Yono lite SBI, axis mobile, Phonepe, google pay(tez), Amazon pay)

Table II reveals that a greater number of respondents including Strongly Agree and Agree 77% of respondents believe they can effectively utilize digital payment tools such as online bank accounts and mobile payment applications, Approximately 18% of respondents either disagree or strongly disagree with the statement, indicating that there is a notable portion of the population who may not feel confident in their ability to effectively utilize digital payment tools, it's noteworthy that 11% of respondents strongly disagree with the statement, indicating a sizeable proportion of individuals who may require additional support and resources to navigate digital payment tools effectively.

Frequency of purchase through E-commerce applications (like Flipkart, Amazon, Zomato, PharmEasy etc.,)

It can be observed from Table II, that a combined 79.5% (both Strongly Agree and Agree) of respondents indicate that they purchase through e-commerce applications most of the time, 5% of respondents provided a neutral response, indicating that they may not have a strong inclination towards or against purchasing through e-commerce applications, Approximately 15% of respondents either disagree or strongly disagree with the statement, suggesting that there is a minority of the population who do not prefer purchasing through e-commerce applications most of the time

Habit of avail service through E- commerce applications (like Porter, IRCTC, Redbus, Ola, FASTag, Practo, Apollo 24/7, OYO app, BYJU'S, Amazon prime video, bookmyshow etc.,)

From Table II, a combined 69.5% (Strongly Agree + Agree) of respondents indicate that they avail services through e-commerce applications, 11.5% of respondents provided a neutral response, indicating that they may not have a strong opinion or may not actively avail services through e-commerce applications, Approximately 19% of respondents either disagree or strongly disagree with the statement, found that there is a less number of the population who do not avail services through e-commerce applications

Preference for digital payment methods like UPI apps, Bank Cards, Online/Mobile banking etc., over traditional methods (while making payment to online purchases, shopping malls, Retail stores, Utility bills and other persons)

As per Table II, 63% (Strongly Agree + Agree) of respondents prefer digital payment methods over traditional methods for making payments, Only 4% of respondents provided a neutral response, indicating that they may not have a strong preference for either digital or traditional payment methods, Approximately 33.5% of respondents either disagree or strongly disagree with the statement, suggesting that there is a significant minority who do not prefer digital payment methods over traditional methods

Implementation of security measures to safeguard Digital financial transactions (like update and maintain strong passwords, use secure and trusted Wi-Fi networks, website or mobile apps, never share passwords, OTPs, account details, etc.,)

Table II reveals that 50% of respondents including Strongly Agree and Agree prioritize implementing security measures to safeguard their digital financial transactions, 13% of respondents provided a neutral response, indicating that they may not have a strong inclination towards prioritizing security measures for their digital financial transactions, approximately 37% of respondents either disagree or strongly disagree with the statement.

Interest in seeking opportunities to learn and improve digital skills, as well as belief in the essential nature of digital literacy for personal and professional success in today's society

Table II shows a majority 61.5% (Strongly Agree and Agree) of respondents actively seek opportunities to learn and improve their digital skills and believe that digital literacy is essential for personal and professional success

in today's society, 16% of respondents provided a neutral response, approximately 22.5% of respondents either disagree or strongly disagree with the statement.

6. FINDINGS AND CONCLUSION

The majority of respondents in the urban areas of Hyderabad and Secunderabad in Telangana State demonstrate a commendable understanding of financial concepts and their implications. With over 75% either strongly agreeing or agreeing that they comprehend fundamental concepts like interest rates, compound interest, time value of money, inflation, risk, and returns, there is a solid foundation of financial literacy among the populace. Moreover, a significant proportion of respondents assert that they regularly create and assess budgets and financial plans, indicating a proactive stance toward managing expenses, savings, and investments, a consensus exists among respondents regarding the importance of maintaining comprehensive financial records, securing insurance coverage, and devising tax plans. This collective consciousness reflects an understanding of the significance of financial management and the necessity of risk mitigation strategies. Additionally, a considerable number of respondents affirm that they prioritize timely payments of bills and EMIs to evade penalties and negative impacts on their credit scores, showcasing responsible financial behavior. Furthermore, a significant portion actively monitors expenses and feels confident in making well-informed purchase decisions, which is vital for effective financial management and expense avoidance, while a notable number of respondents claim proficiency in making investment decisions and seeking financial information from various sources, there remains room for improvement in these domains. Not all respondents feel equally confident in these areas, although most assert their ability to identify and avoid financial scams or fraud, indicating a heightened awareness of potential financial risks, overall, there is a generally positive attitude toward financial literacy and responsibility among the urban population of Hyderabad and Secunderabad in Telangana State. However, areas for improvement include investment decision-making and seeking out financial information, suggesting that ongoing education and awareness efforts could enhance financial management skills among the population.

Regarding digital literacy, a significant number of respondents (60%) express comfort in using computers and other digital devices such as smartphones and tablets, indicating a high level of proficiency in digital technology among the urban population. Many claim to adeptly collect and navigate information from digital sources, including internet websites, social media platforms, and mobile applications, reflecting a familiarity with digital information channels. While there is still room for improvement, particularly in effectively utilizing digital payment tools and e-commerce applications, a substantial number of respondents are familiar with popular e-commerce platforms like Flipkart, Amazon, and Zomato.

The urban population of Hyderabad and Secunderabad in Telangana State exhibits a commendable level of comfort and proficiency in using digital devices and platforms. However, there is scope for improvement, especially in maximizing the utility of digital payment tools and e-commerce applications. Continued efforts in education and awareness could further enhance digital skills and usability among the population, aligning them with the evolving digital landscape.

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