IJCRT.ORG ISSN : 2320-2882

INTERNATIONAL JOURNAL OF CREATIVE RESEARCH THOUGHTS (IJCRT)

An International Open Access, Peer-reviewed, Refereed Journal

# Empirical Study On Adoption Of Digital Financial Services And Its Impact On Financial Behaviour Of An Individual Users: With Special Reference To Kadapa City.

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**ABSTRACT:** This paper explores the relationship between the adoption of Digital Financial Services (DFS) and the financial behaviour of individual users. With rapid technological advancements, DFS—such as mobile banking, digital wallets, UPI platforms, and internet banking—have transformed how individuals manage money, save, invest, and spend. Using primary data collected through a structured questionnaire, this study analysis behavioural changes in budgeting, saving habits, payment preferences, and investment decisions. Statistical tools such as correlation analysis, regression analysis, and ANOVA were employed to examine the impact. The findings reveal a positive correlation between the use of DFS and improved financial behaviour, particularly in saving discipline and transaction transparency.

**Key words**: digital finance, financial behaviour, Digital financial services.

## INTRODUCTION:

In the past few decades, rapid digitization and digital transformation in the financial service sector have led banks and financial institutions around the world to adopt digital ways of providing or receiving financial services. Financial products and services delivered digitally are more accessible and affordable than traditional banking services, and customers increasingly prefer digital transactions over cash-based transactions. Digital finance has provided an innovative way for the bank to reach new customers. Hence, many banks and non-banks have also begun to offer digital financial services to reach t hose customers.

According to a McKinsey report, a "digital finance" is a financial service delivered via mobile phones, the internet, or cards.

Digital Finance: -

Digital finance is the term used to describe the impact of new technologies on the financial services industry. It includes a variety of products, applications, processes and business models that have transformed the traditional way of providing banking and financial services. While technological innovation in finance is not new, investment in new technologies has substantially increased in recent years and the pace of innovation is exponential.

Now a days interact with our bank using mobile technology. People make payments, transfer money and make investments using a variety of new tools that were not there few years ago. Artificial intelligence, social networks, machine learning, mobile applications, distributed ledger technology, cloud computing and big data analytics have given rise to new services and business models by established financial institutions and new market entrants. All these technologies can benefit both consumers and companies by enabling

greater access to financial services, offering wider choice and increasing efficiency of operations.

They can also contribute to bringing down national barriers and spurring competition in areas such as online banking, online payment and transfer services, peer-to-peer lending, personal investment advice and services.

**Digital financial services in India:**

During the year 2012, we experienced rapid growth in the digital payment system. Government legislation and policy changes, technological developments, the widespread adoption of mobile phones, and the availability of low-cost internet services have all contributed to significant growth in digital payments such as m-wallets, debit and credit cards, net banking, and so on. The Government of India has made significant efforts to promote digital financial services. The Pradhan Mantri Jan Dhan Yojana was launched in August 2014 by the government of India with the purpose of providing basic banking and financial services to unbanked households. As a result, 17.90 crore zero balance accounts were opened during the first year of the scheme, the Pradhan Mantri Jan Dhan Yojana (August 2015), which has been increased by 46.25 crore by the year 2022.

According to the ministry of finance (Public Information Bureau 28 August 2022). With the significant increase in individual bank account openings, the Jan Dhan account has been linked with Aadhaar. The Jan Dhan account, Aaddhar card, and mobile connection are all linked together in the JAM strategy to transfer benefits directly into the accounts of the beneficiaries. According to the ministry of finance, 5.4 crore PMJDY account holders received Direct benefit transfers (DBT) from the government in June 2022. In the year 2016, Government of India launched various digital payment channels such as Unified Payments Interface and Bharat Interface for Money by National Payments Corporation of India to attract customers towards digital financial services. Policies like digital India in 2015 and demonetization in 2016 have created a significant rise in the usage of digital payment, mobile banking, and digital financial services.

Types of Digital Financial Services in India:

BANKING CARDS: These are issued by the banks to their customers for transaction purpose.

Debit cards- These cards are issued by the bank to the account holder. Users can withdraw an amount of cash up to the amount present in their bank account by using this card, and then their account is instantly debited after any expenditure made by them.

Credit cards- Credit cards are issued by banks and financial institutions to card holders with the purpose of withdrawing funds in excess of the balance available in their bank accounts, with the condition that the card holders have to repay such an amount of funds along with the interest rate to the issuer of the card after a specified time period.

Prepaid cards: prepaid cards have no link to customer bank accounts. We can load money into these cards and use them.

Virtual debit cards: these are electronic versions of debt cards for online transactions.

Other cards: Forex cards, Millennia cards, Commercial Credit Cards, Business Credit Cards, Loan on Credit Cards.

MOBILE WALLETS: These digital wallets store money and allow you to transact through an app linked to your bank account. It provides a convenient way to make payments for goods and services online or in stores.

Bharat interface for money (BHIM): This app facilitates simple payment transactions using UPI. We can make direct bank-to-bank payments or request money using UPI IDs or QR codes.

Point of sale (POS): PoS systems are electronic devices merchants use to process card payments at retail locations. These systems allow you to pay via debit or credit card, which is convenient for in-person transactions.

SERVICES BY DIGITAL BANKING:

Some of the digital banking services are:

Account management: we can easily access and manage your bank accounts online or through mobile apps. we can check balances, view transaction history, and update your personal information without visiting our home branch.

Fund transfers: Digital banking allows for quick and easy fund transfers between accounts, whether within the same bank or to different banks. We can make real-time payments with services like NEFT, RTGS, and UPI.

Bill payments: we can pay utility bills, credit card bills, and other payments directly through digital banking platforms. we can also schedule recurring payments using autopay options.

Loan applications: we can apply for various types of loans, such as personal, home, and vehicle loans, entirely online. Digital banking platforms streamline the application process with easy-to-follow steps and instant approvals.

Investment Services: Some digital banking platforms offer investment products like mutual funds, fixed deposits, NPS, bonds, etc. we can manage our investments using the same interface for regular banking services.

Unified payment Interface: Unified Payments Interface is an online payment system developed by the National Payment Corporation in the year 2016 that allows users to transfer money instantly by using a single window mobile application between two bank accounts. RBI regulates the payment services of UPI.

Aadhar enabled payment system: Aadhar-enabled payment system (AEPS) is a payment system launched by the national payments corporation of India in the year 2016 to facilitate payment services. AEPS allows a bank customer to execute basic banking services such as balance enquiry, cash withdrawal, cash deposits etc. through micro-ATMs by verifying with the help of their Aadhar number and their finger print.

Indian post payments system services: IPPS offers banking services in rural, semi-urban and urban areas through doorstep banking services, powered by an efficient network of postman/GDS. Services provided by the GDS/postman-cash deposit and withdrawals. Instant money transfers-easy money transfer to your own as well as convenient and paperless account opening.

Importance of digital financial services:

Digital finance describes the application of new technologies in the financial sector to improve access to financial services and increase the efficiency of financial systems. It encompasses a broad range of technology-enabled financial activities, including online banking, mobile payments, POS terminals, and crypto currencies. Digital financial services plays a significance role in the Indian financial banking system.

For businesses, digital finance offers opportunities for cost savings, increased efficiency, and improved customer experience.

For consumers, it provides convenience, flexibility, and security. It makes it easier for everyone involved to manage their finances and transact with one another.

Financial Behaviour: According to Perry and Morris, financial behaviour is defined as the management of a person's savings, expenditures, and budget. Whereas Xiao 2008 asserts that human activities related to money management, such as cash, savings, and credit, are regarded as financial behaviour. In a wider view, financial behaviour includes broad concepts including investment behaviour for the short- and long-term, savings behaviour, credit usage, expenditure behaviour, etc.

**Review of Literature**

**Kaveh Javani**, **Siew Imm Ng**, **Yuhanis Ab Aziz**, Department of Business Management, University Putra Malaysia, Malaysia (2023)Predictive Factors Influencing the Adoption of Digital Finance: A Unified Approach Drawing from TOE and NV Theories- This article aimed to investigate the factors that may impact the adoption of digital finance within Small and Medium Enterprises (SMEs). Using the Technology-Organization-Environment (TOE) Theory and the Net Valence (NV) Model, the study categorizes predictors into technological, environmental, and organizational factors.

International Journal of Information Management Data Insights Volume 3, Adoption and use of digital financial services: A meta-analysis of barriers and facilitators The study Catarina Neves, Tiago Oliveira, Fernando Santini, Luis Gutman Other articles in of digital financial services is not recent; however, since COVID-19, new attention has been given to solutions that avoid face-to-face interactions. Accordingly, the number of studies on the topic of digital financial services has increased, covering new topics, such as digital wallets. Thus, this study presents a weight and meta-analysis that synthesises previous literature on digital financial services use.

Mona Kumari, Adoption of Digital Financial Services and Its Impact on Financial Behavior: A Review of Literature, International Journal of Management (IJM), 15(5), 2024, pp. 10-26. https://iaeme.com/MasterAdmin/Journal_uploads/IJM/VOLUME_15_ISSUE_5/IJM_15_05_002.pdf There is a broad set of digital financial services, according to what they allow to perform, which organisations are behind the service, and which functionalities are available, among others. Three primary services can be identified: digital banking, digital management and payment services, and digital wallets. Digital banking is the most common digital financial service. It is usually associated with a banking organisation and allows banking activities to be performed either electronically or online (Al-Dmour et al., 2019). These banking services are available at any time, allowing tasks to be executed anytime and anywhere, avoiding queues, and reducing operating costs (Inder et al., 2022). Among the functions available, digital banking enables the performance of various transactions, trading, and visualisation of history and sometimes permits access to advisory services and cross-selling products (Baptista & Oliveira, 2015). Overall, these services can be boosted with the implementation of emerging technologies, such as adaptative business intelligence (Arjun et al., 2021).

The financial landscape in India has witnessed a significant shift with FinTech adoption surpassing the global average at 87 percent (Das & Das, 2020). This adoption is primarily led by FinTech startups, heralding the potential to enhance financial inclusion. However, demographic disparities exist, with millennials and Generation Z showing greater awareness and use of FinTech services.

Das, A., & Das, D. (2020). Perception, adoption, and pattern of usage of FinTech services by bank customers: Evidences from Hojai District of Assam. Emerging Economy Studies, 6(1), 7-22.

In India, the determinants of mobile payment (m-payment) adoption intention are identified (Dan, 2023). Perceived ease of use, perceived usefulness, trust, and self-efficacy significantly impact m-payment adoption intention, providing insights into the user-centric factors shaping this adoption

Number of factors such as perceived usefulness, subjective norms, attitude, and perceived behaviour control were found to be significant factors in the intention to adopt internet banking, whereas perceived risk was found to be insignificant variables in the intention to adopt internet banking by consumers (Yadav et al., 2015).

Trust, website social features, compatibility with lifestyle, and online customer services have a positive impact on customer's intentions to adopt internet banking, while ease of use has no significant impact on customer's intentions to adopt internet banking by Boateng, H., Adam, D.R., Okoe, A.F., and Anning-Dorson, T (2016).

According to Chawla & Joshi (2018). Age, gender, occupation, experience, qualification, marital status, and income have a moderating effect on the attitude to adopt mobile banking, whereas educational background has an insignificant effect on the attitude to adopt mobile banking. It was identified from the study that welfare of individuals, psychological behaviour, theft and fraud, laws and regulations, knowledge of credit cards, and level of expenditure influence adoption of credit cards Shish any Amar AI et al (2020). Perceived risk negatively influences the intention of the consumer to use We Chat payments Tang et al., (2021).

Banks and financial institutions have made huge investments in digital technology in order to reduce costs and increase the performance of their businesses, as the adoption of digital financial services is positively associated with the performance of the firm, profitability of the bank, and cost effectiveness. Therefore, all the factors related to the adoption of digital finance have been reviewed. The factors include perceived usefulness, perceived ease of use, and subjective norms (Sushant Raj and Subodh, 2020).

According to the study, factors such as easy interbank account facilities and accurate timing have a positive impact on the usage the usage of mobile wallets (Tabitha Durai & Stella G, 2019). Some of the important reasons for using digital banking services include checking online balances, ensuring safety and security, convenience, and making online bill payments (Karthik& Krishnan, 2019). Security and privacy, communication and responsiveness, dependability and usability, trust and openness, and innovation are several important factors influencing the usage and adoption of mobile banking apps (Tater and John, 2023)

According to research conducted by Ozili (2018), Digital finance through FinTech providers has positive effects toward financial inclusion in emerging and advanced economies, and the convenience that digital finance provides to individuals with low and variable income is often more valuable to them than the higher cost they will pay to obtain such services from conventional regulated banks. These results indicate that debtor will more often distribute their funds to FinTech than at banks and bank will be facing difficulties in terms of liquidity if there are new creditors, due to a decrease in funds from third parties or depositors.

In India, the government initiated the Digital India campaign in 2015 and Demonetization in 2016 to persuade customers to adopt digital financial services. According to the RBI report, the total volume of non-cash transactions reached 1.9 billion in 2016–17, with the launch of the Digital India campaign and Demonetization. Adoption of digital finance by the customer not only helps them to make all the payments digitally. but it also helps them to meet their financial needs and provide solutions for their financial issues. There are different providers and users of digital financial services.

Students and employed people use digital banking services more than unemployed people because unemployed people are unaware of digital financial services and feel insecure using them; they find it difficult to adopt digital banking services (S.J. Syed Ashik, 2020). Customers' main sources of information about cashless payments are advertisements, news articles, and news reports. Debit cards, mobile banking, and online payment systems are the types of cashless payment options most commonly used by customers (Jose, Shruti, 2020). Retailers use digital payment for the acceptance of payment from their customers; awareness level about digital payment options in the case of plastic money is 100% among the retailers, but they do not have adequate information about the Aadhaar-enabled payment system (Mohana Priya M, 2021).

Impact of mobile banking services on savings, spending behaviour Mobile money usage helps individuals save for health emergencies. Mobile money use increases easy access to cash, and individuals use it to save for unexpected events such as medical emergencies (Serge KY, Clovis Rugemintwari, and Alain Sauviat, 2017). Mobile accounts enable users to avoid wasteful expenses and to save rather than spend, thus inculcating better savings habits. Mobile account users save money frequently and in small amounts (Mani A. Nandhi, 2012–2017).

A study examining the impact of mobile banking services on the spending and savings behavior of university students in Africa found that savings behavior has a strong positive relationship with mobile banking services, as students can easily put their funds into savings accounts and earn interest on their deposits over a set period of time. It has also been found that mobile banking services have a positive correlation with university students' spending behavior because students use mobile banking services to make purchases, which increases their spending rate (Gitau, Antony Njenga, 2018).

The use of mobile money significantly increases the propensity of low-income earners to save for both emergencies and future events (Jackline Mwende Skogqvist, 2019). The adoption of mobile financial services increases investing, purchasing insurance, and borrowing from formal financial institutions. The use of mobile financial services also helps close the gender gap in financial inclusion (Shreya).

Digital wallets are the newest form of digital financial service. These are defined as mobile applications that substitute real wallets, allowing users to make payments without the participation of financial intermediaries (Tran Le Na & Hien, 2021) and store information, such as credit cards, passport details, several payment accounts, passwords, etc. (George & Sunny, 2022). In fact, digital wallets are increasingly being investigated, and not only for financial purposes. For example, block chain based wallets for health information are also being studied (Maher et al., 2023; Mittal, Gupta, Chaturvedi, Chansarkar & Gupta, 2021). Overall, the maturity of the digital financial services is clear, however, there are clear opportunities due to the digital advancements, like advanced methods and block chain.

## RESEARCH METHODOLOGY

### NEED FOR THE STUDY:

Financial behaviour is a crucial aspect of an individual's life. Adopting technology positive financial behaviours, such as savings borrowings, investments, spending nature, debt management, can help individuals achieve financial stability and security as well as time consumption in the long run. By understanding and practicing these behaviours, individuals can take control of their finances and make informed decisions that align with their financial goals.

**Factors Affecting Adoption of Digital Financial Services**:

There are various studies done on this subject: therefore, it can be concluded from the study that most of the studies are on factors influencing adoption of digital financial services, and it is found that perceived ease of use transactions, perceived usefulness, reasonable price, accessibility and reliability, and innovation, Cost Convenience, Security/Privacy are the various factors influencing the digital financial services. in this study focus on identifying the factors influencing the digital financial services impact on financial behaviour of an individual user. Factors are considered in this study:

Age, Income, Occupation, Gender, Education, and Technology Attributes, Personal Characteristics, Borrowing Behaviour, Saving Behaviour, Investment Behaviour, Spending Behaviour, Awareness, & Usage Access.

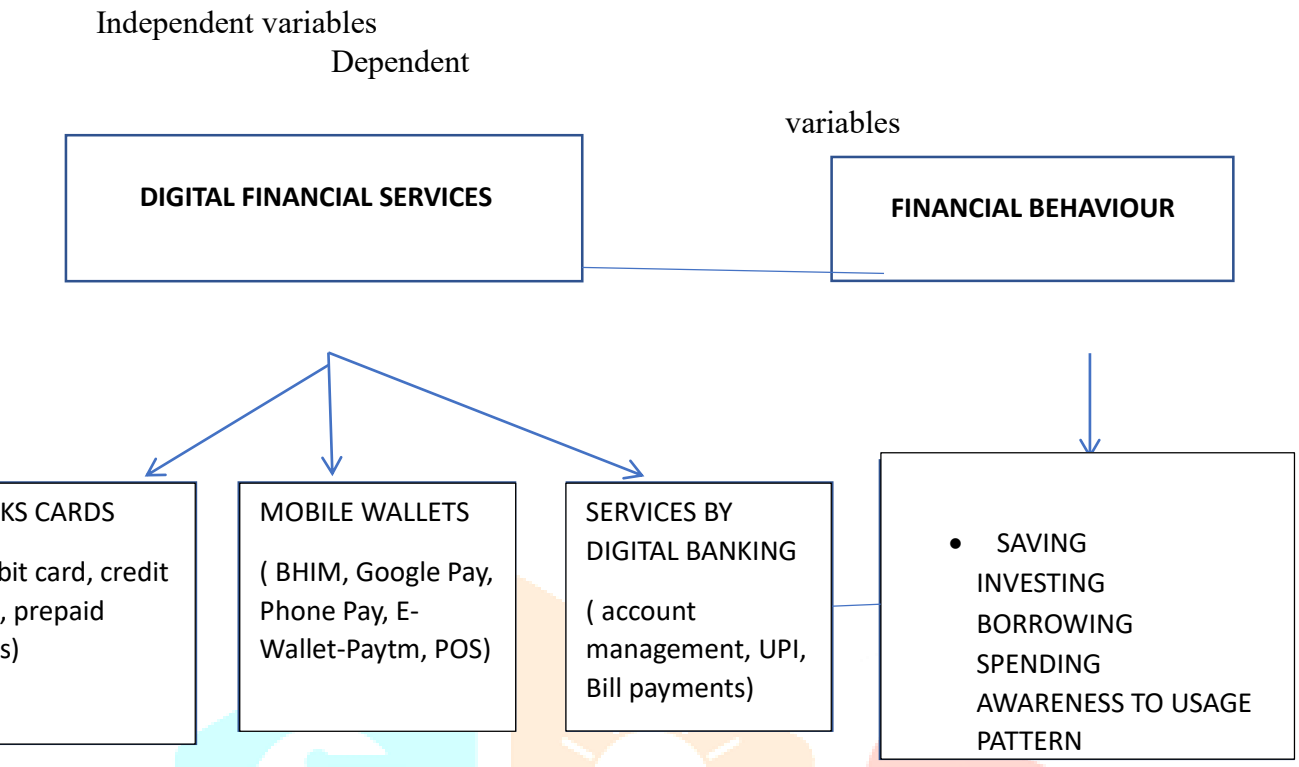
**Objectives of the study**: The proposed study has the following major objectives.

- To identify the various current digital financial services.
- To assess the awareness and usage of DFS among individual users.
- To examine the impact of DFS on users' financial behaviour.
- To analysis demographic factors influencing the adoption of DFS.

**Hypothesis of this study:**

- **H1:** There is a significant positive relationship between DFS usage and saving behaviour.
- **H2:** There is a significant positive relationship between DFS usage and budgeting behaviour.
- **H3:** Digital financial literacy mediates the relationship between DFS and financial behaviour.
- **H4:** Age, education, and income moderate the relationship between DFS and financial behaviour.

## RESEARCH MODEL :




**RESEARCH DESIGN:**

The study is descriptive in nature. Descriptive research is used to describe the characteristics of a population or specific, phenomenon being studied. Descriptive research aims to describe and summarize a phenomenon, situation, or population. It involves collecting and analysing data to provide a detailed and factual description of the research topic, without attempting to explain or interpret the findings.

Descriptive research is Digital finance, saving, investing, spending, borrowing, and awareness to access often used to gain a better understanding of a topic, identify patterns and trends, and various digital financial services adoption and its relationship should be measured by the users.

**SCOPE OF THE STUDY**: The study has focused on assessment of adopting digital financial services and its impact on financial behaviour. Financial behaviour was studied in all aspects adoption of digital financial services. The financial behaviour was studied in all aspects of digital financial services such as: saving, investing, borrowing, spending and awareness to usage pattrens,

**RESEARCH METHOD**: In this study, survey research method is used. The data can be collected by sending structured questionnaire. The data is collected easily through this method.

**POPULATION:** Population refers to the total number of people or individuals in a specific area or group being studied. In this study, selected the population of using digital financial services like, banking cards, mobile wallets and services by digital bankings in Kadapa City.

**SAMPLE SIZE:**

Sample size refers to the number of users or observations included in a study. In this study 100 sample size is taken.

**SAMPLING PROCEDURES SAMPLE**: A sample is a small group of individuals or people selected from a larger population. Sampling is the process of selecting the sample from the population.

**SAMPLING METHODS:** In general, non-probabilistic and in specific convenience sampling procedure is adopted to identify the respondents.

**NON-PROBABILITY SAMPLING**: Non-probability sampling techniques are where the researcher deliberately picks people or individuals for the sample based on their research goals or knowledge.

**RESEARCH INSTRUMENT:** A research instrument is a tool or method used to collect data in a research study, such as questionnaires, interviews, observations, scheduling. In this study a well structured questionnaire is selected.

**DATA SOURCES**:

There are two types of data sources i.e. primary data and secondary data.

**PRIMARY DATA:** It refers to original, first -hand information collected directly from the sources, such as questionnaires, surveys, interviews, observation, scheduling, experiments etc.

**SECONDARY DATA:** It refers to existing information that has been collected by someone else, such as published research papers, articles, websites, books etc.

**STATISTICAL TOOLS:** In this study, statistical tools are used such as mean, standard deviation, correlation, regression.

**Mean** refers to the average value of a set of numbers and **standard deviation** is a statistical measure that calculates the amount of variation or dispersion in a set of data from its mean value, a low standard deviation that the data points are close to the mean, while a high standard deviation indicates data points are more spread out**. Correlation measures** the strength and direction of the linear relationship between two variables.

It ranges from -1 and +1 Regression analysis is a statistical method used to analyse the relationship between a dependent variable and one or more independent variables, aiming to predict or explain the variation in one variable based on another variable

**LIMITATIONS:**

➢ This study is conducted in Kadapa city, hence it may not be generalized to other parts of local areas.

➢ This study collected data using Google form hence the respondents may be wrong on recalling their financial behaviour while responding.

➢ Limitation is to examine each individual user—say their saving money, investing money in digital, spending money in digital, borrowing money through online—was estimated using only some variable, while it can examine using number of variables like other study.

## DATA ANALYSIS AND INTERPRETATION

Section A – Demographic Analysis (Nominal Data)

1. Gender

| Gender | Frequency | Percentage (%) |
|---|---|---|
| Male | 56 | 56% |
| Female | 42 | 42% |
| Other | 2 | 2% |
| **Total** | **100** | **100%** |

**Interpretation:** From the above table represents that 56% of the respondents are males, 42% of the respondents are females, and remaining 2% are other transgender people.

2. Age Group

| Age Group | Frequency | Percentage (%) |
|---|---|---|
| Below 20 | 5 | 5% |
| 21–30 | 44 | 44% |
| | | |
| 31–40 | 30 | 30% |
| 41–50 | 12 | 12% |
| Above 50 | 9 | 9% |
| **Total** | **100** | **100%** |

**Interpretation:**

From the above table represents that below 20 age group are 5%, 21-30 age group are 44%, 31-40 age group are 30%, 41-50 age group are 12%, and remaining 9% are above 50 aged.

3. Educational Qualification

| Education Level | Frequency | Percentage (%) |
|---|---|---|
| | | |
| High School | 8 | 8% |
| Graduate | 40 | 40% |
| Postgraduate | 38 | 38% |
| Doctorate | 6 | 6% |
| Others | 8 | 8% |
| **Total** | **100** | **100%** |

**Interpretation:**
From the above table represents that 8% people are SSC qualification, 40% of the people are graduate, 38% of the respondents are PG, and remaining doctorate & others are 6% and8% of respondents.

4. Occupation

| Occupation | Frequency | Percentage (%) |
|---|---|---|
| Student | 25 | 25% |
| Employed | 45 | 45% |
| Self-employed | 15 | 15% |
| Homemaker | 6 | 6% |
| Retired | 4 | 4% |
| Other | 5 | 5% |
| **Total** | **100** | **100%** |

**Interpretation:**

**From the above table represents that, Employed individuals 45%** form the largest segment, followed by **students 25%**, indicating that working professionals and younger users actively engage with DFS.

5. Monthly Income

| Income Bracket (₹) | Frequency | Percentage (%) |
|---|---|---|
| | | |
| Below 10,000 | 10 | 10% |
| 10,001- 25,000 | 28 | 28% |
| 25,001 – 50,000 | 32 | 32% |
| 50,001 – 1,00,000 | 20 | 20% |
| Above 1,00,000 | 10 | 10% |
| **Total** | **100** | **100%** |

**Interpretation:**
From the above table represents that Most of the respondents fall in the **₹25,001 – ₹50,000** , indicating a **middle-income group** with access to smartphones, internet, and DFS.

**Summary of Demographic Interpretation**

- The **user group** is **young (21–30)**, **employed**, and **well-educated**.
- This group is likely to be **digitally literate** and **open to DFS adoption**.
- The **income profile** suggests that most users have disposable income, making them likely adopters of services like digital banking, wallets, and investment apps.

Section B – Awareness and Usage of Digital Financial Services

Q6. Are you aware of Digital Financial Services (DFS)? *(Nominal – Yes/No)*

| Response | Frequency | Percentage (%) |
|---|---|---|
| Yes | 95 | 95% |
| No | 5 | 5% |
| **Total** | **100** | **100%** |

**Interpretation:**
A **high awareness level 95%** indicates that DFS has strong market penetration and visibility among users.

Q7. Which of the following DFS platforms do you use? *(Multiple response question)*

| DFS Platform | Users (n) | Percentage (%) |
|---|---|---|
| Mobile Banking | 82 | 82% |
| UPI (Google Pay, etc.) | 90 | 90% |
| Digital Wallets (Paytm, etc.) | 75 | 75% |
| Internet Banking | 60 | 60% |
| None | 2 | 2% |

**Interpretation:**

- **UPI 90%** is the most commonly used DFS tool.
- **Mobile banking 82%** and **digital wallets 75%** are also widely adopted.
- Only **2%** reported not using any DFS platform, showing **high adoption rates**.

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Q8. Frequency of DFS Usage *(Ordinal – 5-point Likert Scale)*

1 = Never, 2 = Rarely, 3 = Sometimes, 4 = Often, 5 = Always

| Service | Mean | Std. Deviation | Interpretation |
|---|---|---|---|
| Mobile Banking | 4.1 | 0.76 | Frequently used |
| UPI (Google Pay, etc.) | 4.5 | 0.62 | Very frequently used |
| Digital Wallets | 3.9 | 0.88 | Moderate to frequent usage |
| Internet Banking | 3.4 | 0.92 | Occasional usage |

**Interpretation:**

- **UPI is the most frequently used DFS tool** (Mean = 4.5).
- **Mobile banking** also sees regular usage (Mean = 4.1).
- **Internet banking** has the **lowest frequency**, possibly due to its complexity or perceived formality.

**Summary Interpretation of Section B**

- There is **strong awareness 95%** and **high adoption** of DFS platforms, especially UPI and mobile banking.
- Frequency data shows that users are **actively engaging** with these tools, suggesting DFS are now integrated into daily financial behaviour.
- These insights support the hypothesis that **DFS usage is prevalent** and can **significantly impact financial behaviour**, which justifies further correlation and regression analysis.

Section C – Digital Financial Literacy: Data Analysis

Q9: Level of usage Agreement with Statements

**Scale:**
1 = Strongly Disagree | 2 = Disagree | 3 = Neutral | 4 = Agree | 5 = Strongly Agree

| Statement | Mean | Std.D | Interpretation |
|---|---|---|---|
| Q9.1 I understand how to use mobile and internet banking securely. | 4.3 | 0.65 | High agreement |
| Q9.2 I can identify safe vs. unsafe digital financial transactions. | 4.1 | 0.72 | High agreement |
| Q9.3 I know how to manage and track my transactions digitally. | 4.0 | 0.75 | Moderate to high agreement |
| Q9.4 I feel confident making payments or transfers using DFS platforms. | 4.2 | 0.70 | High agreement |
| **Overall Digital Literacy Score** *(average)* | **4.15** | **0.45** | **Consistently high digital literacy** |

Interpretation:

- All four items have **means above 4.0**, showing that respondents generally **agree or strongly agree** with the statements.
- The **highest-rated skill** is knowing how to **securely use mobile/internet banking** Mean = 4.3.
- The **lowest-rated** (though still high) is understanding how to **track transactions digitally** Mean = 4.0.
- Low **standard deviations** (< 1) suggest that **responses are consistent across users**.

Summary Interpretation of Section C

- Respondents display **strong digital financial literacy**, which supports the foundation for active and safe DFS usage.
- This level of confidence in digital transactions may be a key driver in adopting responsible financial behaviours like **budgeting, saving, and investing**.

Section D – Financial Behaviour:

Likert Scale

1 = Strongly Disagree | 2 = Disagree | 3 = Neutral | 4 = Agree | 5 = Strongly Agree

Q10: Since using DFS, please indicate the change in your financial behaviour:

| Statement | Mean | Std.D | Interpretation |
|---|---|---|---|
| Q10.1 I save more regularly. | 3.9 | 0.84 | Moderate to high agreement |
| Q10.2 I track my expenses more accurately. | 4.1 | 0.76 | High agreement |
| Q10.3 I plan and budget my finances better. | 4.0 | 0.81 | High agreement |
| Q10.4 I have started investing using digital platforms. | 3.7 | 0.96 | Moderate agreement |
| Q10.5 I rely less on cash and more on digital payments. | 4.4 | 0.69 | Very high agreement |
| **Overall Financial Behaviour Score (Average of Q10.1–Q10.5)** | **4.02** | **0.56** | **Positive shift in financial behaviour** |

Interpretation:

- Respondents **agree** that DFS usage has **improved their financial behaviour**, especially:
  - **Expense tracking Mean = 4.1** and
  - **Cashless reliance Mean = 4.4**.
- The statement on **investment via digital platforms** has the **lowest mean 3.7**, suggesting that some users are still cautious about digital investments.
- The **overall average 4.02** indicates a **positive impact of DFS on financial discipline**.

Summary Interpretation of Section D

- Digital Financial Services have positively influenced user behaviours:
  - **More savings**
  - **Better financial planning**
  - **Less dependence on cash**

Section E – Overall Perception of DFS: Data Analysis

Q11. Overall, I believe digital financial services have improved my financial life.

| Response | Frequency | Percentage (%) |
|---|---|---|
| Strongly Disagree (1) | 2 | 2% |
| Disagree (2) | 5 | 5% |
| Neutral (3) | 15 | 15% |
| Agree (4) | 50 | 50% |
| Strongly Agree (5) | 28 | 28% |
| Total | 100 | 100% |

|**Mean** = 3.97 | **Standard Deviation** = 0.87 |

**Interpretation:**

- **78%** of respondents agree or strongly agree that DFS has improved their financial life.
- **Mean score 3.97** indicates a **positive perception** overall.
- Low standard deviation shows **consistent responses**.

**Q12. I would recommend others to use DFS platforms.**

| Response | Frequency | Percentage (%) |
|---|---|---|
| Strongly Disagree (1) | 1 | 1% |
| Disagree (2) | 3 | 3% |
| Neutral (3) | 10 | 10% |
| Agree (4) | 53 | 53% |
| Strongly Agree (5) | 33 | 33% |
| **Total** | **100** | **100%** |

**Mean** = 4.14 | **Standard Deviation** = 0.75 |

**Interpretation:**

- A strong **86%** of respondents are willing to recommend DFS to others.
- **Mean of 4.14** shows high satisfaction and trust in DFS.
- Indicates high likelihood of **word-of-mouth promotion** of digital services.

Summary Interpretation of Section E

- Respondents show **strong overall satisfaction** and **positive perception** toward DFS.

SPSS Output: Correlation Table

| | DFS Usage | DFS Literacy | Financial Behaviour |
|---|---|---|---|
| **DFS Usage** | 1 | 0.59** | 0.66** |
| **DFS Literacy** | 0.59** | 1 | 0.71** |
| **Financial Behaviour** | 0.66** | 0.71** | 1 |

- **Values range from -1 to +1**
- **r > 0.5** = strong correlation
- **r between 0.3–0.5** = moderate
- **r < 0.3** = weak
- ****** = statistically significant at p < 0.01

Interpretation:

- **DFS Usage and Financial Behaviour → r = 0.66** → strong positive correlation
- **DFS Literacy and Financial Behaviour → r = 0.71** → even stronger relationship
- All p-values are < 0.01 → **statistically significant**

***"Increased use of digital financial services is associated with improved financial behaviour."***

Summary

| R | $R^2$ | Adjusted $R^2$ | Std. Error |
|---|---|---|---|
| 0.66 | 0.435 | 0.431 | 0.527 |

**Interpretation**:
$R^2$ = 0.435 → **43.5%** of the variation in Financial Behaviour is given by DFS Usage.

**ANOVA Table**

| Source | Sum of Squares | df | Mean Square | F | Sig. (p) |
|---|---|---|---|---|---|
| Regression | 48.302 | 1 | 48.302 | 52.791 | 0.000 |
| Residual | 62.871 | 98 | 0.641 | | |
| Total | 111.173 | 99 | | | |

**Interpretation**:
p-value = 0.000 → **significant** model (p < 0.05)

Coefficients Table

| Variable | B | Std. Error | Beta (β) | t | Sig. (p) |
|---|---|---|---|---|---|
| Constant | 1.305 | 0.246 | – | 5.304 | 0.000 |
| DFS Usage | 0.725 | 0.100 | 0.66 | 7.266 | 0.000 |

**Interpretation**:

- β = 0.66 → strong positive effect
- p-value = 0.000 → DFS Usage **significantly predicts** Financial Behaviour

The regression analysis shows a **statistically significant** and **positive** impact of DFS usage on financial behaviour.

## FINDINGS:

Based on the complete data analysis and interpretations from questionnaire (Section A- E)

### 1. Demographic Insights

- Majority of respondents are **young 21–30 years**, **employed**, and **well-educated** graduates and postgraduates.
- This demographic shows higher readiness and adaptability to DFS platforms.

### 2. High Awareness and Usage of DFS

- **95%** of respondents are aware of DFS.
- **UPI 90%**, **mobile banking 82%**, and **digital wallets 75%** are the most used platforms.
- **DFS is regularly used**, especially UPI mean usage = 4.5 out of 5.

### 3. Strong Digital Financial Literacy

- Respondents show a **high level of confidence** in using DFS securely mean digital literacy = 4.15/5.
- They can manage transactions, identify risks, and feel confident using DFS.

### 4. Positive Impact on Financial Behaviour

- DFS usage leads to better **expense tracking, planning, and saving behaviour**.
- Highest behavioural shift is seen in **moving from cash to digital payments mean = 4.4**.
- **Overall financial u score = 4.02**, showing a **positive behavioural transformation**.

### 5. Strong Overall Perception

- **78%** believe DFS has improved their financial life.
- **86%** would recommend DFS to others mean perception = 4.14.

### 6. Statistical Evidence Supports Hypothesis

- **Correlation** shows significant positive relationships between DFS usage, literacy, and financial behaviour.
- **Regression analysis** confirms that **DFS usage significantly predicts financial behaviour** (β = 0.66, $p < 0.01$).

**Suggestions**

**1. Promote DFS among Older Age Groups and Less Educated Users**

- Awareness campaigns should target users **above 40 years** and **with lower education**, as adoption is lower in these segments.

**2. Enhance Digital Financial Literacy Programs**

- Even though literacy is high, gaps exist in **digital investment knowledge**. Focused training on **digital investments** (mutual funds, insurance apps, etc.) can enhance adoption.

**3. Ensure Security and Trust-Building**

- Continue emphasizing **safe usage practices** to maintain trust.
- DFS providers should incorporate **two-factor authentication**, **fraud alerts**, and **user education** on scams.

**4. Encourage Small Merchants and Rural Participation**

- Extend DFS tools to **small business owners**, **vendors**, and **rural users** through simplified apps and local language support.

**5. Government and Banking Sector Collaboration**

- Offer **incentives**, **zero transaction charges**, and **digital rewards** to encourage DFS use.
- Integrate DFS into **financial inclusion programs** for better outreach.

**Conclusion**

The study clearly shows that **digital financial services positively influence financial behaviour** by increasing user convenience, encouraging saving habits, and reducing cash dependency. With targeted interventions, DFS can play a significant role in **depending financial inclusion** and **building a more financially disciplined society**.

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