

An Overview of Digital Financial Literacy

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Abstract: *Out of 28 countries, India ranked 23rd position in literacy scale digital financial data released in Financial Literacy and Education Summit in the year 2012. This reveals the information of level of financial literacy in the nation. Different sectors at their own level trying their best to improve their functioning to cope with the updated technology. There is no doubt that the banking sectors are trying their best to utilize their every function through digital platform but still lot of efforts need to be taken by the financial institution for making every individual of the country making more aware for digital financing. Based upon the various steps undertaken the government for digitization, this study is being quite unique by considering the different steps and assumption of present condition in financial market of India. Modi Government decision for Demonitisation to Digital India a major transformation is being taken place in the Indian economy. These steps not only reduced the paper work but also accumulated every citizen into digital platform. Presently whole world is suffering with the pandemic situation and the digital platform helped a lot during these days. Still more awareness and plans need to be done to make cashless economy. These can be done by Financial Literacy through different campaign in rural areas, advertisements, giving importance for electronic money.*

Keywords: *- Financial literacy, financial inclusion, Digital finance, Financial Products, Financial services, Innovative Financial Technology*

I. Introduction

The main motive of digital literacy is to make aware every individual about the digitalization. Digital awareness not only limited only for the financial sector but also in each and every sector so that the burden of paper work should be reduced. We can say that the digital financial literacy is a well defined combination of proper utilization of finance with the secured digital finance electronically. This literacy also considers the different attitude and behavior of every individual toward digitalization and make aware about the digital platform. Finance literacy educates everyone how to manage, provide useful data and make familiar with the various financial products. The financial literacy also guide towards financial inclusion. It will also help the policy makers to prepare policies. Financial inclusion is nothing but it's an opportunity how can we invest our money in different ways or how can we utilize our funds. Earlier people are no more aware about use of funds but now different methods are being created in which we can invest. Financial education is very important for everyone to overcome from the poverty as well as to make country developing to develop. For financial empowerment education and protection is necessary. For quick adoption and acceptance of digital financing a country need to stable economy and it is considered by the researcher also that as the whole world is moving in digital era every nation should focus on digital Financial Inclusion. Their significance has been globally acknowledged and endorsed by G20 leaders through high level principles on Innovative Financial Inclusion (OECD, 2011). National Strategies for Financial Education (OECD, 2012) and Digital Financial Inclusion. Financial literacy and financial inclusion are present in the nation which is at a low scale. For supporting digital India various study are being undertaken in different parts of country at different levels to make everyone financial literate and should try to understand the impact on financial inclusion due digital financing. The major benefits that a nation gets through the digital finance are a step towards cashless, less paper burden, less corruption. From demonetization financial sectors has regularly focus on reducing fake money in the market.

OBJECTIVE OF STUDY

With the increase in the usage of digital technologies, it is important to create awareness among the citizen about digital education. Education not only means explaining something but it means making an individual able to understand and practicing regularly upon the based information. This study is based by undertaking some practical situation from the surrounding and makes reader to focus up on some lighting over digital financial literacy and its urgency.

Definition

Digital Financial literacy is an addition of financial education with the digital era. It means the range of understanding, behaviour knowledge that an individual respond for the different financial products and also think for personal money. The best way to get more knowledge about digital finance is to use various electronic

means for doing financial transaction and making it regular habit. By this way an individual can regularly familiar with digital finance. This will give more education for digital finance. But there are certain points which should need to be considered while using digital finance platform

- Use safest mode to fulfill requirement by transaction own money ownself.
- Be aware for sharing personal financial details and identity to anyone.
- Create familiar relationship with the institution for familiar response.
- If we go for decoding the recent union budget 2019 we can go deep that how necessary it is to empower the digital finance and move along with it. It is necessary to go towards the path of digital finance as make India cash less and corruption free.

PRODUCTS OF DIGITAL FINANCE

Online Banking: This is important facilities given by the financial institution because this facility ultimately reduces the burden of visiting banks for every small work. This feature almost saved a lot of time of a user and well as institutions. Regularly different features have been introduced by different website for using online banking.

Nowadays banks are offering digital services to meet every requirement of customer with immediate response and high quality technical solutions with fast and easy. Below mentioned are few of the services that banks are providing to its customers without any charges.

- Opening Accounts
- Money transfer
- Withdrawal
- Deposits
- Transfer Money
- Checking account balance
- Mini statements
- Loan management
- Bill payments

Unified Payment System: This is the easiest and popular means of transferring and depositing money to anyone and anywhere. Earlier it was so pathetic to take out precious time and visit bank and stand in a long line to deposit or transfer money. But thanks to the Govt. initiatives and digital financial services to introduce UPI system which brought a great solution of banking problems as well as saved a huge time of customer.

It has also provided the facility of balance enquiry as well as online shopping experience. This procedure is completely safe, secured and transaction can be done by any of the banks accounts. The only thing customer need to do is he has to install any of the UPI Apps from play store, then after a customer have to add banking details, i.e., Account number and IFSC code with account holder name and registered mobile number by generating secret and unique pin. Then after the App is completely ready to use for digital transaction. The following are some of Apps available for UPI transaction

- BHIM
- Cred
- PhonePe
- Google pay
- Amazon pay

Finance Planning: With the era of digital money the banking sectors are also in a competition to provide more and more facilities to customers for their convenience. They offer various tools analyzing investments, savings, tax calculation, loan calculations, interest rates finance budgeting, different schemes of govt. Therefore, the banks come up with advanced websites that have several banking options. Through this way customer is able clear own doubts electronically anytime anywhere without investing time on personal visit in the banks.

Digital Wallet: We can also say this term as pocket wallet or mobile wallet. Earlier we used to visit bank or ATM to withdraw cash for utilizing it for shopping or anything we want to purchase. Best innovation for digital platform after demonetization was digital wallet which can be used by smart phones. Millions of users are being very familiar by using digital wallets.

Have a look on different digital wallet available:

- Airtel Money
- Mobikwick
- Jio money
- Oxizen
- Paytm

- State Bank Buddy

Rewards, Coupons, Cashbacks: This is another way through which customers can be encouraged for digital money. This is only a strategy used by banks for customer engagement. This is a measure which is facilitated by Apps for promoting digital money and making more transactions. For doing certain transactions rewards, money backs and coupons are available to the users for better experience.

Bill Payments: This is a time saved measure initiated by electronic money apps through which regularly users will get notifications to dth recharge, mobile recharge, water bills, electricity bills, loan payments, mortgage rents, insurance installments.

Secured Message Alerts: This as a feature available to every user of digital banking by providing time to time alerts for their every transaction. This provides more secured means of transactions for every single activity and makes customer confidence. This will also help to make aware of frauds. Message alerts are sent to customers when ever payment date is nearby, money deposit or withdrawn is undertaken or when we failed to attain login.

Procedures need to be following for Digital Financial Literacy.

Making aware the citizens with the recent government policies, initiatives for digital finance.

It is something a decentralized means of sharing and educating the citizens about digital finance. We living in such a country which can be termed as Unity in Diversity which means different culture, way of living, language, traditions, beliefs customs, taste, choice, preferences. And it's quite so clumsy to overcome and manage the whole diversity and join them into a single series of digitization. So by different programs and camps government policies should be shared to the citizens. And a periodic review and tracking should also be made to measure the parameters.

Creating awareness about various digital payment methods

Another best way through which we can literate the citizens are providing much more information about different digital finance products. With combining the three terms digital which means electronic platform, financial means monetary transaction and literacy means level of education so these terms should be properly segregated to at every level to create more and more awareness.

Let us understand the same point with considering some practical situation. Earlier rural people do not know about the banks or else does not know how to put their money safely in the banks. Then after with the government support the banks are constructed in different rural areas through which rural people are connected with banking services and they happily put their cash with opening bank accounts with a trust in banks and day by day they learn to know the value financial services. Then after the banks are also assigning different voluntary to make more aware about their products through electronic media as printing media.

Creating more knowledge about the digital finance safety and security

Safety and security is almost the first most priority for every individual. Keeping this is view various safety measures are being taken to make every transaction safe and secure. To be so vigilant, while opening accounts banks take complete details with proofs and regularly banks are sharing alert notification to its customers to be aware of frauds.

DIFFERENT FACILITATORS OF FINANCIAL LITERACY

Medium through which a merchant is connected to customer

The main motive of this financial literacy is to create a safety medium through which merchant and customer can be connected to each other. The aim to this literacy is to discover the means for the customers to provide them services with security without any barrier. Then mean should be customer friendly so that everyone can be using it familiar. The platform should also be effortless for the merchant to provide payment services.

Guiding citizens to move towards cash fewer transactions

This is quite something important task need to done by using different electronic media like radio, televisions, communication channels, advertisements by delivering the message related to digital finance. Sharing the importance and value of digital finance and use of electronic money. Introducing with different financial products and addressing the issue and their solutions with quick response and immediate solutions.

Providing incentives for cash less transactions

This one is the most popular and effective way through which cash less transaction can be promoted. This one is being introduced to attract customer and making them habitual for online transactions. Incentives like lotteries, cash backs, rewards, gift coupons and prizes are being given to the users for their online transaction. This is a type of promotional

Efforts by RBI to increase awareness for Digital Finance

India focus on the way to promote and expand digital finance payment and many measures are being taken to speed up the scheme. But, there is a need to increase financial and digital knowledge among the people.

RBI is an apex banking system in the money market. It is bankers bank or we can say he is the grandfather of banks. As bearing the position of responsible institution it is the complete responsibility of RBI to guide and prepare different policies for financial inclusion. RBI prepared the policy for promoting financial inclusion and making online payment remittance through NEFT and RTGS facilities for saving accounts for free of cost from January 2020. This facility is available 24\7 for the quick response of the customer queries. In the year 2019 may RBI's vision 2019-2020 clearly stated "to empower very citizen to India to access with e-payment options that are safe, secure, affordable, quick, convenient, familiar to use.

RBI focuses on accessing and building digital finance infrastructure to move the intensity to use electronic payment and settlements. To promote financial education in India RBI suggested 5 Core Actions namely content, capacity, community, communication and collaboration. RBI released a '5-Core Actions' approach with a view to improve financial education through focusing on developing relevant content in schools, colleges and training establishments with developing capacity among intermediaries involved in offering financial services, leveraging on the positive effect of community led model for financial literacy through appropriate communication strategy and enhancing collaboration among various stakeholders.

The strategic objectives of NSFE includes

- Financial literacy
- Encouraging active savings attitude
- Developing credit vigilance
- Encouragement for availing credit from formal financial institutions as per the requirement
- Improving the usage of digital financial services safely and securely, etc.
- It also covers managing risk at various stages of life via appropriate insurance cover and planning for old age and retirement through suitable pension products.(Reference –RBI list of National Strategy for financial education in India)
- Efforts of central Government for promoting Digital Financial Literacy

The Digital India programs by Government of India focus with the vision of transforming India into a digital era empower society and knowledge economy. Paperless and cashless is the main focus of digital India. For Indian Government of India the main priority is to promote digital payments and bring each and every segment of country under a single format. The Vision is to provide facility of seamless digital payment to all citizens of India in a convenient, easy, affordable, quick and secured manner.

Hon'ble Finance Minister, in his budget speech announced several activities for the promotion of digital payments including setting a target of 2,500 crore digital payment transactions in FY 2017-18, through Unified Payments Interface (UPI), Unstructured Supplementary Service Data (USSD), Aadhar Pay, Immediate Payment Service (IMPS) and Debit Cards.

Ministry of Electronics & Information Technology (MEIT) has been entrusted with the responsibility of leading this initiative on "Promotion of Digital Transactions including Digital Payments". MEIT is working on various strategies, ideation with multiple stakeholders including Banks, Central Ministries/ Departments and States, to create an ecosystem to enable digital payments across the country.

MEIT is working on strengthening of Digital Payment infrastructure and creating awareness through promotions of digital payments with all the stakeholders to achieve Government's vision of making citizens of this country digitally empowered. Citizens have been provided multiple options to make digital transactions.

'Digidhan Mission' has been setup in MEIT for building strategies and approaches in collaboration with all stakeholders to promote digital payments and create awareness. MEIT has taken several initiatives to promote digital payments and achieve the targets in a mission mode. Few of them are outlined below.

Digital payment transactions target have been assigned to Central Ministries with high citizen touch points, Public Sector and Private Sector Banks to achieve the target as announced in the Budget speech for FY 2017-18. Training and workshops on digital payments awareness with several Ministries have been conducted and planned, culture, MSME, Department of Post, Ministry of Power.

Panchayati Raj

Promotional materials on publicity of digital payments including IEC materials is being shared with stakeholders to create awareness and sensitization

Digital Payment dash board has been created to track and monitor the progress of digital transactions achieved by Banks.

AEPS

It is Aadhaar enabled payment system which allows the users for online financial inclusion through correspondent any bank using Aadhaar authentication. It's a payment service to empower bank customer to use

Aadhaar as an identity to perform banking transaction like checking mini statement, deposit, withdraw, balance enquiry.

Digidhan Abhiyan

This initiatives aims to download and install various digital payment system for undertaking financial transaction. This plan enables the citizens and merchant bankers to use digital platform to perform digital transaction.

MyGov

This is a unique platform launched by Modi Government to involve every citizen of Indian to come closer to use digital platform to exchanging ideas and views of ever common man and contribute their opinion for social and economic growth in India.

PayGov India

This service platform is being created by Ministry of Electronics and Information Technology with NSDL Database Management Limited to provide common infrastructure and gateway for central, state and different departments to render various type of service and facilitate for online payments using internet banking, credit and debit cards.

Pradhan Mantri Gramin Digital Saksharta Abhiyan (PMGDISHA)

This scheme was introduced by Modi Government to connect every rural persons with digital platform. It aims to act as linking bridge between government and every section of society by making them digitally literate.

Pradhan Mantri Jan-Dhan Yojana (PMJDY)

This is the most popular and effective plan initiated to connect every person of the country with banks. This plan facilitates opening bank account of every person with zero balance.

Earlier for opening a bank account certain amount of deposit was compulsory to the account. But thanks to this scheme of Government through which every weaker section of the society was able to connect and open a bank account without any minimum balance. Crores of bank accounts are being opened under this yojana. It is the best initiates ever in the Indian history to connect ever one with banks. It is a National Mission for financial inclusion for all the households of the country. This initiative engaged to provide all governments benefits directly to the beneficiaries accounts.

Bharat Interface for Money (BHIM)

It is an application which is used for making financial transaction easy, faster and quick with Unified Payments Interface. It facilitates the customers to use the application by providing bank linked mobile number with banking details. It facilitates transfer money to any bank account anytime and anywhere.

Crop Insurance Mobile App

This is useful app for farmers which focus to provide crop insurance, loans. It is also used to provide details of normal sum, extended sum insured, premium details and subsidy information.

EPFO Web Portal & Mobile App

This app allows the employees to check their provident fund balance through online version of their physical passbook. This application allows the members to activate their UAN account through the phones and avail them the facilities to check their monthly credit through the online passbook. Simultaneously EPF pension holders also have the same facility to check the disbursement.

Startup India Portal and Mobile App This system aims to promote startup in India through innovation and technology with the intension to build strong eco system for sustainable growth and development of the country. Through this web portal investments are being invited to perform digitally by creating large number of employment.

DigiLocker

It is a digital wallet used to kept authentication of important documents electronically. This system is to empower every citizen digitally. This DigiLocker is created for paperless work and putting the documents safely for longer period of time. It had helped to decrease the number of frauds. Under this sharing and verification of

all the documents are completely saved. The documents in electronic form of different departments of government including central and state are being kept completely secure.

Direct Benefit Transfer

This system was started with the motive to transform the delivery system of government by restructuring the existing procedure of transferring welfare programs to the citizens. Under this system funds under different projects are being transferred immediately and accurately to the targeted beneficiaries accounts. Previously the accurate amount issue by the government was not reached to beneficiaries but due to this digital platform there is no chance of any middle man or any other duplication. It brings effectiveness, transparency and accountability in the government system and builds confidence among the citizens. Thanks to the different tools of information technology has almost bring the burden of paper work. Cheatings and frauds to minimal and the day is so nearer when our country will be developing to developed.

(Reference: Decoding Union budget 2017, Impact of digital payment in India)

ROLE OF BANKS FOR DIGITAL FINANCING LITERACY

Banks play an important role for monetary transformation among the country. They act as medium and linking bridge between the government policies and common citizen. Government implements its policies with the help of banks and for promoting digital literacy also banks play a major role.

- Banks focus on digital financial inclusion from its rival products.
- Banks facilitates and promote online transaction.
- Banks encourage savings attitude among the citizens by investing in different schemes and policies.
- Banks avail the facility of net banking through which we can undertake every banking activity anytime and anywhere by using mobile phones with just a single click.
- Banks provide information of its different products electronically which ultimately reduce the burden of direct visiting to the bank.

Objective of Digital Finance Literacy

We all are living in the digital era. Even we cannot thin our life without internet. The internet has developed level playing field and thereby afforded open access to customers in the global market-place. Internet banking is a cost-effective delivery channel for the modernized financial institutions. Under this system the consumer enjoys many benefits. They can access to their account any time in any location through web portals.

Following are some of the primary objectives of internet banking:

- Regularizing customer usage.
- Availing and offering maximum facilities and services.
- Building customer confidence.
- Retention and grabbing huge mass.
- Provide satisfied services to beat the competitors in the digital market.
- Minimizing consumer complains.
- Develop the methodology to identify the best partner to provide innovating teaching platform.
- Encourage to develop web based material system which include collecting and segregating information to exchange ideas and views
- Developing innovative and relevant support system for community building, transforming and offering hope and fostering group, dialogue and peer learning from secondary to higher and adult education communities.
- To carry out a set of representatives like teachers, students, parents, policy makers to evaluate the proposed approach.
- Keeping objectives in mind, the internet banking facilities has been progressing at a rapid pace throughout the world.

Advantage of Digital Finance

Providing better customer experience

The greater experience that a customer can get from digital finance service are winning lotteries, cash backs, rewards which build customer satisfaction and retain customers. Better customer experience starts with internal team and internal management. The great process under this was using different tools to educate employees to enable and deliver positive brand experience through the entire journey.

It enhances the brand value.

As we are living in digital era, institutions providing great digital services will build a great brand experience. Organizations use brand management software to align and educate their internal teams about what brand stands for. Their people understand how to maintain brand value and provide great customer experience.

Workflow operations

Nearly 60% of the institutions failed to adopt internal processes for digital inclusion. But by the streamlining operations time and money saved and allow the institutions to for under taking efficient work.

Increase sales volume

With digital finance day by day users are increasing and accepting the digital transformation through which companies are earning more profit than normal rate as well as level of competition also increasing with the increase of demand in the business market.

Retention of customers

Another important priority of digital finance was retaining the existing customers. By providing a wide number of facilities and satisfaction. Company focused to provide required services to the users with providing top priority for marketers in the financial services.

Expanding the reach of organization

Expanding digital channels allows to manage the technology and help to reach every customers located in different geographic locations. There are many marketing brands available to help and control digital finance channel and management. They centralize cloud based platform and provide usage by password, permission and strong security through personal messaging.

Quality of decision making improved

Different technology provided by technology makers facilitates to make quick, qualitative and strategic decision makings. It builds confidence and improves the quality of decision making and allows the top management to make planning and decision.

New products and services speed up their development

With the increase of digital financial literacy product development as well as its marketing going up to peak up range. This system aims to increase product range and speed up the regular working. With digital money transformation of money speeds up and helps to develop wide range of services with regular check up.

Give more option for creativity and innovation.

With the regular change in the technology market digital platform enable for planning and improving creativity in the technical world. By considering customer usage, opinion and recent trends help to research more about the existing with innovative ideas which could be helpful for future trends. The digital banking system is convenience, flexible and affordable to use.

Provide greater option for accessing

The important benefit that a user can get from the digital banking is easy to log in into a web portal. Now banks are availing 23\7 guidance customer care services for any queries. The digital finance gives facility to access and complete control over the finance. The banks almost charge a less for net banking services. This means they can also offer better interest rates and low fees.

Convenience for transactions

Earlier it was so hectic to doing any banking transaction by visiting bank. The whole gone out to under a single activity either it may be depositing, withdraw or doing consult with the bank authority for discussion on the investment opportunity. But by the digital finance we can conveniently access our queries and transactions through internet connection in the mobile or laptops any time anywhere. This system not only saved the time of customers but also reduced the crowds in banks for small queries and activities.

Facilitates the bill payments

With the digital finance bill payments are now simple and easier. Previously for paying bills like mobile recharge, DTH recharge, electricity bills, interest of loan payments, installments of different investment. We have visit personally in the respective office and by mistake if we forgotten the due date the they also charged penalty upon us, but thanks to digital system with reduced our burden of payment by doing a single

click and the best thing is we are able to get notification before the due date and able alert our self to pay. This provides a high level of automation for those with the busy life style and business.

Disadvantages of Digital Financing

Though there are huge benefits of digital finance, but we cannot deny the fact that whenever there an advantage, the disadvantage go side by side, just like two sides of a single coin. And it is also important for present and future also to be aware of digital lacuna. Let's highlight some important points on digital lacunas:

Risk of funds to be stolen

Theft of funds digitally are some quite common these days, regularly we listen some of scams of funds and the major reason of these scam is misuse of personal data and for that everyone should vigilant before sharing personal details to anyone .

As we know security is most important priority in digital era and for that apps and websites are protected by different security design which measure two factor authentications and keep all the personal information and business finance secure. For improved means security strong and unique password setting are insisted to the users for their personal and business security.

Technological issues

Another issue of digital finance is technical issue, if due to some system error or network issue apps will not work and from that we know the level of frustrations and urgency. And during that time we can't do anything rather than waiting for few seconds by an advisory message of try after some time and by few minutes we again able to login.

Effect of Digital Finance Literacy on Indian Economy

The impact of Digital India was expected to

- Increase speed of public sector services rendered to citizens of the country.
- Decrease documentation.
- Provide an easy to manage online storage to store all documents.
- Provide simple and easy to use cloud space for convenience use of application.
- Improved technical tools for speed up of usage.

II. Conclusion

Digital finance played crucial role towards the economic growth for the country. It provides a secured platform in which everyone can make safe transaction. For increasing the Financial literacy among the citizens government need to focus more in the rural areas and among the old age people because there are huge group of old people who completely unaware about digital finance, they are having bank accounts but for every transaction they are very concerned to visit bank without having confidence on digital finance. So government should target that group of society for creating more awareness. The findings of the study found that Usability, Convenience, Accurate timing, and easy interbank account facility has positive impacts on Mobile banking, Low service charge and accurate timing has significant impacts on mobile wallets (apps) even Low service charge has positively impacted on the credit card.

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