A COMPARATIVE STUDY OF DIGITAL FINANCIAL AWARENESS AMONG GEN-Y AND GEN-Z

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ABSTRACT

India has witnessed a rapid growth in digital technologies over the past decade, with a large percentage of the population now accessing the internet through mobile devices. The trend of using digital mode of finance is now gradually shifting towards the vision of a purely virtual banking experience. Undertaking financial services virtually has now become a common phenomenon and the financial habits and consumption pattern of financial services has now taken a paradigm shift from traditional to virtual. Digital awareness has become an increasingly important affair, particularly between Generation-Y and Generation-Z. Although both generations have grown up with digital technologies at their fingertips, there are significant differences in their digital awareness and how they use digital financial services. This research has explored the difference in level of digital financial awareness between Gen-Y and Gen-Z. Their consumption pattern and financial habits have been understood through collection of primary data through a structured questionnaire. The awareness level of the respondents of Gen-Y and Gen-Z has been compared based on their gender and age. For analyzing the data, frequency and percentage has been evaluated of the demographic profile and other variables. Hypothesis has been tested through the use of t-test and ANOVA applied through SPSS 20.

Keywords: *Digital finance, Gen Y, Gen Z, awareness.*

INTRODUCTION

Digitization is now a requirement rather than a matter of choice. The financial landscape is evolving so quickly that individuals and businesses must adapt to the new technology or face the possibility of going obsolete. The financial and banking industry has been engulfed in the digital revolution's grasp as it moves towards progressive development. The new technological wave has been sweeping through financial sector and this has brought about many changes in the financial industry. The structure has changed from traditional structure to a new technological methodology. The emergence of fintech firms, the adoption of blockchain, as well as the growing use of big data analytics and artificial intelligence (AI) have all significantly altered how financial services are provided to and used by individuals (PwC, 2018). Services in the digital form

offer more flexibility and convenience (Sha & Mohammed, 2017).

On the other hand, financial industry's digital revolution also introduces new risks and concerns. Among the most important difficulties that need to be resolved are the risks to cyber security, data privacy issues, and the possibility of bias in AI. Standards and regulatory frameworks also need to adapt in an equal pace to keep up with the rate of technological advancement. While there are risks and challenges, there are also enormous possibilities for innovation and growth. Financial institutions as well as individuals that adopt digital technologies will certainly reap the rewards.

This research aims to fill gap through uncovering of empirical insight of fintech or digital financial awareness among the customers belonging to Gen Y and Gen Z.

DIGITAL FINANCIAL LITERACY

Digital financial literacy is described as the capacity to use digital tools and technology to access, manage, and assess financial information, in order to make well-informed financial choices (Kim & Lee, 2020, p. 2). Having the ability to effectively employ technological devices and applications to manage one's finances, including utilising financial services, executing payments, and keeping track of financial activities, is known as digital financial literacy (KPMG, 2019, p. 6). Knowing how to manage the vast landscape of digital financial services, like mobile payments and online banking, requires a certain level of financial understanding (Mohan & Jayaraman,

2021, p. 4). Additionally, acquiring critical thinking, problem-solving, and decision-making abilities—all crucial for administering one's finances in the digital age—are part of digital financial literacy (Brotman & Ross, 2017).

IMPORTANCE OF DIGITAL FINANCIAL LITERACY

Following the COVID-19 pandemic, which has expedited the migration to digital financial services, the importance of digital financial literacy has increased (Afrin et al., 2021, p. 13). The Indian government and even the regulatory body of banking and financial services sector is focusing on digital finance so that all the financial transactions happen through an authentic mode and the loopholes are eliminated in the financial system. Due to its ability to help people better manage their personal finances and access financial products and services, financial education can play a significant role in lowering economic inequality and fostering financial stability (Van Rooij et al., 2020). In order to foster financial inclusion, economic prosperity, and social welfare, digital financial literacy is crucial for everyone, which includes businesses and government as well (Zhang et al., 2020).

LITERATURE REVIEW

Kumar R. et al (2019) have defined Digital Financial Services (DFS) as different financial services delivered and accessed through certain pathways digitally. This paper aimed to understand digital transaction trend and the road ahead for increasing the number of digital transactions. India is still having a large part of population which is financially excluded. There is a sea of

opportunities for each customer segment and stakeholders.

Saini (2019) have mentioned in the study that digitalization has been considered as echo in the current scenario of our country. In India, government has made different reforms in the financial sector so as to update their knowledge related to digital aspect of finance among citizens through campaigns to literate the citizens of India. A sample of 134 respondents has been considered in the study who belong to Karnal city. Awareness related to digital instruments used for financial transactions have resulted in an increase in the daily transactions.

In Indonesia, customers entering the age of 17 are lured into using banking and financial services digitally and this has become an important target segment for the service providers (Lipton, Shrier, & Pentland, 2016).

Digitalization of banks is having an implication to the user's security, time, performance risk, privacy and even there are certain other risks associated with digital banking (Alkhowaiter, 2020). Some customers have an opinion that utilizing digital banking is similar to the social media and they are able to use such services anywhere, anytime and under any type of conditions (Dootson, Beatson, & Drennan, 2016).

METHODOLOGY

a) Research design

This study is descriptive in nature as it has focused on understanding the awareness level of digital finance in Gen-Y and Gen-Z. A study is said to be descriptive when the characteristics of a particular group of people is being studied and further the data collected is analyzed to draw certain inferences.

b) Data collection method

This study is based on primary data, which has been collected through a structured questionnaire. A questionnaire has been designed which included demographic profile, awareness about different digital services and also the consumption pattern and financial habits through statements based on 5 point Likert scale.

c) Sampling method

The sampling method in the study is convenience sampling method. Respondents have been selected based on different demographic profile based on age, gender, education etc. belonging to different cities of Madhya Pradesh.

d) Sample size

In this study, 200 respondents were approached and out of them 145 respondents showed their willingness to answer the questions in the structured questionnaire. Hence, a sample of 145 respondents has been considered in the study.

e) Tools for data analysis

The data has been analyzed through descriptive statistics i.e. percentage and frequency. The hypothesis have been tested through t-test and ANOVA. For t-test, the data has been divided into two groups based on their age i.e. Gen Y and Gen Z. For ANOVA, the groups have been divided into their educational level.

OBJECTIVES OF THE STUDY

1. To study the awareness level of digital finance in Gen-Y and Gen-Z.
2. To evaluate the consumption pattern and financial habits related to digital finance among Gen-Y and Gen-Z.

3. To compare the awareness among Gen Y and Gen Z based on demographic profile.

HYPOTHESIS OF THE STUDY

•**H01** – There is no significant difference between the awareness level of digital finance in Gen-Y and Gen-Z
Ha1 – There is a significant difference between the awareness level of digital finance in Gen-Y and Gen-Z

•**H02** – There is no significant impact of gender, education and monthly income on the awareness level of digital finance
Ha2 – There is a significant impact of gender, education and monthly income on the awareness level of digital finance

DATA ANALYSIS

1. Demographic Profile

a) Gender of the respondents.

		Frequency	Percent
Valid	Male	93	64.1
	Female	52	35.9
	Total	145	100.0

The above table indicates there are more males as a part of this study i.e. 64.1%, remaining 35.9% are females. As seen in the table, both have started using digital financial services very prominently so as make life more convenient.

b) Present age of the respondents.

		Frequency	Percent
Valid	12 - 27 years (Gen Z)	99	68.3
	28 - 40 years (Gen Y)	46	31.7
	Total	145	100.0

In this study, the respondents either belong to Gen Y or Gen Z. Respondents belong to two age groups, one is 12 – 27 years i.e. Gen Z and the second is 28 – 40 years i.e. Gen Y.

c) Highest Education of the respondents.

		Frequency	Percent
Valid	Upto Higher Secondary	8	5.5
	Graduate	78	53.8
	Postgraduate	44	30.3
	Professional	8	5.5
	Higher Studies (M.Phil., Ph.D etc.)	7	4.8
	Total	145	100.0

Majority respondents in the study are graduate i.e. 53.8%, followed by post-graduate i.e. 30.3%. The knowledge about digital financial services is more among the professionals and among the post-graduates.

d) Monthly Income of the respondents.

		Frequency	Percent
Valid	0-20,000	89	61.4
	20,000-40,000	16	11.0
	40,000-60,000	23	15.9
	60,000-80,000	10	6.9
	80,000 & above	7	4.8
	Total	145	100.0

Majority respondents are having monthly income in the bracket of 0 – 20000 i.e., 61.4%, followed by 40000– 60000 i.e., 15.9%, 11% are having their monthly income between 20000– 40000, followed by 60000–80000 i.e. 6.9% and remaining 4.8% are having income as 80000 & above. The income of the respondents is different and the awareness related to digital finance also varies among the respondents. The people who are having more income, would definitely plan to learn more about investment options and also explore about different financial products.

2. Awareness level about various digital financial products.

Awareness	Mobile/Internet Banking		ATM		UPI		NEFT/ RTGS		Debit/Credit card	
	Freq.	%	Freq.	%	Freq.	%	Freq.	%	Freq.	%
Very High	74	51	54	37	96	66	30	21	48	33
High	51	35.2	57	39	40	28	37	26	44	30

Neutral	18	12.4	24	17	8	5.5	58	40	43	30
Low	2	1.4	7	4.8			15	10	8	5.5
Very Low			3	2.1	1	0.7	5	3.4	2	1.4
Total	145	100	145	100	145	100	145	100	145	100

• Awareness about Mobile/Internet Banking - The awareness about digital financial products i.e. mobile/ internet banking is very high among majority respondents i.e. 51%. The main purpose for which people are using mobile banking or internet banking is bill payment or funds transfer among numerous other uses. Some respondents were found using internet banking for investment in various securities.

• Awareness about ATM - The awareness about ATM is high among majority respondents i.e. 39.3%. ATM is the most common channel of digital banking and it is being used 24*7 by the respondents.

• Awareness about UPI - The awareness about digital financial products i.e., UPI is very high among majority respondents i.e., 66.2%. Majority respondents are aware about UPI as it has become very easy to make payment through UPI and it is being permitted to make payment by different applications and websites.

• Awareness about NEFT/RTGS - The awareness about digital financial products i.e. NEFT/ RTGS is neutral among majority respondents i.e. 40%. There are many respondents who are not much aware about NEFT/ RTGS as nowadays funds transfer is usually done via IMPS instantaneously. It is comparatively difficult to transfer funds through NEFT or RTGS without adding the name of beneficiary.

• Awareness about Debit/Credit card - The awareness about digital financial products i.e. Debit/Credit card is very high among majority respondents i.e. 33.1%, followed by high (30.3%), then neutral (29.7%), then low (5.5%) and 1.4% are having very low awareness level about Debit/Credit card. Debit card is being used by majority respondents, credit card may not be so commonly being used as people are bit scared and even unaware about the charges involved in credit card.

3. Financial habits and consumption pattern related to digital banking/ finance.

Statement	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
a) Bank/ FIs provide timely information about digital finance.	33	61	37	12	2
b) I use digital banking/finance frequently	50	75	14	4	2
c) Digital finance is a better option than cash	57	67	17	1	3
d) Digital finance provide convenience for using it 24x7.	63	54	21	4	3
e) I am completely aware about digital finance.	40	69	22	12	2

a) Bank/ FIs provide timely information about digital finance - There are more respondents who agreed towards the above statement i.e. 42.1%. The Banks and Financial Institutions which are providing financial services in a digital way need to work more on providing genuine information to the public as this would create more trust among them and will help them in making use of financial information and services digitally.

b) I use digital banking/finance frequently - There are more respondents who agreed towards above statement i.e. 51.7%. The digital services could be used conveniently as in our busy schedule, it becomes quite difficult to go to bank or any other financial institution for availing banking services.

c) Digital finance is a better option than cash - There are more respondents who agreed towards the above statement i.e. 46.2%. Cash in digital form is always convenient and payment could be made through different apps, QR code at the vendor's place or any other form.

d) Digital finance provide convenience for using it 24x7 - There are more respondents who strongly agreed towards the above statement i.e. 43.4%. Digital finance has become the most convenient form of money and helps in dealing with financial transactions very easily.

e) I am completely aware about digital finance - There are more respondents who agreed towards the statement i.e. "I am completely aware about digital finance" i.e. 47.6%, followed by strongly agree (27.6%), then neutral (15.2%), disagree (8.3%) and 1.4% strongly disagreed towards the said statement.

4. Testing of Hypothesis.

H01 – There is no significant difference between the awareness level of digital finance in Gen-Y and Gen-Z

Ha1 – There is a significant difference between the awareness level of digital finance in Gen-Y and Gen-Z

The above hypothesis has been tested through t-test applied by SPSS 20. The data has been divided into two groups based on the age group of the respondents i.e. Gen Y and Gen Z.

Group Statistics

	Age	N	Mean	Std. Deviation	Std. Error Mean
Awareness	12 - 27 years (Gen Z)	99	3.01	.721	.072
	28 - 40 years (Gen Y)	46	2.09	.694	.102

The awareness about different digital financial products has been found through 5 point likert scale ranging between very high (1) to very low (5). The financial products considered in the study are Mobile/Internet Banking, ATM, UPI, NEFT/RTGS, Debit/Credit card. The mean response of the respondents has been considered towards all the financial products mentioned above.

Independent Samples Test.

		Levene's Test for Equality of Variances		t-test for Equality of Means							
		F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	95% Confidence Interval of the Difference		
									Lower	Upper
Awareness	Equal variances assumed	.359	.550	7.259	143	.012	.923	.127	.672	1.175
	Equal variances not assumed			7.364	91.029		.923	.125	.674	1.172

T-test has been applied for finding out the difference between the awareness level of digital finance in Gen-Y and Gen-Z. Mean response of the respondents towards awareness of different financial products is considered to be 3.01 among Gen Z and 2.09 among Gen Y. The standard deviation of the response among Gen Z is 0.721 and among Gen Y it is 0.694. The significant value is 0.012 and it is less than 0.05 (based on 5% level of significance) and hence it is understood that the null hypothesis has been rejected i.e. H01 – There is no significant difference between the awareness level of digital finance in Gen-Y and Gen-Z and the alternate hypothesis has been accepted. The awareness about digital finance is more among Gen Y as compared to Gen Z based on their mean response.

H02: There is no significant impact of gender, education and monthly income on the awareness level of digital finance
Ha2: There is a significant impact of gender, education and monthly income on the awareness level of digital finance

The above hypothesis has been tested through Multiple Regression which is applied by SPSS 20. The independent variables considered in the study are gender, education and monthly income of the respondents and the dependent variable is awareness level of digital finance.

Model Summary

Model	R	R Square	Std. Error of the Estimate
1	.577a	.833	.686

The value of R indicates correlation between the variables which have been selected which is 0.577 which indicates a positive correlation between gender, education and monthly income and the dependent variable i.e. awareness level of digital finance. The value of R square is 0.833 which is

quite high and this indicates that the independent variables will be able to explain the proportionate change in the dependent variable.

ANOVAa

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	33.117	3	11.039	23.481	.005b
	Residual	66.290	141	.470		
	Total	99.407	144			

a. Dependent Variable: Awareness
b. Predictors: (Constant), Monthly_Income, Gender, Education

The above ANOVA table indicates the significant value as 0.005 which is less than 0.05 (based on 5% level of significance) and this indicates that the null hypothesis has been rejected i.e. H02 – There is no significant impact of gender, education and monthly income on the awareness level of digital finance and the alternate hypothesis has been accepted i.e. Ha2 – There is a significant impact of gender, education and monthly income on the awareness level of digital finance.

Coefficientsa

		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	3.603	.218		16.523	.000
	Gender	.343	.124	.199	2.771	.006
	Education	.451	.076	.475	5.920	.000
	Monthly_Income	.122	.054	.178	2.276	.024

a. Dependent Variable: Awareness

The regression line as indicated by the table above has been formulated as:
Awareness about digital finance = 3.603 + 0.343 (Gender) + 0.451 (Education) + 0.122 (Monthly income). The above regression line indicates that the impact of education is the highest, then gender and at last monthly income. The higher the education level, the more will be the awareness among the respondents. There is a difference in the mean of response among the respondents based on their education, gender and monthly income.

FINDINGS

• Many respondents are of the opinion that they are not properly aware of various financial services available in the market via digital means. Hence, the banks and Financial Institutions which are

providing financial services in a digital way need to put more effort on providing genuine information to the public.

• Majority of respondents are aware about UPI as it has now become an effortless task to make payments through UPI.

• The males and females have started using digital financial services very prominently so as make life more convenient, still the females should be educated more about digital finance.

• The knowledge about digital financial services is more among the professionals and among the post graduates.

• The main purpose for which people are using internet banking is bill payments and funds transfer.

• Digital financial services are now conveniently and frequently being used by the respondents to save time and effort.

• ATM is found to be the most common channel of digital banking and it is being used 24*7 by the respondents.

• Debit card is being used by majority respondents; credit card is not commonly being used.

• The awareness about digital finance is more among Gen Y as compared to Gen Z based on their mean response.

• There is a significant impact of gender, education and monthly income on the awareness level of digital finance.

CONCLUSION

The awareness about digital finance is more among Gen Y as compared to Gen Z based on their mean response. The higher the education level, the more is the awareness among the respondents. There is a difference in the mean response among the respondents based on their education, gender and monthly income. There is a need to increase awareness about digital finance by the banking and financial services sector so that people of different education, gender and monthly income become aware about financial services and make use of them as per their convenience. Further research in this area can help to identify effective strategies for bridging the gap between different generations pertaining to digital awareness and digital literacy which can have significant implications for individual and societal well-being.

11. SUGGESTIONS

• Financial Institutions should run campaigns to make people, especially women, aware about their digital financial services and the educate them of the benefits which they could draw from fintech.

• Gen-Y is found to be comparatively more aware of Fintech services than Gen-Z; hence the corporations and banks should frame their customer targeting policies accordingly.

• Credit card is not being commonly used as people are bit hesitant, hence the banks should run awareness campaigns for making people aware about the use of credit card.

• The Banks and Financial Institutions which are providing financial services in a digital way need to work more on providing genuine information to the public.

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