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Leveraging Technology for Prosperity: A study of Digital Financial Capability and its Impact on Financial Well-being of Individuals in Bharuch, Gujarat

-Prof. Iram Ada Khan[1], Dr. Ashish C Mehta [2] & Mr. Mohammed Faizan Patel[3]

[1]Research Scholar, G.H. Patel Postgraduate Institute of Business Management, Sardar Patel University, VallabhVidyanagar, Anand

[2] Professor, G.H. Patel Postgraduate Institute of Business Management, Sardar Patel University, VallabhVidyanagar, Anand

[3] Post Graduate Student, Narmada College of Management, Bharuch, (Affiliated to Gujarat Technological University),

Abstract

The world's financial landscape is being drastically reshaped by dramatic progress in financial technology (FinTech). The widespread availability of digital financial services, such as mobile banking, unified payments interface (UPI), digital wallets, and online investment platforms, has made access to finance tools and services ubiquitous, especially in the developing economies. India is leading this digital revolution, with initiatives such as Jan Dhan-Aadhaar-Mobile (JAM) trinity and the creation of a strong digital public infrastructure (DPI) creating the conditions for unparalleled financial inclusion. But access to technology alone does not necessarily mean better financial outcomes. Unlocking the full potential of such innovations depends on a person's digital financial capability—the synthesis of knowledge, skills, attitudes, and confidence to utilize digital financial tools to make sound financial decisions. Even with an expanding body of research in this area, there still exists a paucity in understanding the transmission of this capability to the actual realization of improvements in the financial well-being of people in non-metropolitan and semi-urban settings. The aim of this research is to fill that gap by exploring the complex connection between digital financial capability and financial well-being among a varied sample of respondents living in Bharuch, an important industrial city in the state of Gujarat.

A quantitative research design was employed, where data was collected through a structured questionnaire administered to a sample of 150 individuals in the Bharuch district, selected using a convenience sampling. The findings of the study are significant. The results indicate a positive correlation between an individual's

level of digital financial capability and their financial well-being. The findings also reveal that certain demographic factors like age, education, occupation, income exhibit a higher digital financial capability. The implications of this study are far-reaching. The results not only contribute to the academic literature on digital financial capability and financial inclusion but also offer a crucial evidence base for policymakers, financial institutions, and non-profit organizations. This research underscores the pivotal role of financial capability, not just access, in ensuring that the digital revolution serves as a true engine for equitable and sustainable financial growth.

(**Key words**: Financial Technology, Digital Financial Capability, Financial Inclusion, Financial Well Being)

1. Introduction

The rapid pace of technological innovation has fundamentally reshaped global financial landscapes, providing unprecedented opportunities for individuals to manage their money more efficiently. In developing economies such as India, digital financial services have been at the forefront of this transformation, driven by a national mandate for greater financial inclusion. Initiatives promoting digital payments, mobile banking, and online investment platforms have significantly increased access to formal financial systems, moving millions of people from cash-dependent transactions to a digital-first approach. However, merely having access to these tools does not guarantee improved financial outcomes. The concept of digital financial capability, which encompasses an individual's knowledge, skills, and confidence to use digital financial services effectively, is a crucial determinant of whether technology translates into tangible financial well-being.

Bharuch, a prominent industrial hub in the state of Gujarat, presents a compelling case study for this relationship. The city is a major center for chemical, petrochemical, and pharmaceutical industries, attracting a significant population of skilled and semi-skilled working professionals. While this demographic typically possesses a high degree of technological proficiency and stable income, research indicates a surprising gap in digital financial awareness within Gujarat, which ranks lower than the national average. This disconnect suggests that even in a highly industrialized and prosperous region, a lack of specific digital financial skills may prevent working professionals from fully leveraging the available digital tools to enhance their financial well-being.

This paper, therefore, aims to examine the intricate relationship between digital financial capability and the financial well-being of working professionals in Bharuch, Gujarat. Through an analysis of their digital financial knowledge, attitudes, and behaviors, this research seeks to uncover how these factors influence their ability to manage personal finances, build savings, and achieve a sense of financial security. By focusing on this unique and underexplored demographic, the study will contribute valuable insights into the on-the-ground challenges and opportunities of digital finance, providing a foundation for future policy and educational interventions aimed at fostering true financial prosperity.

2. Review of Literature

The scholarly discourse on the intersection of technology, finance, and individual well-being has grown significantly in recent years. This review synthesizes key findings from existing research to establish a theoretical framework for the current study.

OECD (2023) defines financial literacy as the "awareness, knowledge, skill, attitude, and behavior necessary to make wise financial decisions and ultimately achieve individual financial well-being (FWB)." It includes different skills, including investing, budgeting, and personal financial management (Dowling, Hoiles, Corney, & Clark, 2008). Chettri (2024) elaborates that financial literacy is the ability to understand how finances work, including how it is earned, invested, and managed. Fundamentally, it's a complex concept that combines knowledge, skills, attitudes, and actual financial behavior (Kok Fei CHONG, 2021).

Blau 2022 opines that digital literacy is a recognized challenge in integrating technology into academics. It has been defined in current literature as the skills needed to navigate a fragmented and complex information ecosystem (Eshet Y., 2004). Also Eshet (2012) in his study outlines six categories in the 'Digital Literacy Framework' namely: photo-visual thinking (understanding and using visual information), real-time thinking (processing multiple stimuli simultaneously), information thinking (evaluating and combining information from various digital sources), branching thinking (navigating non-linear hyper-media environments), reproduction thinking (creating and remixing digital content), and social-emotional thinking (applying cyberspace rules). Likewise, Loewus (2016) categorizes digital literacy into three main clusters: finding and consuming digital content, creating digital content, and communicating or sharing digital content. Thus, the literature describes digital literacy in diverse ways, combining a variety of technical and non-technical elements.

Prasad (2018) defines digital financial literacy as a person's understanding of online financial transactions, including online purchases, payments, and banking systems. In the same way, Morgan (2019) explains it through four key dimensions: understanding digital financial products and services, awareness about their related risks, knowledge about risk management, and knowing about the consumer rights and grievance procedures. Overall, the existing literature suggests that digital financial literacy is the skill and ability to use financial knowledge within digital financial services to improve an individual's financial well-being.

Numerous studies have used the terms financial capability and financial literacy interchangeably (Lusardi, 2014; Xiao, 2016a, 2016b). However, the two terms are closely related and not the same. financial literacy is about *knowing* what to do and understanding how financial matters work. Financial capability goes beyond just knowledge. It's the ability to apply that financial knowledge and skills effectively in practical situations. Lusardi (2014) defines financial capability as a person's ability to process economic information and make informed decisions regarding financial planning, wealth accumulation, debt, and pensions. Also, Lučić (2023) defines it as an individual's capacity to engage in inclusive financial activities that contribute to their well-being. Xiao (2023) further refines this definition, highlighting financial capability as an individual's aptitude for applying financial knowledge, performing valuable financial behaviors, and using available financial opportunities to achieve a state of financial well-being.

Financial well-being, is gaining considerable attention in both academic and policy circles. It is defined as a holistic state where an individual can meet their current and ongoing financial requirements, feel secure in their financial future, and have the freedom to make choices that allow them to enjoy life (Consumer Financial Protection Bureau [CFPB], 2015). Research suggests that financial well-being is influenced by a complex interplay of objective and subjective factors. On the objective side, income, assets, and debt levels are consistently identified as key determinants (Joo & Grable, 2004). However, subjective perceptions, such as financial satisfaction and perceived financial stress, often exert a stronger influence on overall well-being (Netemeyer et al., 2018). The literature also highlights the mediating role of financial behaviors. For instance, saving habits, budgeting, and a long-term financial orientation are found to be positively associated with financial well-being (Gudmunson & Danes, 2011). Furthermore, recent studies emphasize the importance of psychological factors, such as financial self-efficacy and a growth mindset, in fostering resilient financial behaviors and improving financial well-being (Drentea & Lavrakas, 2000). Despite the growing body of research, the multi-dimensional nature of financial well-being and its nuanced relationship with other life domains, such as health and relationships, remains a rich area for future inquiry.

The rapid evolution of financial technology (FinTech) has significantly reshaped the financial landscape, leading to a growing body of literature on digital financial capability. This concept extends traditional financial literacy and capability by focusing on the knowledge, skills, attitudes, and behaviors necessary to effectively navigate and utilize digital financial services (Lyons & Kass-Hanna, 2021). Digital financial capability encompasses understanding online transactions, managing digital financial assets, recognizing and protecting against digital financial risks like fraud and scams, and effectively using digital platforms for financial management (Prasad et al., 2018; Kotni & Botta, 2020).

Meng, D. (2023) in his study utilized the China Household Finance Survey (CHFS) 2017 data, and designed a unique multidimensional index of consumers' digital financial capability (DFC). The results of the study indicate that DFC influences total household consumption positively through mediating channels, namely, easing credit constraints and promoting online shopping, information search, and social interaction. Improving DFC is beneficial for consumers not only for their financial literacy but also for better utilization of digital financial services thereby improving their financial well-being in the digital age.

Research increasingly highlights the crucial link between digital financial capability and overall financial well-being. As digital financial services become more pervasive, individuals with higher digital financial capabilities are better positioned to leverage these tools for their financial benefit. Studies indicate that digital financial literacy is associated with improved financial behaviors, increased financial confidence, and ultimately, enhanced financial well-being (Choung et al., 2023; Abdurrahman, A., & Nugroho, D. A., 2024). This association is often mediated by factors such as financial resilience and the ability to effectively utilize financial technology (Kumar & Sandhu, 2024)

The expansion of digital financial inclusion is a key driver in understanding digital financial capability. Digital financial services, ranging from mobile banking to digital wallets, offer unprecedented access to financial services, particularly for underserved populations (World Bank, 2025). However, the mere availability of these

services does not guarantee their effective use. Bridging the digital literacy gap is paramount to ensure that individuals can harness the benefits of digital financial inclusion, thereby contributing to their financial well-being (Kanungo & Gupta, 2021). Without adequate digital financial capability, individuals risk not only missing out on opportunities but also being vulnerable to digital financial risks.

While the existing literature strongly supports that digital financial capability positively impacts financial well-being, several areas warrant further exploration. There is a need for standardized measurements of digital financial capability across diverse populations.

3. Research Methodology

3.1 Problem Statement

Despite the widespread availability, access and adoption of digital financial services in India, there is a critical divide between technological access and the actual financial well-being of the population. This gap is particularly pronounced in key industrial regions, such as Bharuch, Gujarat, where a significant demographic of working professionals possesses the means and technological access but may lack the specific digital financial capability to translate these resources into improved financial security and prosperity. The problem, therefore, is to understand and quantify how a lack of digital financial literacy and capability among working professionals in this underexplored region hinders their ability to effectively manage finances and achieve financial well-being, thereby limiting the full potential of digital inclusion initiatives.

3.2 Research Objectives

The primary objective of this study is to examine the relationship between digital financial capability and financial well-being among individuals in Bharuch, Gujarat. Following are the specific objectives of the research study:

1. To **assess** the current level of digital financial capability among individuals in Bharuch.
2. To analyse the differences in digital financial capability among individuals based on demographic factors.
3. To evaluate the financial well-being of individuals in Bharuch
4. To analyse the relationship between the various dimensions of digital financial capability and financial well-being.

3.3 Research Design

This study employed a descriptive research design. A quantitative approach was employed to measure the digital financial capability of working professionals in Bharuch and their financial wellbeing.

3.4 Population and Sampling

The target population for this study consisted of individuals residing within the Bharuch district of Gujarat. Due to the wide distribution and volume of this population, a convenience sampling method was utilized to select the respondents. The sample size for the current study is 150 respondents.

3.5 Data Collection

Primary data for this research were collected using a self-administered, structured questionnaire. Secondary data comprises of information collected from published sources like websites, journals, research articles.

4. Data Analysis

Table 1: Demographic Profile of Respondents

Sr. No.	Demographic factor	Category	Frequency	Percentage
1	Gender	Male	87	58
		Female	63	42
2	Age	18-25 years	18	12
		26-30 years	78	52
		31-40 years	38	25
		41-50 years	8	5
		51-60 years	8	5
3	Education	HSC	12	8
		Graduate	67	45
		Post Graduate	57	38
		Any Other	14	9
4	Annual Income	Less than Rs4 Lakh	73	49
		Rs. 4 Lakh - Rs 8 Lakh	47	31
		Rs 8 Lakh - Rs 12 Lakh	20	13
		More than Rs 12 Lakh	10	7
5	Occupation	Student	20	13
		Housewife	42	28
		Self Employed	27	18
		Professional	21	14
		Service	20	13
		Any Other	20	13
6	Marital Status	Unmarried	82	55
		Married	54	36
		Other	14	9

Interpretation: The sample comprises a slightly higher number of males (58%) than females (42%). The majority of respondents are in the 26-30 years age group (52%), indicating a young, working-age sample. Participants are highly educated, with a significant portion holding either a Graduate (45%) or Post Graduate (38%) degree. Nearly half of the respondents have an annual income of less than Rs 4 Lakh (49%), while a substantial number are in the Rs 4 Lakh to Rs 8 Lakh bracket (31%). This suggests a sample with diverse income levels, though skewed towards the lower end.

In terms of occupation, the largest groups are Housewives (28%), followed by the Self-Employed (18%), and then Students, Professionals, and those in Service, each accounting for 13% of the sample. Lastly, a majority

of the respondents are unmarried (55%), with a considerable number being married (36%). This demographic profile provides context for the study's findings, suggesting that the results are most representative of a young, well-educated, and predominantly unmarried population in semi-urban India.

4.1 Descriptive Statistics

Table 2: Mean and Standard Deviation of construct Digital Financial Capability

Sr. No.	Items	Mean	SD
1	I check my bank account balance or statement using a mobile app or website.	4.13	1.123
2	I pay utility bills (like electricity, water, or phone) using a banking app, website, or UPI.	4.02	1.138
3	I can find a payment receipt or proof in my banking app after making a transaction.	4.10	1.197
4	I can change my bank account or credit/debit card password using a mobile app or website.	3.95	1.146
5	I can unblock my bank app or card password using self-service features without contacting the bank.	3.55	1.319
6	I can use my banking app without needing help from others.	3.84	1.285
7	I buy or sell company stocks through a mobile app or digital platform.	3.38	1.557
8	I invest in bonds or mutual funds using banking or digital apps.	3.64	1.436
9	I purchase insurance (life, vehicle, etc.) through digital platforms or apps.	3.40	1.361
10	I prefer using financial apps instead of going to the bank or ATM.	4.14	1.117
11	I avoid carrying cash (notes or coins) because I use digital payments.	3.87	1.159
12	I try to keep my banking app passwords safe and secure.	4.20	1.010
13	I check the fees before doing any digital financial transaction.	4.02	1.167
14	I can use different digital payment methods like Paytm, Google pay etc without problems.	4.08	1.162
15	I believe the information in the banking app helps me make good financial decisions.	3.78	1.100
16	I understand that there are some risks when doing digital financial transactions.	3.90	1.128
17	I trust that the security in the banking app (like password or face recognition) is protecting my account.	3.74	1.261

Interpretation: the above table indicates that respondents exhibit a high degree of proficiency in fundamental digital financial tasks, such as checking bank balances (M=4.13, SD=1.123) and paying utility bills (M=4.02, SD=1.138), while also showing a strong preference for using financial apps over traditional banking methods (M=4.14, SD=1.117). However, this proficiency does not extend to more complex financial activities, as indicated by the significantly lower mean scores for buying/selling stocks (M=3.38, SD=1.557) and purchasing insurance (M=3.40, SD=1.361), suggesting a knowledge or confidence gap. In terms of security, users are highly aware of personal responsibility (M=4.20, SD=1.010) but display a slightly lower trust in platform security (M=3.74, SD=1.261) and have limited confidence in their ability to autonomously manage security issues, as seen in the low mean for unblocking accounts without external help (M=3.55, SD=1.319). The standard deviations, which are all relatively low, suggest a moderate level of agreement among respondents for each item,Overall, the data indicates that the sample is highly adept at using digital platforms for basic financial transactions but has a lesser degree of financial capability and confidence when it comes to more advanced financial activities and full trust in the digital ecosystem.

Table 3: Mean and Standard Deviation of construct Financial Well-Being

Sr. No.	Items	Mean	SD
1	I believe that knowing how to use banking apps improves my financial life.	3.81	1.19
2	I feel more financially secure because I know how to manage money digitally.	3.78	1.21
3	I believe that people who are better at using financial apps are usually more financially stable.	3.69	1.27
4	I want to learn more about digital banking to improve my financial situation.	3.79	1.32

Interpretation: The high mean scores for all items (ranging from 3.69 to 3.81) show that, on average, respondents agree with the positive impact of digital financial tools. This indicates a general consensus that knowing how to use banking apps is beneficial for one's financial well-being and stability. The high mean scores for all items (ranging from 3.69 to 3.81) show that, on average, respondents agree with the positive impact of digital financial tools. This indicates a general consensus that knowing how to use banking apps is beneficial for one's financial well-being and stability.

The highest mean scores for the first two statements (3.81 and 3.78) highlight a strong belief that using banking apps directly improves financial life and leads to greater financial security. This suggests that people feel more in control of their finances when they can manage them digitally. The mean score of 3.69 for the third statement shows that respondents generally believe there's a correlation between a person's proficiency with financial apps and their financial stability. This points to a perception that digital literacy in finance is a key indicator of a person's financial health. The mean score of 3.79 for the fourth statement indicates a high level of interest in learning more about digital banking. This suggests that people are not only aware of the benefits but are also motivated to improve their skills in this area to better their financial situation. This is a crucial finding for financial institutions looking to promote their digital services and provide educational resources.

The standard deviation (SD) values, which range from 1.19 to 1.32, are relatively consistent across all items. This indicates that while the majority of people agree with the statements, there is some diversity in opinion. An SD of around 1.2 suggests that while most responses cluster around the mean, some people feel much more strongly (or less strongly) than others. This variation could be due to factors like age, prior experience with digital banking, or differing levels of financial literacy.

4.2 Inferential Statistics:

4.2.1 Test of Normality: Before conducting any parametric test, it would be appropriate to test the assumptions of parametric test. One of the major assumptions of parametric test is that the test variables are normally distributed. Hence normality testing was performed. The result is shown below.

- Null Hypothesis H0: The Distribution is normally distributed.
- Alternate Hypothesis H1: The Distribution is not normally distributed.

Table 4: Tests of Normality

	Kolmogorov-Smirnov[a]			Shapiro-Wilk		
	Statistic	df	Sig.	Statistic	df	Sig.
Standardized Residual	.098	150	.001	.939	150	.000

Table above shows the result of tests of normality. Both the tests were having significance two tailed value less than 0.05. Hence Ho was rejected at 5 percent level of significance. All factors are not found normally distributed at 5 per cent level of significance. Hence it was decided to perform non-parametric test on these dimensions

4.2.2 Background Differences in Digital Financial Capability

Gender & Digital Financial Capability: Mann-Whitney U test was conducted to determine if there is a statistically significant difference in the digital financial capability scores between males and females.

- **Null Hypothesis H0**: There is no significant difference in the digital financial capability of male and female respondents
- **Alternate Hypothesis H1**: There is a significant difference in the digital financial capability of male and female respondents

Table 5: Mann-Whitney Test Gender & Digital Financial Capability

Ranks				
	Gender	N	Mean Rank	Sum of Ranks
DFC_MEAN	Male	87	72.43	6301.50
	Female	63	79.74	5023.50
	Total	150		

Test Statistics[a]	
	DFC_MEAN
Mann-Whitney U	2473.500
Wilcoxon W	6301.500
Z	-1.018
Asymp. Sig. (2-tailed)	.309

Interpretation: The p-value (.309) is greater than the conventional significance level of .05. This indicates that the observed difference in digital financial capability between male and female respondents is not statistically significant. Therefore, we fail to reject the null hypothesis that there is no difference in digital financial capability based on gender in this sample.

Age and Digital Financial Capability: Kruskal-Wallis Test was conducted to determine if there is a statistically significant difference in the digital financial capability among respondents of different age groups

- Null Hypothesis H0: There is no significant difference in the digital financial capability among respondents of different age groups
- Alternate Hypothesis H1: There is a significant difference in the digital financial capability among respondents of different age groups

Table 6: Kruskal-Wallis Test Age and Digital Financial Capability

Ranks			
	Age	N	Mean Rank
DFC_MEAN	18-25	18	64.42
	26-35	78	87.69
	31-40	38	72.83
	41-50	8	48.25
	51-60	8	21.50
	Total	150	

Test Statistics[a,b]	
	DFC_MEAN
Chi-Square	23.040
Df	4
Asymp. Sig.	.000

Interpretation: Since the p-value (.000) is less than the typical alpha level of .05, we reject the null hypothesis. This indicates that the observed differences in digital financial capability among the age groups are not due to random chance. The **26-35 age group** has the highest mean rank (**87.69**), indicating that this cohort possesses the highest level of digital financial capability. This aligns with the concept of "digital natives" who are highly proficient with technology. The **51-60 age** group has the lowest mean rank (21.50), suggesting they have the lowest level of digital financial capability. This highlights a potential digital divide, where older generations may have less exposure to and comfort with digital financial tools.

Marital Status and Digital Financial Capability: A Kruskal-Wallis test was performed to investigate if there are significant differences in digital financial capability among individuals based on their marital status.

- Null Hypothesis H0: There is no significant difference in the digital financial capability among respondents of different marital statuses
- Alternate Hypothesis H1: There is a significant difference in the digital financial capability among respondents of different marital statuses

Table 7: Kruskal-Wallis Test Marital Status & Digital Financial Capability

Ranks			
	Marital_Status	N	Mean Rank
DFC_MEAN	Unmarried	82	81.04
	Married	54	75.39
	Other	14	43.50
	Total	150	

Test Statistics[a,b]	
	DFC_MEAN
Chi-Square	8.957
df	2
Asymp. Sig.	.011

Interpretation: The results of the Kruskal-Wallis test indicate a **statistically significant difference** in digital financial capability across the different marital status groups. Since the p-value (.011) is less than the conventional significance level of 0.05, the null hypothesis is rejected.

Educational Background and Digital Financial Capability: A Kruskal-Wallis test was performed to investigate if there are significant differences in digital financial capability among respondents with different educational background.

- Null Hypothesis H0: There is no significant difference in the digital financial capability among respondents with different educational background.
- Alternate Hypothesis H1: There is a significant difference in the digital financial capability among respondents with different educational background.

Table 8: Kruskal-Wallis Test Educational Background & Digital Financial Capability

Ranks			
	Education	**N**	**Mean Rank**
DFC_MEAN	HSC	12	41.50
	Graduate	67	77.81
	Post Graduate	57	85.04
	Any Other	14	54.75
	Total	150	

Test Statistics[a,b]	
	DFC_MEAN
Chi-Square	13.523
Df	3
Asymp. Sig.	.004

Interpretation: The test results revealed a statistically significant effect of education on DFC, with a Chi-Square value of 13.523 and 3 degrees of freedom. The asymptotic significance (p-value) of .004 is less than the conventional alpha level of .05, leading to the rejection of the null hypothesis. The analysis of mean ranks provides further insight into the nature of these differences. The **Post Graduate** group had the highest mean rank (**85.04**), indicating the highest median digital financial capability. This suggests that a higher level of formal education is associated with greater proficiency in using digital financial tools. Conversely, the **HSC** group had the lowest mean rank (**41.50**), indicating the lowest median DFC. The **Graduate** group's mean rank (**77.81**) was high, but slightly lower than the Post Graduate group.

Annual Income and Digital Financial Capability: A Kruskal-Wallis H test was conducted to investigate whether digital financial capability (DFC) differs significantly across various annual income groups.

- Null Hypothesis H0: There is no significant difference in the digital financial capability among respondents with different annual income.
- Alternate Hypothesis H1: There is a significant difference in the digital financial capability among respondents with different annual income.

Table 9: Kruskal-Wallis Test Annual Income & Digital Financial Capability

Ranks			
	Annual Income	N	Mean Rank
DFC_MEAN	< Rs4 Lakh	73	74.35
	Rs. 4Lakh - Rs 8Lakh	47	81.24
	Rs 8Lakh - Rs 12Lakh	20	58.50
	> Rs 12Lakh	10	90.90
	Total	150	

Test Statistics[a,b]	
	DFC_MEAN
Chi-Square	5.209
df	3
Asymp. Sig.	.157

Interpretation: The test yielded a Chi-Square value of 5.209 with 3 degrees of freedom. The resulting asymptotic significance (p-value) was .157, which is greater than the conventional significance level of .05. This indicates that the observed differences in the DFC ranks among the income groups are not statistically significant therefore the null hypothesis is rejected.

Occupation & Digital Financial Capability: A Kruskal-Wallis H test was conducted to examine if there were statistically significant differences in digital financial capability (DFC) based on occupation.

- Null Hypothesis H0: There is no significant difference in the digital financial capability among respondents with different occupation.
- Alternate Hypothesis H1: There is a significant difference in the digital financial capability among respondents with different occupation.

Table 10: Kruskal Wallis Test Occupation & Digital Financial Capability

Ranks			
	Occupation	N	Mean Rank
DFC_MEAN	Student	20	82.13
	Housewife	42	67.44
	Self Employed	27	61.78
	Professional	21	87.12
	Service	20	60.23
	Any Other	20	107.40
	Total	150	

Test Statistics[a,b]	
	DFC_MEAN
Chi-Square	19.425
df	5
Asymp. Sig.	.002

Interpretation: The test produced a Chi-Square value of **19.425** with **5** degrees of freedom. The asymptotic significance (p-value) of **.002** is less than the conventional alpha level of .05, leading to the **rejection of the null hypothesis**. This indicates that the observed differences in DFC among the occupational groups are not due to random chance.

4.2.3 Differences in Financial Well Being:

Gender & Financial Well Being: Mann-Whitney U test was conducted to determine if there is a statistically significant difference in the financial well-being between male and female respondents

- Null Hypothesis (H0): There is no significant difference in the financial well-being between male and female respondents.
- Alternative Hypothesis (H1): There is a significant difference in the financial well-being between male and female respondents.

Table 11: Mann-Whitney Test Gender & Financial Well Being

Ranks				
	Gender	N	Mean Rank	Sum of Ranks
FWB_MEAN	Male	87	78.24	6807.00
	Female	63	71.71	4518.00
	Total	150		

Test Statistics[a]	
	FWB_MEAN
Mann-Whitney U	2502.000
Wilcoxon W	4518.000
Z	-.917
Asymp. Sig. (2-tailed)	.359

Interpretation: The significance (p-value) is .359, which is greater than the conventional significance level of .05. Therefore, the null hypothesis is rejected. This indicates that the observed difference in financial well-being between male and female respondents is not statistically significant and could be due to random sampling variability.

Occupation and Financial Well Being: Kruskal-Wallis test was conducted to examine if there were statistically significant differences in financial well-being (FWB) based on occupation of respondents.

- Null Hypothesis (H0): There is no significant difference in the financial well-being of respondents with different occupation
- Alternative Hypothesis (H1): There is a significant difference in the financial well-being of respondents with different occupation

Table 12: Kruskal Wallis Test Occupation and Financial Well Being

Ranks			
	Occupation	N	Mean Rank
FWB_MEAN	Student	20	86.40
	Housewife	42	68.18
	Self Employed	27	61.72
	Professional	21	85.64
	Service	20	65.95
	Any Other	20	97.48
	Total	150	

Test Statistics[a,b]	
	FWB_MEAN
Chi-Square	12.635
Df	5
Asymp. Sig.	.027

Interpretation: The table above shows a Chi-Square value of **12.635** with **5** degrees of freedom. The asymptotic significance (p-value) of **.027** is less than the conventional alpha level of .05, leading to the **rejection of the null hypothesis**. This indicates that the observed differences in financial well-being among the occupational groups are not due to random chance.

Marital Status and Financial Well Being: A Kruskal-Wallis H test was conducted to determine if there were significant differences in financial well-being based on marital status.

- Null Hypothesis: There is no significant difference in the financial well being of respondents with different marital statuses
- Alternate Hypothesis: There is a significant difference in the financial well-being of respondents with different marital statuses

Table 13: Kruskal Wallis Test Marital Status and Financial Well Being

Ranks			
	Marital_Status	N	Mean Rank
FWB_MEAN	Unmarried	82	80.71
	Married	54	74.64
	Other	14	48.29
	Total	150	

Test Statistics[a,b]	
	FWB_MEAN
Chi-Square	6.825
Df	2
Asymp. Sig.	.033

The test produced a Chi-Square value of **6.825** with **2** degrees of freedom. The asymptotic significance (p-value) was **.033**, which is less than the conventional alpha level of .05, leading to the **rejection of the null hypothesis**. This finding indicates that marital status has a significant influence on an individual's financial well-being

4.2.4 Regression Analysis:

Linear Regression was conducted to determine the extent to which digital financial capability (DFC) predicts financial well-being (FWB). The model proved to be a good fit for the data, with the FWB variable significantly predicted by DFC.

Table 14: Results of Regression

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.602[a]	.362	.358	.86001

a. Predictors: (Constant), DFC_MEAN

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	62.174	1	62.174	84.063	.000[b]
	Residual	109.463	148	.740		
	Total	171.637	149			

a. Dependent Variable: FWB_MEAN

b. Predictors: (Constant), DFC_MEAN

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.769	.335		2.297	.023
	DFC_MEAN	.776	.085	.602	9.169	.000

a. Dependent Variable: FWB_MEAN

Interpretation: The model's R-squared value of .362 indicates that 36.2% of the variance in financial well-being can be explained by digital financial capability. The standardized beta coefficient for DFC was .602, ($p<.001$), demonstrating a strong, positive relationship. This means that as an individual's digital financial capability increases, their financial well-being is also expected to increase.

5. Findings

Based on the data analysis, here are the key findings of the study:

i. Levels of digital financial capability: The results reveal a high level of proficiency among respondents in performing fundamental digital financial activities.
   a. A strong preference for digital tools over traditional methods can be observed, as evidenced by the high mean for preferring financial apps over physical banks/ATMs and a notable tendency to avoid cash. This suggests that digital financial services are deeply integrated into the daily financial habits of the respondents.
   b. Despite their competence in basic tasks, respondents show lower confidence and engagement in more complex financial activities. This highlights a potential gap in knowledge and confidence, suggesting that while respondents are comfortable with day-to-day transactions, they are hesitant to use digital platforms
   c. While users demonstrate a strong sense of personal responsibility there is an underlying caution regarding the security of the digital platforms themselves. The relatively low mean for the ability to unblock accounts without external help points to a potential area of improvement for digital financial platforms, suggesting that self-service security features may not be as intuitive or user-friendly as they could be.

ii. Demographics significantly impact digital financial capability:
   a. Age is a significant predictor of DFC. The 26-35 age group has the highest DFC, while the 51-60 age group has the lowest, highlighting a generational digital skills gap.
   b. Educational background significantly impacts DFC. Post Graduates show the highest DFC, and those with an HSC education have the lowest, indicating a strong positive correlation between education level and digital financial skills.
   c. Marital Status and Occupation also significantly influence DFC. Unmarried individuals have higher DFC than married individuals, and the "Any Other" and "Professional" occupational groups show the highest DFC.
   d. Annual Income does not have a statistically significant relationship with DFC

iii. Financial well-being is influenced by few demographic factors, but not gender: Financial well-being varies significantly by occupation and marital status. The "Any Other" and Student occupational groups have the highest FWB, while unmarried individuals indivate higher FWB than other marital status groups. However, there is no statistically significant difference in FWB between male and female respondents. This indicates that gender does not appear to be a determining factor for financial well-being in this sample.

iv. Digital financial capability is a key predictor of financial well-being: A statistically significant and positive relationship exists between DFC and FWB. Thus, DFC is a strong predictor of FWB, explaining approximately 36.2% of the variance in FWB. This confirms that higher proficiency in using digital financial tools is strongly associated with better financial well-being.

6. Recommendations

Based on the data analysis and findings, following are recommendations for financial institutions and policymakers.

1. **For financial institutions and fintech companies:**
    - **Design User-Friendly Products:** Develop targeted digital products and tools specifically for older adults and individuals in occupations with lower DFC (e.g., Housewife, Self-Employed, Service). Focus on creating simpler interfaces, providing clear tutorials, and ensuring easy navigation.
    - **Provide Accessible Support:** Offer dedicated, human-led support channels (e.g., video calls, in-person workshops, and simplified help centers) to help users from lower-DFC groups build confidence and proficiency in using digital platforms.
    - **Create Educational Content:** Develop and promote free educational content (e.g., short videos, quick guides) on digital financial literacy to bridge the knowledge gap, particularly for those with less formal education.
2. **For policymakers and educational institutions:**
    - **Promote Digital Financial Literacy:** Implement nationwide educational campaigns and workshops to improve digital financial skills across all demographics, with a special focus on the 51-60 age cohort and individuals with lower educational backgrounds.
    - **Integrate Financial Education:** Integrate digital financial literacy modules into high school and university curricula. This would equip younger generations with the necessary skills from an early age, helping to build a more financially literate population.

7. Conclusion

The present study concludes that digital financial capability (DFC) is a significant and powerful driver of financial well-being (FWB). The findings highlight a positive and strong relationship between DFC and FWB, suggesting that individuals who are more skilled at using digital financial tools tend to have better financial health. This relationship is not uniform across all demographics, as the study also identified a "digital divide" influenced by age, education, and occupation. The research confirms that DFC is a crucial factor in achieving financial well-being. The regression analysis shows that DFC explains a significant portion of the variance in FWB, making it a key element for individuals seeking to improve their financial situation. This underscores the importance of digital literacy as a modern-day financial skill. A clear and significant gap in DFC exists across different demographic groups. Younger, highly educated individuals and those in professional or tech-savvy occupations demonstrate the highest DFC. Conversely, older individuals, those with lower educational qualifications, and people in certain occupations (e.g., housewives, self-employed, service-based roles) possess lower DFC. the study found no significant relationship between a person's annual income and their DFC, challenging the assumption that wealth directly translates to digital financial proficiency. Similarly, there

was no significant difference in FWB between genders, indicating that in this sample, both male and female respondents experience a similar level of financial well-being. The findings call for a targeted approach to digital financial literacy. Financial institutions and policymakers should move beyond one-size-fits-all strategies and instead create programs and tools specifically designed to meet the needs of vulnerable groups. By focusing on bridging the digital divide, especially for older generations and individuals in less tech-intensive occupations, society can leverage technology to foster greater financial inclusion and prosperity for all.

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