

Digital Financial Literacy and Investment Behaviour among Salaried Individuals in India

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Abstract

This study's primary goal is to investigate how digital financial literacy affects salaried people's investing habits. Data for this study was gathered using a standardized questionnaire. The study took into account a sample of one hundred salaried people, and the respondents were chosen using a straightforward random sampling approach. Statistical techniques like regression analysis and ANOVA were used for data analysis. The study's findings show that salaried people's investing choices are strongly influenced by their level of digital financial literacy. It was also noted that the salaried class's degree of digital financial literacy influences their investing choices. The study comes to the conclusion that increasing digital financial literacy is crucial because it may assist salaried people in making wiser investment choices and successfully diversifying their holdings.

Keywords: financial literacy, socio-demographic, investment behavior

Introduction

India is a rapidly developing and economically progressing country. For a long time, its economic system depended on traditional and offline financial practices. For example, banking transactions were mainly limited to physical processes such as cash deposits, loans, and fixed deposits.

However, with globalization, a change in the financial system became necessary. Digital technology gradually began influencing banking operations. For almost three decades, people have observed a shift towards digital banking. After 1990, people started using ATM/Debit cards; after 2016, the government's push for the development of UPI further accelerated the digital financial system. As digital systems developed, new requirements also emerged. Investors began demanding faster and easier access to online products and services. Safety from fraud became extremely important.

A salaried individual generally has a fixed income, and therefore their saving and investment patterns are also stable. Traditionally, such individuals preferred safe instruments like FD, RD, savings accounts, and physical assets such as gold and real estate. Their choices are influenced by safety, risk, returns, and lack of financial knowledge.

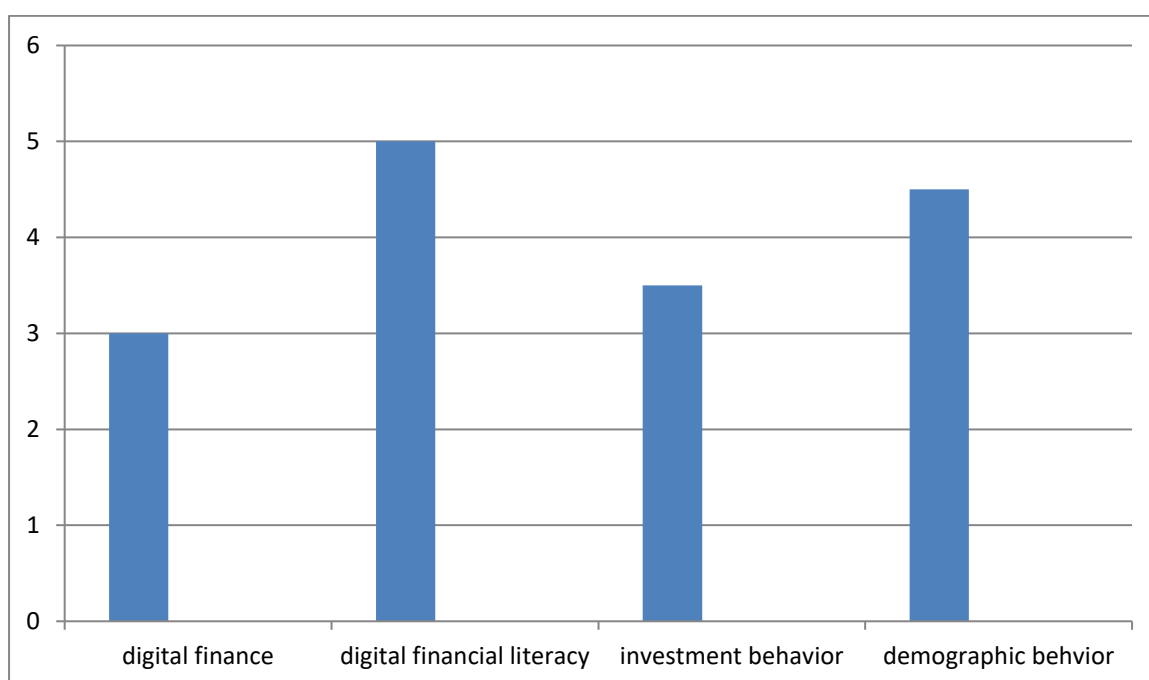
However, as the digital financial system expanded, salaried individuals also began shifting towards digital financial products such as mutual funds, SIPs, and the stock market. With growing financial awareness, they started understanding the risks associated with the digital system.

Despite this, many salaried individuals still hesitate to trust the digital system completely. They continue to depend on traditional financial systems. Therefore, studying the digital financial system and investment behaviour becomes an important academic concern today. Even today, many salaried individuals prefer traditional investments and are reluctant to adopt modern investment approaches. Hence, understanding their investment behaviour becomes essential.

Review Of Literature

The review of literature holds significant importance. It enables researchers to identify current trends and patterns, uncover underlying issues, and determine the existing research gaps. For the present review of literature, more than fourteen studies have been examined, which have been classified into four major categories.”

- 1- Digital finance
- 2- Digital financial literacy
- 3- Investment behavior
- 4- Demographic behavior



Digital Finance

Ghosh & Choudhary (2020) , In the context of India, the researcher looked into digital finance and evaluated how socioeconomic factors including age, income, gender, and education influenced its uptake. A significant rise in the use of digital finance was noted in 2016, especially after the demonetisation. The study discovered that compared to female investors, who were comparatively less educated, wealthier people were typically more educated. Additionally, the study recommended that financial literacy programs be organised by the government. In order to encourage the usage of digital finance, it was also suggested that the public and commercial sectors work together to conduct awareness campaigns.

Risman (2024) The study looked at how adoption methods were evolving as a result of digital finance and analysed financial behaviour in the context of MSMEs. In the past, financial operations were mostly restricted to paper-based systems. However, transactions got quicker and more easy as digital finance such as internet, mobile, and e-banking became more widely used. The study came to the conclusion that encouraging financial awareness in addition to the use of digital finance was necessary for favourable improvements in financial behaviour to be sustained.

Fairooz & Wickramasinghe (2019) The study which was carried out in Sri Lanka's financial industry, concentrated on the advancement of digital finance. The researchers described how the financial industry was transformed by the introduction of new digital platforms and cutting-edge technologies. The report also showed how, as digital innovation progressed, the financial sector steadily shifted from being product-centric to becoming customer-centric.

Digital Financial Literacy

Golden & Cordie (2022) In the evolving financial system, digital financial literacy is a critical ability, according to the researcher. In the current financial landscape, the study emphasised the increasing significance of digital financial literacy. The financial system had changed dramatically with the emergence of fintech, and consumers were moving more and more toward online banking and UPI payments. The researcher also found that some of the main reasons why not everyone was fully benefiting from fintech were a lack of financial literacy, a strong preference for conventional investment approaches, and a limited knowledge of risk and return.

Prasad et al. (2018) In Udaipur, the study was carried out. A sample of 268 households provided the researcher with data. Male household members were shown to be more conscious of digital financial literacy than female household members. Additionally, the study discovered that comprehension and use of digital financial platforms were significantly influenced by education.

Azeez & Akhtar (2021) The study looked at the factors that influence digital financial literacy. The study was carried out among rural residents of Aligarh, Uttar Pradesh. The study's sample size was determined to be 500 respondents. Multiple regression and ANOVA tests were among the statistical methods employed for data analysis. The results showed that demographic factors that directly affected digital financial literacy included age, income, gender, and occupation. In order to raise knowledge among rural residents, the report also recommended that the government implement financial education initiatives.

Rajkumar et al. (2022) In this paper, the researcher targeted adults. The study was conducted after the COVID-19 pandemic. It mainly examined several important factors, including digital financial knowledge, skills, quality, behavior, and risk–return patterns. A survey of 384 respondents was conducted for the study. The findings revealed that digital financial knowledge was essential for understanding financial safety, as well as risk and return in financial decisions.

Hasan (2024) Digital financial literacy in Indonesia and ASEAN nations was investigated and analysed. Higher levels of digital literacy were shown to increase awareness of digital financial goods. These people understood risk and return better and were more adept at using online financial services. The results showed that three important domains—financial transactions, investment security, and consumer protection—were the primary determinants of digital financial literacy results. These areas contributed to the improvement of digital financial literacy's safety and trust. The findings of **Das & Meet, (2025)** highlight the critical role of infrastructural readiness, trust-building, and digital literacy in shaping rural consumer behaviour. The study contributes to understanding the rural-urban divide in e-commerce adoption and offers insights for policymakers and digital retailers.

Investment Behavior

Yadav et al. (2026) in their paper on financial inclusion, blockchain technology, and technology use in India, and highlighted that overcoming financial exclusion in rural India requires addressing four major challenges: geographic isolation, high costs, mismatched banking products, and widespread financial illiteracy. The study we proposes that blockchain technology holds great promise in tackling most of these challenges. However, for block chain to truly contribute to financial inclusion efforts, it is essential to understand how technology adoption works in India. The study explores how blockchain can help reduce financial exclusion, ultimately

paving the way for rural communities to participate in global supply chains. Also, The results of a study by **Yadav et al. (2025)** suggest that cryptocurrencies offer a promising solution to address the limitations of traditional financial systems, fostering greater financial inclusion and economic empowerment in India's growing economy.

Sharma (2024) The study looked at how a number of factors affected investing decisions. These considerations mostly have to do with economic and behavioural concerns. Risk variables, income, employment, and prior investment experience were the main drivers. The results showed that family circumstances and income level also affected investment behaviour. For safety and stability, people from low-income groups often favoured risk-free investing options, whereas people from high-income groups were more inclined to take chances. The study also showed that socioeconomic considerations had a major impact on investing decisions.

Shetty et al. (2023) the study examined the investment behavior of salaried individuals during the pre- and post-COVID-19 pandemic periods. The findings observed that salaried individuals generally had a fixed income and preferred to invest in safer and traditional financial instruments such as gold, fixed deposits (FD), recurring deposits (RD), and savings deposits. Their investment in high-risk instruments was found to be limited. Empirical analysis and correlation tests were used for the analysis. The results indicated that the investment preferences of salaried individuals changed between the pre- and post-COVID-19 periods. In the pre-COVID phase, salaried individuals focused more on wealth creation and investment diversification, whereas during the COVID-19 period they gave greater priority to future emergencies and financial safety.

Gupta & Madan (2016) The Delhi-NCR region's salaried female population was the subject of the study. There were 213 female participants in the poll. Using the OECD-INFE framework, the degree of financial literacy was evaluated. Financial knowledge, financial attitude, and financial behaviour were all considered components of financial literacy. The results showed that paid women scored 5.24 out of 6 on the financial literacy scale, which was deemed to be quite poor. The study found that salaried women's financial management and budgeting effectiveness needed to be improved.

Laskar (2021) The study looked at how paid workers in the public and private sectors saved and invested their money. The study found that a number of characteristics, including age, income, gender, employment, risk tolerance, and financial literacy, affected saving and investing behaviours in addition to interest rates. The results showed that some people, looking for steady and secure earnings, favoured safe investment alternatives such public provident funds (PPF), recurrent deposits (RD), and fixed deposits (FD). On the other hand, those who were prepared to take more risks made investments in stocks, mutual funds, and real estate.

Demographic Behavior

Sharma & Singh (2025) A sample size of 248 respondents was chosen for the survey, which was carried out in the Delhi–NCR area. The study looked at the connection between demographic factors and financial inclusion. According to the report, women encountered a number of obstacles while trying to obtain financial services. Additionally, it was shown that younger people knew more about financial services than older people did. According to the study's findings, the government ought to launch financial literacy initiatives and encourage public financial education.

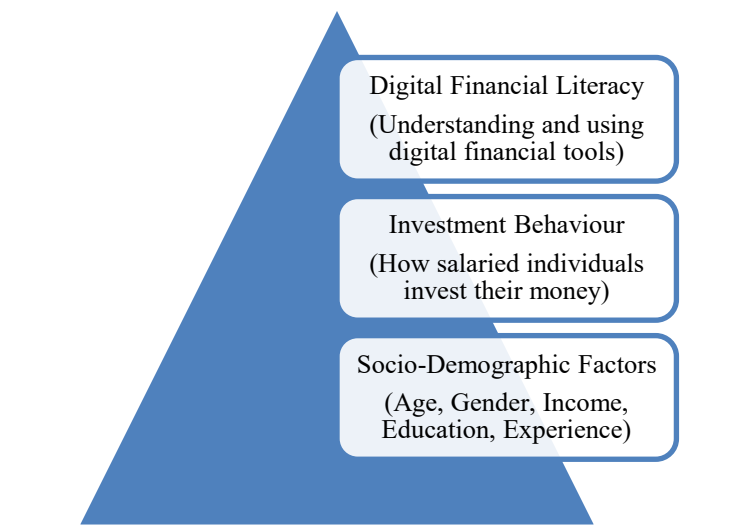
Yadav et al. (2025) the researcher in this study looked into the connection between financial planning and the usage of digital apps. According to the study, people who were adept at utilising digital financial apps were more likely to create successful financial plans, especially for retirement.

Research Gap

A significant amount of study has been done on financial behaviour, investing, saving, and financial literacy, according to the literature currently in publication. However, very little study has looked at how digital money

affects salaried people's investment habits. People's use of digital financial services like online banking, mutual funds, and UPI has been seen to rise over time, as has their level of digital literacy. Despite this expansion, there hasn't been much rigorous study on how digital financial literacy affects investing and saving behaviour, especially when it comes to paid people. In order to better understand the link between digital financial literacy and investing behaviour among the salaried class, this study was conducted.

Conceptual Framework



Objectives Of The Research

- To assess the degree of digital financial literacy among salaried individual.
- To look into how investment decision making is affected by digital financial literacy practice.
- To determine whether socio demographic characteristics – such as age, gender, income , education & experience important when making decision.
- To look on how digital financial instruments influence investment decision.
- To evaluate the relationship between digital financial awareness & investment risk perception.
- To investigate how income workers use internal financial information for investing, saving & financial planning.

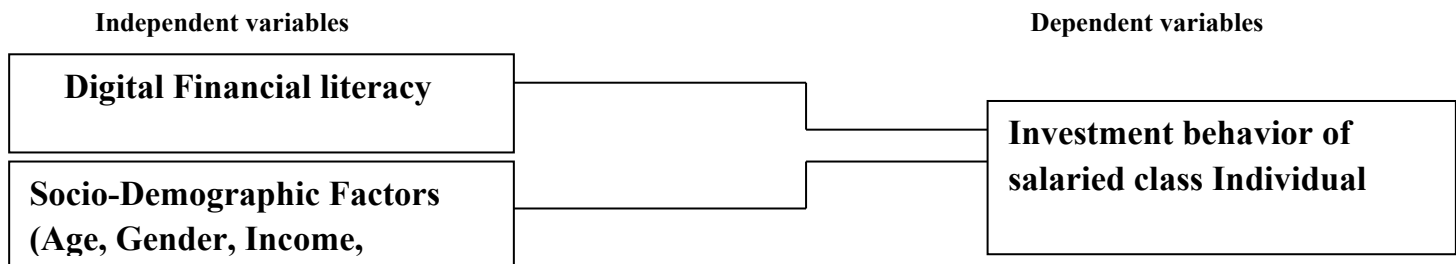
Hypothesis

HYPOTHESIS 1

H0 : Digital financial literacy has no significant influence on the investment decisions of the salaried class.

HYPOTHESIS 2

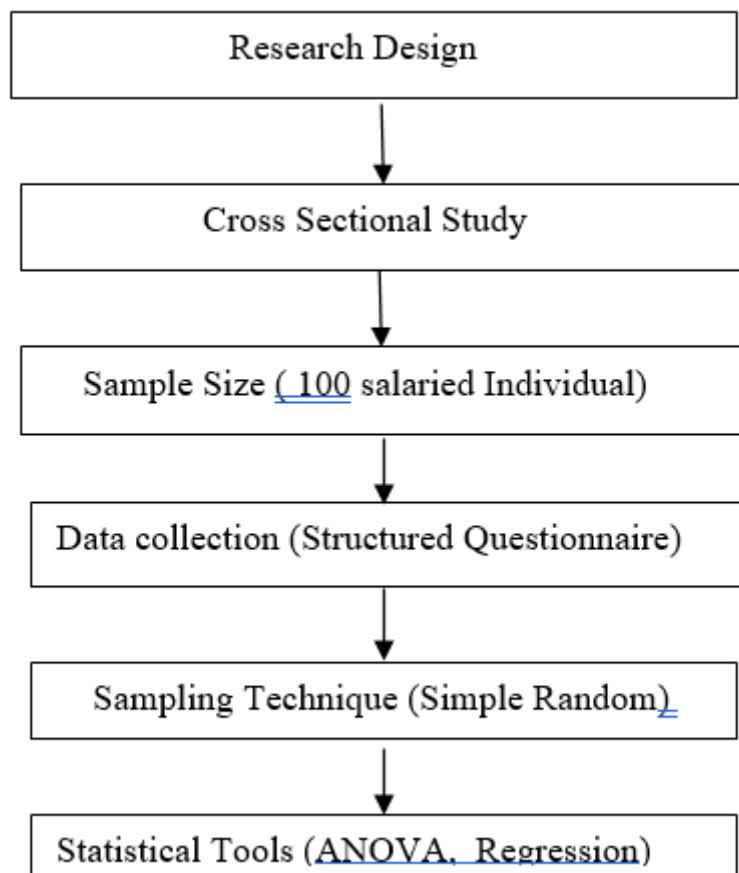
H0 : Salaried people's investing choices are not much impacted by digital financial literacy.



Research Methodology

The influence of digital financial literacy on salaried adults' investing behaviour was investigated in the current study using a cross-sectional research approach. A systematic questionnaire was used to gather the information. Using the basic random sampling method, a sample size of 100 salaried people was chosen. Statistical procedures including regression analysis, chi-square, and ANOVA were utilised to evaluate the hypotheses. Cronbach's alpha was used to verify the data's dependability and internal consistency.

Flow Chart



Hypothesis Testing

HO: Digital financial literacy has no significant influence on the investment decisions of the salaried clas

<i>Regression Statistics</i>	
Multiple R	0.566083
R Square	0.32045
Adjusted R Square	0.306439
Standard Error	0.49936
Observations	100

ANOVA

	<i>df</i>	<i>SS</i>	<i>MS</i>	<i>F</i>	<i>Significance F</i>
Regression	2	11.40616	5.70308	22.87079	7.29E-09
Residual	97	24.18801	0.249361		
Total	99	35.59417			

	<i>Coefficients</i>	<i>Standard Error</i>	<i>t Stat</i>	<i>P-value</i>	<i>Lower 95%</i>	<i>Upper 95%</i>	<i>Lower 95.0%</i>	<i>Upper 95.0%</i>
Intercept	1.865773	0.386583	4.826325	5.18E-06	1.098513	2.633032	1.098513	2.633032
X Variable 1	-0.13638	0.093403	-1.46016	0.147478	-0.32176	0.048996	-0.32176	0.048996
X Variable 2	0.559168	0.082691	6.762101	1.03E-09	0.395048	0.723287	0.395048	0.723287

Interpretation:

We discovered how the independent variables risk perception and financial literacy affect the dependent variable. In this case, the model's R-square value is 0.320, indicating that the independent variables account for 32% of the variation in the dependent variable (investment behaviour),with additional factors possibly influencing the remaining variation.

Additionally, the regression model is statistically significant because the Significance F value is smaller than 0.05. This demonstrates how the independent factors affect the dependent variable.

Additionally, the variable has a positive and substantial impact on investing behaviour, as indicated by the coefficient table's p-value of 1.03E-09, which is less than 0.05. Digital financial literacy has a significant influence on the investment decisions of the salaried class, null hypothesis rejected.

H0 :Salaried people's investing choices are not much impacted by digital financial literacy.

SUMMARY

<i>Groups</i>	<i>Count</i>	<i>Sum</i>	<i>Average</i>	<i>Variance</i>
Age	29	74	2.551724	1.470443
GENDER	29	44	1.517241	0.258621
Education Level	29	70	2.413793	1.251232
Monthly Income	29	51	1.758621	0.761084

ANOVA

<i>Source of Variation</i>	<i>SS</i>	<i>df</i>	<i>MS</i>	<i>F</i>	<i>P-value</i>	<i>F crit</i>
Between Groups	21.81897	3	7.272989	7.77573	9.2E-05	2.685643
Within Groups	104.7586	112	0.935345			
Total	126.5776	115				

Interpretation:

ANOVA (Analysis of variance) Normally factored in when two or more bunches exist, to decide if there are huge contrasts among them.

Single Factor ANOVA was used for hypothesis testing in this study. For this approach, we look at how one independent variable (age, gender or education) affects the dependent variable investment behavior.

This test examines the influence of independent variables — age, gender, income, and education level (demographic factors)— on the dependent variable “investment behavior.”

The ANOVA results show an F-value of 7.77573 at level significance alpha=0.05 This means that the differences between the groups are statistically significant. So, we reject the null hypothesis.

Finding Of The Study

- ✓ According to the report, salaried people are using digital financial instruments like internet banking and UPI more frequently for financial transactions.
- ✓ The survey also showed that many people still believe that safer investing alternatives include savings accounts, Fixed Deposits (FD), and Recurring Deposits (RD).
- ✓ The results show that people's investing choices are greatly influenced by their level of financial literacy.
- ✓ The study also demonstrates that investing decisions are significantly influenced by demographic considerations.
- ✓ Regression research showed that salaried people's investing choices are significantly influenced by digital financial literacy.

✓ It was also noted that salaried people's investing decisions are impacted by their degree of digital financial literacy.

Conclusion

This study's primary goal is to investigate how salaried people's investment behavior is impacted by digital financial literacy. The financial system of India, a rising country, is constantly growing and changing. Throughout this study, it was shown that salaried people's investing choices are significantly influenced by their level of digital financial literacy. The survey also discovered that salaried people have been using digital financial platforms including online banking, UPI, and digital payment systems more often since 2016. Even yet, a lot of salaried people still favor safer traditional investing alternatives including Public Provident Funds (PPF), Fixed Deposits (FD), Recurring Deposits (RD), and savings accounts.

It was also noted that sociodemographic characteristics including age, gender, income, and education had an impact on salaried people's investing preferences. The study comes to the conclusion that increasing digital financial literacy is crucial as it may assist salaried people in making wiser investment choices and successfully diversifying their holdings.

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