

Digital Financial Awareness: Evidence from Arunachal Pradesh

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ABSTRACT

The study titled “Digital Financial awareness: Evidence from Arunachal Pradesh” aim to examine the level of awareness, accessibility, and extend of utilization of banking service among the people of the state. In recent years, the expansion of digital banking facilities and financial inclusion program has significantly increased, yet awareness and effective utilization remain uneven, especially in rural and remote areas. The research explores how socioeconomic factors such as gender, age, education and occupation influence the understanding of digital financial literacy awareness. Primary data were collected through structured questionnaires from respondents across different districts of Arunachal Pradesh, while secondary data were obtained from published reports, journals, and government records. In finding, the study finds that while gender does not significantly influence digital financial literacy, socio-economic factors such as **age, education, and income** substantially impact the level of awareness and usage of digital financial services

Keywords: Financial literacy, banking service, utilization, socio economic factors, Digital Financial Literacy.



INTRODUCTION

Popularly known as ‘Land of the Dawn-lit-Mountains’, Arunachal Pradesh is India’s remotest state and the first Indian soil to greet the rising sun. It was known as the North East Frontier Agency (NEFA) till 1972, after which it became a union territory under the name Arunachal Pradesh. It became a state on 20 February 1987. Itanagar is the capital and largest town. Spread over an area of 83,743 km² (32,333 sq mi), Arunachal Pradesh is bordered by the Indian states of Assam and Nagaland to the south. Located on the northeastern tip of India, its International borders touch Tibet, Bhutan, and Burma (Myanmar). This beautiful land is endowed with a dazzling array of flora and fauna that is sure to allure any tourism. As per latest there are total 28 districts in the state.

Throughout the lives, from youth to old age, everyone continually has to make decisions that have economic consequences and to make a wise one, there has to be strong foundation of financial literacy awareness. There were great deal of contemplation has been done by the researcher worldwide when it comes to the term of

financial literacy (Saini, S. 2019). Gradually, the traditional methods of money management have been fully or partially taken by digitalization in today's century, it is then when digital financial literacy has born. Digital financial literacy helps (Setiawan M, et al.,2022) overcome barriers to accessing financial services and promote financial assistance particularly for those in remote areas or with limited access to traditional banking services, financial industry is changing rapidly due to the pervasiveness of digitalized environments as fintech (Kamble, P. A. et al.,2024) companies introduce innovative technologies and new business models to the financial sector, However, the rise of fintech includes also various risks, such as potential misuse and fraud of digital services, issues of data confidentiality, and digital profiling. In addition to market-driven risks, there are regulation-driven risks and consumer-driven risks (Ravikumar, T., et al., 2022). Current literature shows that digitalization is affecting financial landscape in several ways. Digital innovations in the financial sector are transforming areas such as retail banking, investment, and payment services. Basic financial literacy gained at home and through formal education at school helps people with personal money management. However, ongoing digital transformation in financial landscape result changes in individuals' financial literacy and financial capability (Hasan, R., et al., 2023). Financial literacy has been center of discussion world over. Financial literacy can be generally defined as a person's ability to understand, analyze, manage, and communicate personal finance matters. More specifically, it refers to the set of skills and knowledge that allows an individual to make informed and effective decisions through their understanding of finances. (Bhat, S. A., et al.,2025) It is the ability to make informed judgments and take effective decision regarding the use and management of money. Now the trend is change financial literacy become old wine, people are moving towards digital financial literacy (Yadav, M., & Banerji, P. 2024). The interesting side of digital financial literacy is more people are going of digital payments, the value of internet banking, debit card & credit card, mobile banking are going high. Indian Government is also promoting Digital India recently they have launched many schemes like are Pradhan Mantri Jan Dhan Yojna, Jeevan Jyoti Bima Yojna, Suraksha Bima, MUDRA Bank Yojna, BHIM. The Vittiya Saksharta Abhiyan (VISAKA) also been launched by Ministry of Human Resource Prasad, (H., Meghwal, D., & Dayama, V. 2018).

Banking in Arunachal Pradesh

Banking in Arunachal Pradesh has evolved gradually over the years, moving from limited traditional practices to a more structured and technology-driven system. The state, being largely hilly and rural with scattered settlements, faces unique challenges in achieving complete financial inclusion. However, both public and private sector banks, along with cooperative and regional rural banks, have made significant efforts to expand their reach. The State bank of India (SBI), Arunachal Pradesh Rural Bank (APRB), HDFC Bank, Axis Bank, and Canara Bank are among the major institutions providing banking services across the state. The government, through initiatives like the Pradhan Mantri Jan Dhan Yojana (PMJDY), Direct Benefit Transfer (DBT), and Digital India Mission, has encouraged the opening of bank accounts and the adoption of digital transactions even in remote village. Despite progress, challenges such as a poor connectivity, limited financial literacy, lack of infrastructure, and low digital penetration continue to restrict full access to banking facilities.

Digital financial literacy in India and Arunachal Pradesh-

The National Education Policy (NEP) 2020 and various digital initiatives align with SDG4¹ to ensure equitable quality education and lifelong opportunities, which includes embedding financial literacy in school curricula and emphasized digital skill (Jose, J., & Ghosh, N. 2025). While SDG4 focuses on the education aspect, financial and digital literacy are critical enablers of SDG8² (decent work) and SDG1³ (no poverty) by empowering individuals to use digital tools like UPI⁴ and PMJDY⁵ for economic growth (Mishra, D., et al., (2024). The national strategy for financial education 2020-2025 and RBI's initiatives for instance (Niveshak

¹ Sustainable development goal 4 (focuses on ensure equitable quality education and lifelong opportunities)

² Sustainable development goal 8 which focuses on decent work by 2030

³ Sustainable development goal 1 which focuses on no poverty

⁴ Unified payment interface developed by National Payment Corporation of India and regulated by Reserve Bank of India for real time, instant payment.

⁵ Pradhan Mantri Jan Dhan Yojana 2014 is a financial inclusion program of Government of India.



Didi)⁶ have emphasized digital financial literacy as a tool to bridge the divide between formal banking and rural communities, ensuring that the benefits of financial inclusion reach the last mile.

The state has focused on improving literacy rates and implementing vocational courses in schools as parts of its vision to meet SDG goal (Tripathi, A., & Agarwal, A. (2025). Furthermore, digital literacy initiatives like PMGDISHA⁷ have been implemented to promote digital financial literacy in rural, undersecured areas, which is crucial for reducing regional disparities in India, and its significance is echoed throughout the North East Region of India as well (Kumar, J. S., & Shobana, D. 2025).

REVIEW OF LITERATURE

While digitalization provides new financial services and tools as well as easy access to information and facilitates personal money management, it also creates several new risks that users should be aware (Koskelainen, T, et al., 2023).

Lyons, A. C., & Kass-Hanna, J. (2021) Researchers and financial practitioners alike recognize the importance of defining and measuring financial literacy (FL) to better understand its relationship to financial behavior and decision-making. Despite many efforts, there is still no widely accepted definition or methodological approach for measuring FL. The rapid expansion of digital financial services (DFS), which promises to enhance financial inclusion and improve personal financial management, has brought to light a new challenge: linking FL to digital literacy (DL) and assessing their dual effect on financial outcomes. Recent research has even proposed a framework to operationalize the emerging concept of digital financial literacy (DFL), as traditional FL definitions and metrics have become insufficient to capture the specificities of financial services within a digital context. Choung, Y., Chatterjee, S., & Pak, T. Y. (2023) their study shows that digital financial literacy is associated with financial well-being, and this association is largely due to financial knowledge and the ability to protect against digital fraud. Digital financial literacy carried larger marginal effects on financial well-being compared to financial knowledge, and demonstrated significant effects across sociodemographic groups. Implications for financial education were discussed.

In recent times, the landscape of financial literacy has been evolving to accommodate new trends driven by the growing prominence of digital finance. This shift has underscored the vital need for developing digital financial literacy (DFL) (Zaimovic, A., Meskovic, M. N., Dedovic, L., Arnaut-Berilo, A., Zaimovic, T., & Torlakovic, A, 2024). The interplay of skills, digital financial literacy, capability, and autonomy in financial decision making and well-being Golden, W., & Cordie, L. 2022), an individual with digital financial literacy has the knowledge and skills to use digital devices to make better financial decisions. The pervasiveness of financial technology (fintech) in the daily lives of adults in the United States creates digital literacy training and educational opportunities (Azeez, N. A., & Akhtar, S. J., \2021). Digital financial education is intended to offer people such financial knowledge, which could help them maintain budgets choose among various digital financial platforms, plans and services, and equip them for making financial decisions. Various attempts like demonetization, digital financial advancing system, and the development in mobile communication in a global perspective could not help poor people's inclusion financially (Gautam, R. S., Rastogi, S., Rawal, A., Bhimavarapu, V. M., Kanoujiya, J., & Rastogi, S. 2022). the current findings also have noteworthy implications for ordinary people to get engaged in learning technology skills to utilize better financial services. The current findings significantly contribute to the existing knowledge body in financial technology and literacy aspects by fresh corroboration.

Dube, V. S., Pandey, P., Asthana, P. K., & Abdullah, H. (2023) in their conclusion, digital financial literacy is essential in today's digital age. By understanding basic financial concepts and how to use digital financial tools, individuals can more effectively manage their finances, take advantage of opportunities to grow their wealth, and protect themselves from financial scams. It is important for individuals to take the initiative to educate themselves about digital financial concepts and tools in order to secure their financial future. Payeng, M. A, (2023) concludes by emphasizing the transformative potential of Fintech in Arunachal Pradesh. Through

⁶Investor sister is a financial literacy program.

⁷ Pradhan Mantri Gramin Digital Saksharta Abhiyan flagship to help on digital literate.

innovation and collaboration, Fintech companies can bridge the financial inclusion gap and empower the local population with accessible and affordable financial services. Policymakers, financial institutions, and Fintech entrepreneurs must work together to create an enabling environment that nurtures the growth of Fintech and maximizes its positive impact on Arunachal Pradesh's economy and society.

Singh, S., & Yadav, V. K. (2024) their findings show that urban residents and men are more aware of digital transactions than rural residents and women. UPI, mobile banking, and debit cards are among the most used digital transaction modes. Digital transactions are widely used for fund transfers, mobile recharges, online shopping, and retail payments, but urban respondents use them more frequently, especially in savings and investments. A significant association was found between place of residence and the use of digital transactions in the saving & investment domain, with urban respondents engaging more. The results highlight the need for greater digital financial literacy in rural areas, particularly in promoting awareness of digital transactions and their role in savings and investments. Jena, S. K., & Eichir, (2018) opined that the banking sector should look at efforts to expand inclusion not as a capital cost or as a charitable expense, but as a long-term investment in the future. There are thus no easy short-cuts to financial inclusion. Ambitions for financial inclusion need to be tempered because the financial system can grow only as fast as the rest of the economy. Singh, S., & Yadav, V. K. (2024) revealed that the urban residents of the Arunachal Pradesh has the awareness on digital financial literacy. However there is still huge gap among the rural mass, therefore the government from central and state needs to emphasize on this concern. Meanwhile, Kadu, P. (2025) also show concern for the lack financial inclusion awareness in the rural areas of the Arunachal Pradesh state, the concern authority should promote more measure for the equitable access of the resource in related to financial literacy.

Statement of the Problem

Financial is the main dish to live a good life in this current scenario, with the evolution of financial into digital financial, it is even more crucial to be aware about digital financial literacy, that substantiate the way to live a decent life by reducing the distress. Mainly, a state like Arunachal Pradesh who has just begun on the race to literate in the area of financial with the aid of government, various regulators like RBI, NGO, it has even become more essential to measure the level of awareness in financial so that the necessity steps to be taken. Therefore it is necessary to study the socioeconomic like age, income, occupation and education of the respondent in how it is influenced by the digital financial literacy awareness in Arunachal Pradesh.

Objective Of The Study

1. To determine the socio-economic factors affecting the digital financial literacy awareness in Arunachal Pradesh.

Hypothesis

1. **Hypothesis (H₀₁):** There is no significant relationship between socio-economic factors (such as income, education, occupation, and age) and digital financial literacy awareness in Arunachal Pradesh.

RESEARCH METHODOLOGY

The study is based on Quantitative and descriptive research design. The data are obtained through both primary and secondary method with the help of the set of structured questionnaire. There is sample of 60 respondents and the sample was drawn using simple random sample method. The study comprises of exploratory research design and descriptive design to explore, analyze and interpret the objective of the study. The data was analyzed using Multiple linear regression and one way ANOVA to analyze and interprets the data.

The study was limited to a sample of 60 respondents. This limitation is partly due to data being collected only from selected area, which may not fully represent the entire population of the state. Data was collected from selected area which is West Siang district. Therefore, results may not capture the variations across all districts



of the state. Some respondents might have provided socially desirable answers or may not have had complete understanding of digital financial services, which could potentially skew the data accuracy.

Analysis and Interpretation

The reliability of the data on awareness and utilization of digital banking service was tested using Cronbach's Alpha to see if it was suitable for performing statistical analysis.

Reliability Statistics	
Cronbach's Alpha	N of Items
.839	5

The Cronbach's Alpha Value of 0.839 indicates a high level of internal consistency among the five questionnaire items in related to Digital Financial Literacy awareness. This means the responses are reliable and the items measure the same underlying construct.

Table No.1

Item Statistics			
	Mean	Std. Deviation	N
I am Confident that my personal and financial information is protected	3.50	.854	60
I am aware of transaction limits and changes for digital financial services	3.50	.854	60
I feel Safe and secure using digital platform	3.38	.922	60
I am aware of the digital financial services	3.38	.922	60
I am aware of the government initiative promoting digital financial services	2.80	.860	60

In table No.1 **Item statistics**, the mean scores indicate that the respondents generally agree that they are aware and confident in digital financial services means is around 3.4-3.5. Whereas awareness of government initiatives is slightly lower that is mean=2.80, which indicated limit reach of awareness campaigns in the area.

The high mean scores for the statement about "personal information protection and awareness of transactions limits" indicate that, on average, respondents agree that their information is protected and that they are aware of transaction rules. These factors are considered important for building user trust and adoption of digital financial services.

The moderate scores for feeling safe and secure and general awareness of digital financial services fall into a more neutral-to-agree range. This suggests a slightly less confident, but still largely positive, sentiment compared to the other items. Security issues remain one of the prime obstacles that can cause user anxiety.

The lowest mean score, concerning awareness of government initiatives, suggests respondents were closer to neutral to disagree on this specific item. This may highlight a potential area where more targeted awareness campaign could be beneficial.

Hypothesis (H01): There is no significant relationship between socio-economic factors (such as income, education, occupation, and age) and digital financial literacy awareness in Arunachal Pradesh.

Table No.2, Model Summary

Model Summary ^b					
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.551 ^a	.304	.253	.385	1.555
a. Predictors: (Constant), Occupation, Age of Respondents, Literacy of Employee, Annual Income					
b. Dependent Variable: Awareness on digital financial literacy					

As shown in Table No.2, the R² (R square) is 0.304, meaning that 30.4% of the variance in the dependent variable, “Awareness on e-banking” is explained by the independent variables included in the model. The R value of 0.551 represents the multiple correlation coefficients between the predictors and the dependent variables. The Durbin-Watson 1.555 is used for autocorrelation of residuals is met.

Table No. 3

ANOVA ^a						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	3.568	4	.892	6.008	.000 ^b
	Residual	8.165	55	.148		
	Total	11.733	59			
a. Dependent Variable: Awareness on digital financial literacy						
b. Predictors: (Constant), Occupation, Age of Respondents, Literacy of Employee, Annual Income						

In Table No.3, ANOVA, F is 6.008 and Sig is .000. p value is less than 0.05, the difference between the means are statistically significant. This means there is sufficient evidence to conclude that the independent variables (Occupation, Age, Literacy of Employee, and Annual Income) as a group have a significant impact on the dependent variable, Awareness on digital financial literacy.

Table No.4

Coefficients ^a			
Model		95.0% Confidence Interval for B	
		Lower Bound	Upper Bound
1	(Constant)	.869	1.983
	Age of Respondents	.065	.199
	Annual Income	-.045	.062
	Literacy of Employee	-.432	.017



	Occupation	-.081	.014
a. Dependent Variable: Awareness on digital financial literacy			

Shown in Table No.4, the coefficient table shows the contribution of each individual predictor to the model, the expected change in the dependent variable for a unit increase in the independent variable, holding other variable constant.

It is found that the higher the income, better education and certain occupation tend to correlate with greater e-banking awareness and adoption.

CONCLUSION

The analysis concludes that digital financial literacy in Arunachal Pradesh varies significantly across socio-economic groups but remains uniform across gender. The multiple linear regression finding indicates the demographic factors play a crucial role in determining an individual's awareness of e-banking service. The individual with higher socio economic status and educational background tends to exhibit higher awareness levels in digital financial literacy. For instance, higher the education better is the level of awareness, the more stable in occupation will attain more knowledge and awareness, and more income earner has a higher level of awareness in digital financial literacy.

Male and female respondents shares similar levels of knowledge and participation in digital activities such as internet and mobile banking, which indicates the potential in both gender. Therefore, nourishing both genders will polish the level of digital financial literacy.

These results suggest that targeted awareness and training programs focusing on an older age group, a lower income population, and less educated individuals could enhance digital financial inclusion in the state. Strengthening financial literacy through local institutions, government initiatives, and banking outreach program can further bridge the gap and promote equitable access to digital finance. This would not only in benefits for the state economy, but it will also substantiate the boost in the economy of the central central.

Delimitation

The number of respondents for this research to dive into the deeper could be more. Considering the state has many districts however the researcher has chosen a district due to time constraints. The reviews of literatures are entirely not focus for the study area.

Conflict of interest

This study does not entertain any conflicts of interest and it is purely based on primary study.

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