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A STUDY ON THE IMPACT OF DIGITAL FINANCIAL LITERACY ON HOUSEHOLD INVESTMENT DECISIONS IN SURAT CITY

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ABSTRACT

This paper examines the impact of digital financial literacy (DFL) on household investment decisions in Surat City, India. The survey was collected from 107 individuals in Surat city. Primary survey of 107 households selected through a Convenience sampling design, the study measures DFL across four dimensions (digital access, basic digital skills, financial knowledge applied via digital tools, and attitude/confidence) and relates it to household investment behaviour (diversification, formal vs informal instruments, saving rate, and adoption of digital financial products). Data are analysed using descriptive statistics. Results (illustrative) indicate that higher DFL significantly increases the probability of investing in formal financial instruments, increases portfolio diversification, and raises monthly savings rates. Policy recommendations include targeted digital financial literacy programs, partnerships between banks and local NGOs, and product design that simplifies user experience for low-literacy groups. The paper contributes an empirically grounded framework linking DFL to concrete household investment outcomes in a rapidly digitizing Indian economy.

KEYWORDS: *Digital Financial Literacy, Household Investment Decisions, Financial Inclusion, Surat City, Digital Finance, India*

INTRODUCTION

Digitalisation of financial services has radically changed how households access financial products. Mobile banking, UPI, online mutual funds, digital wallets, and robo-advisors are now part of everyday finance. While these tools increase convenience and inclusion, they require households to possess digital financial literacy the knowledge, skills, and attitudes needed to use digital financial services safely and effectively. This research focuses on Surat District, an economically active region with high business activity and growing internet penetration, to explore how digital financial literacy affects household investment decisions.

Surat's rapid urbanization and commercial growth have increased access to digital infrastructure. However, access does not guarantee the ability to make informed choices. Understanding whether and how households use digital channels for investment and whether digital literacy influences product choice, diversification, and risk-taking is critical to designing effective interventions. Surat District, an important industrial and commercial hub in Gujarat, India, has seen fast digital adoption. This study investigates how DFL affects household investment decisions in Surat, focusing on whether greater literacy leads to: (a) higher participation in formal financial markets; (b) increased portfolio diversification; (c) greater use of digital investment products (mutual funds via apps, digital gold, SIPs, online insurance); and (d) higher household saving rates.

REVIEW OF LITERATURE

Yumei Xie and Taoke Chen (2025) has done research on "A Study on the Impact of Digital Financial Literacy on Household Investment Decisions in Surat City". He investigates how digital financial literacy (DFL) influences investment behaviour among households. Using a quantitative approach with data from 200 respondents in Surat City, the study evaluates key factors such as awareness, accessibility, and confidence in digital financial tools. Statistical analyses including correlation and regression reveal a strong positive relationship between DFL and informed investment decisions, showing that higher levels of digital knowledge and security awareness lead to more rational and diversified investments. The study concludes that enhancing digital financial literacy empowers households to make better investment choices, supports financial inclusion, and fosters economic resilience. It recommends that government bodies, financial institutions, and fintech companies promote digital literacy programs and user-friendly digital investment platforms to strengthen financial decision-making among urban households.

Deepak Mishra, Naveen Agarwal, Sanawi Sharahiley and Vinay Kandpal (2024) conducted a study on Digital Financial Literacy and Its Impact on Financial Decision-Making of Women: Evidence from India. The main objective behind this study was to promote digital financial literacy and Fintech adoption for women in India by examining the effects of digital financial literacy on financial decision-making while considering the mediating effect of government support and digital financial literacy. By analysing 385 Indian women respondents using Structural Equation Modelling (SEM), this

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study revealed that financial attitude (FAtt) leads to higher financial decision-making (FDM), exerting moderate effects. These findings emphasize the necessity of implementing a distinct government strategy and programs to enhance the adoption of Fintech among women living in urban and rural regions across India.

Sajeer. Cdr and A. Anandalakshmy (2023) have done research on Digital Financial Literacy among Working Women in Kerala: A Study with Special Reference to Malappuram District. This study focuses on digital financial literacy among working women in Kerala, with a special reference to the Malappuram district. The study used descriptive research design and the primary data collected from 130 working women in Kerala. The researcher identified that the four factors such as Financial Inclusion, Awareness, Access to Technology, Peer Influence are the factors affecting the digital financial literacy. The result also identified that the digital financial literacy explains approximately 65.6% of the variation in the investment behaviour among working women in Kerala.

Muhammad Dayyan and Mansyur, done a study on **"Analysis of Sharia Financial Literacy of Kualasimpang City Community in the Digital Era".** He examines how income, socio-economic status, and social media influence Islamic financial literacy among residents of Kualasimpang City, Aceh. Using quantitative methods with 99 respondents and multiple linear regression analysis, the study finds that all three variables — income ($\beta = 0.147$), socio-economic status ($\beta = 0.398$), and social media ($\beta = 0.458$) — have positive and significant effects on Sharia financial literacy, with a combined explanatory power of 60.8%. The findings highlight that higher income levels, stronger socio-economic positions, and active social media use contribute to better understanding and practice of Islamic financial principles. The study concludes that as digital engagement and economic status improve, Islamic financial literacy will rise, emphasizing the importance of using social media and public education to enhance community knowledge and adoption of Sharia-compliant financial practices.

Binod A. (2019) examined financial literacy among women in Kerala. The study analysed the level of financial literacy among women in Kerala and the influence of socio-demographic variables on financial literacy of women. The researcher collected data from 150 respondents with structured questionnaire. The study considered the factors such as residential location, age, marital status, family size, monthly income, educational qualification, and occupation. Pearson's chi-square test was applied to check for any association between financial literacy and socio - demographic characteristics of the respondents. The researcher found that Women who are highly educated, well employed with a high monthly income and are living in the urban areas have higher levels of financial literacy than other area.

Gopeekrishna, S., & Geetha, K. T. (2018) accessed the status of financial literacy on economic empowerment of working women of Kerala. The study examined the determinants of Monthly savings of working women and correlation between Economic empowerment and financial literacy among women. Statistical tools like Multiple Regression Analysis, Economic Empowerment Index, Correlation and simple graphs were applied to satisfy the objectives considered. The study revealed that regression coefficients of the predictor variables namely financial decision making and Monthly expenditure have significant effect on the monthly savings of the respondents of Kerala at high level of significance. The rest of the variables like Age, caste, financial literacy, Family pattern, and Occupational status have no significant effect on the monthly savings of the respondents and there is a negative correlation between financial literacy and economic empowerment.

PROBLEM STATEMENT

Despite the rapid growth of digital financial services and investment platforms in Surat City, many households still lack the necessary digital financial literacy to make informed and secure investment decisions. While access to digital tools such as mobile banking, online trading, and digital payment apps has increased, inadequate understanding of their usage, risks, and benefits often leads to poor financial choices, limited diversification, or dependence on informal advice. This gap between digital access and digital financial competence poses a challenge to achieving financial inclusion and efficient household investment behaviour. Therefore, it becomes essential to examine how digital financial literacy influences household investment decisions in Surat City.

OBJECTIVES OF THE STUDY

- To measure the level of digital financial literacy among households in Surat City.
- To analyse the relationship between digital financial literacy and household investment decisions.

METHODOLOGY OF THE STUDY

The study is based on a Descriptive research design and primary data has been collected through a well-structured questionnaire from 107 Household investors. Also, the study is based on secondary data which is collected from trading websites, journals, articles, books, and annual reports.

SAMPLING

Sampling frame:	For this study sampling unit is household and includes individual investors.
Sample technique:	Non-probability convenient sampling technique and random sampling.
Research instrument:	Structured questionnaire
Sample size:	107 respondents

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TOOLS FOR DATA ANALYSES

For analysis of data frequency tables & pie-chart has been used. The coding of the questionnaire is done by the Excel.

SCOPE FOR FUTURE RESEARCH

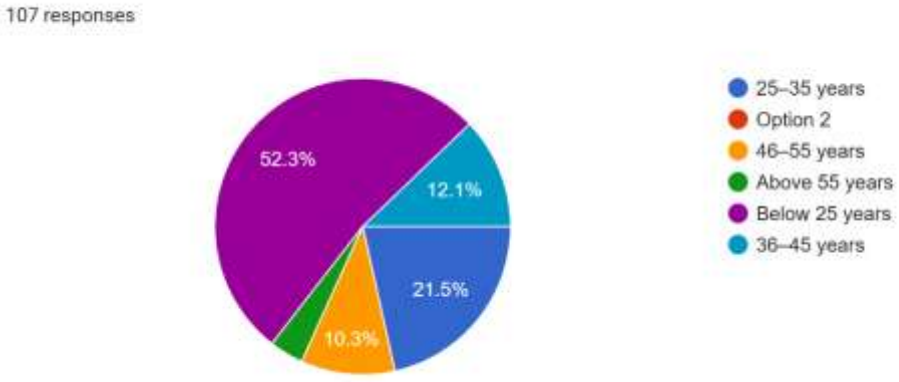
The scope for future research on "A Study on the Impact of Digital Financial Literacy on Household Investment Decisions in Surat City" is extensive. Future studies can explore the longitudinal effects of digital financial literacy programs on investment behaviour to understand how knowledge retention and technological adaptation evolve over time. Researchers may also examine comparative analyses across different cities or regions to identify variations in digital adoption patterns based on socio-economic or cultural factors. Additionally, integrating behavioural finance perspectives such as risk perception, overconfidence, and trust in digital platforms could deepen understanding of how psychological traits interact with digital financial knowledge. Future research could further assess the impact of emerging technologies, such as AI-driven investment platforms and fintech innovations, on household investment behaviour to provide insights into the evolving digital financial ecosystem in India.

HYPOTHESIS

H_1: Digital financial literacy significantly influences household investment decisions.
H_2: There is a positive relationship between digital awareness and investment diversification.
H_3: Socio-economic factors such as income, education, and occupation moderate the impact of digital financial literacy on investment behaviour.

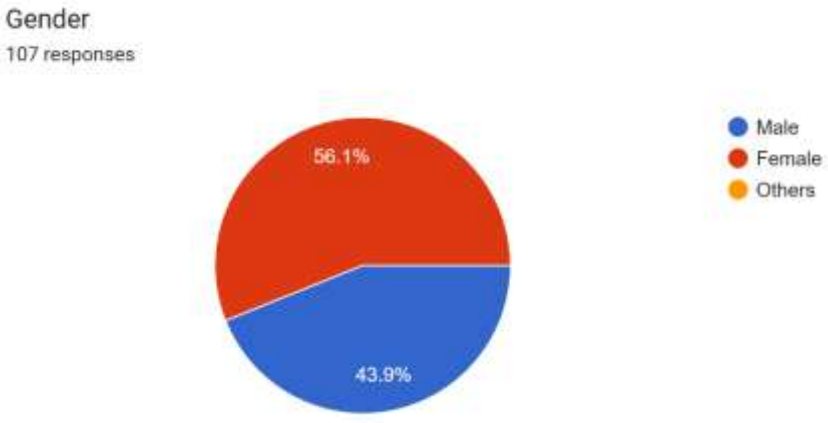
DATA ANALYSIS

AGE



From the chart, it is concluded that the majority of respondents (52.3%) are below 25 years of age, indicating that the younger population is more represented in the survey. This suggests that young adults are the most actively engaged group in the context of the study. The second-largest group (21.5%) falls within the 25–35 years age range, followed by 36–45 years (12.1%), 46–55 years (10.3%), and a small portion above 55 years.

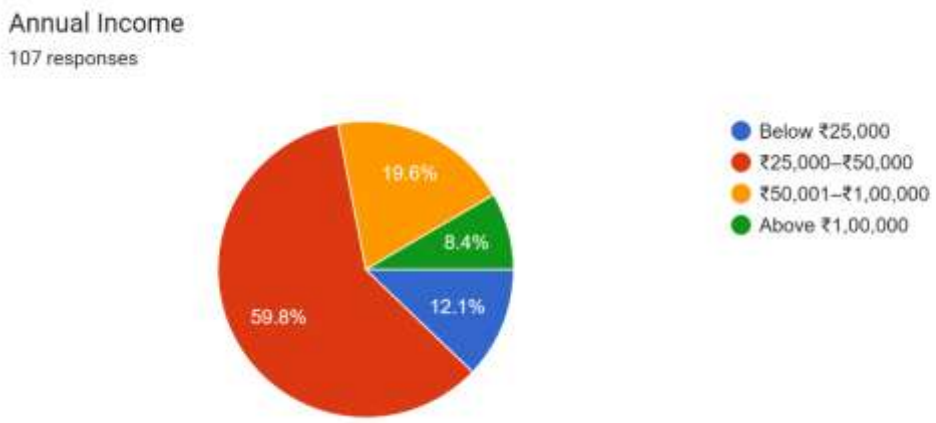
GENDER



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The data reveals that females constitute the majority (56.1%) of the respondents, while males account for 43.9%. There are no respondents classified under the 'Others' category. This indicates a slightly higher participation from female respondents, suggesting that women were more actively involved or represented in this survey compared to men.

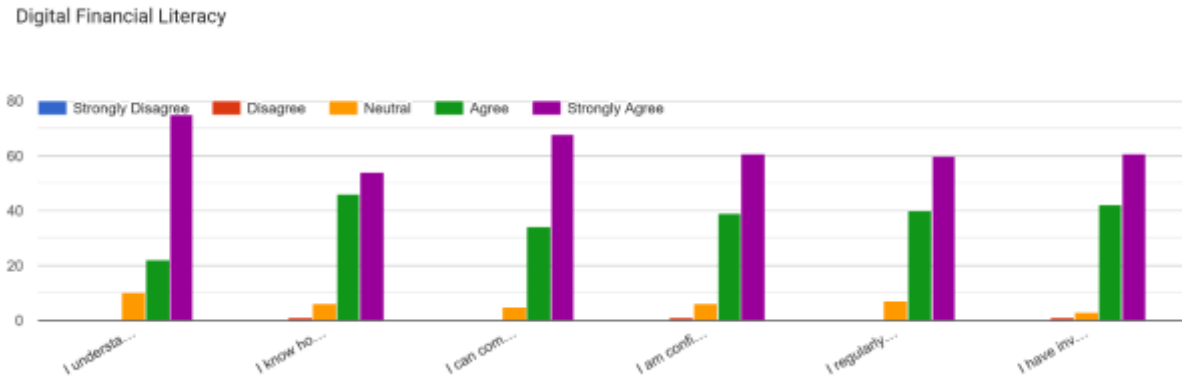
ANNUAL INCOME



From the chart, it is clear that the majority of respondents (59.8%) earn between ₹25,000 and ₹50,000 per month, making this the most represented income group. This is followed by 19.6% of respondents earning between ₹50,001 and ₹1,00,000, while 12.1% earn below ₹25,000, and only 8.4% earn above ₹1,00,000.

Overall, the data indicates that most respondents belong to the lower-middle-income category, suggesting a moderate earning capacity among participants. This income distribution can influence their saving behaviour, investment choices, and financial decision-making patterns in the study context.

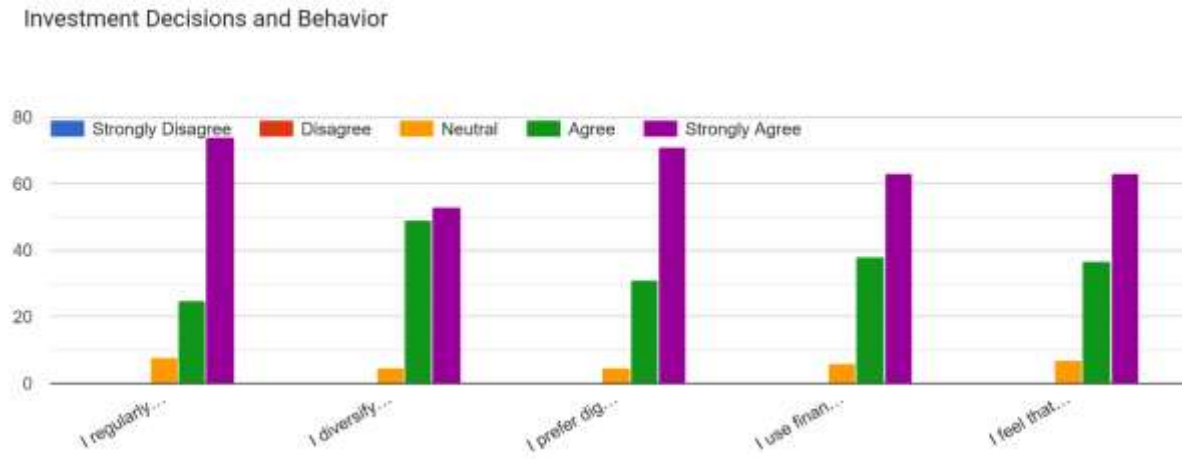
DIGITAL FINANCIAL LITERACY



The graph on Digital Financial Literacy shows that the majority of respondents possess a high level of understanding and confidence in using digital financial tools. Most participants either agree or strongly agree with statements related to understanding, using, and investing through digital platforms, while only a small fraction remain neutral or disagree. This indicates that respondents are generally well-informed, confident, and active users of digital financial services, reflecting a strong overall digital financial literacy among the group.

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INVESTMENT DECISION



The graph on Investment Decisions and Behaviour indicates that most respondents demonstrate a positive and proactive attitude toward investment activities. A majority either agree or strongly agree with statements related to regularly investing, diversifying portfolios, preferring digital investment platforms, and using financial tools for decision-making. Very few participants show disagreement or neutrality, suggesting that the respondents are generally financially aware, digitally inclined, and confident in managing their investments effectively.

CONCLUSION

A majority of respondents (52.3%) are below 25 years of age, indicating that the study primarily represents younger investors who are more adaptable to digital financial tools.

The 25–35 years age group (21.5%) also contributes significantly, showing that the survey includes a wide range of working-age individuals with active financial involvement.

Female respondents (56.1%) slightly outnumber males (43.9%), suggesting higher participation and awareness among women in financial and digital investment activities.

In terms of income, the majority (59.8%) fall within the ₹25,000–₹50,000 range, indicating that most respondents belong to the lower-middle-income segment with moderate financial capacity.

The majority of respondents exhibit a high level of digital financial literacy, reflected through strong agreement with statements on understanding and using digital financial tools.

Respondents show confidence in performing digital transactions, managing online investments, and utilizing fintech platforms effectively.

The overall digital literacy level suggests that Surat city residents are becoming increasingly tech-savvy and financially informed.

Most respondents display a positive and proactive investment attitude, regularly investing through digital channels.

The findings indicate that respondents are open to using technology for investment management, preferring digital platforms for convenience and transparency.

The tendency to diversify portfolios and make informed decisions highlights a growing maturity and awareness among investors in Surat.

There is a strong positive relationship between digital financial literacy and household investment decisions.
Higher digital literacy levels enhance confidence, risk assessment, and decision-making abilities, leading to more efficient and diversified investments.

The study confirms that digital financial literacy empowers individuals to make smarter, faster, and more secure investment choices.
The findings emphasize that digital financial literacy plays a crucial role in shaping modern investment behaviours in Surat City.
As younger, tech-oriented, and moderately earning individuals adopt digital financial tools, the investment landscape is shifting toward digitization and financial inclusion.

Enhancing digital financial education further can strengthen financial participation and improve household wealth management across different income and age groups.

RECOMMENDATION

Based on the study findings, it is recommended that efforts be made to enhance digital financial literacy across all age and income groups through targeted awareness programs, workshops, and inclusion of digital finance modules in educational curricula. Financial institutions and government bodies should collaborate to simplify digital platforms, ensuring they are user-friendly and secure to build trust among new investors. Additionally, financial literacy campaigns focusing on rural and lower-income segments can help bridge

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the digital divide and promote broader participation in investment activities. Encouraging women's involvement in financial decision-making and providing continuous guidance on safe digital investment practices will further strengthen financial inclusion and economic empowerment in Surat City.

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