

FAMILY FINANCIAL LITERACY IN THE DIGITAL ERA: A SURVEY OF ONLINE INVESTMENT APPLICATION AWARENESS AND USAGE IN COIMBATORE

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Abstract: This study examines family financial literacy in the context of the digital era, specifically focusing on the awareness and usage of online investment applications in Coimbatore. With the increasing prevalence of digital platforms for managing investments, it becomes essential to understand how families are engaging with these tools. Through a survey-based approach, the research explores the level of knowledge regarding mobile applications for investing in stocks, mutual funds, and managing personal finances. The study also looks into various demographic factors, technology adoption, and the frequency of usage of these platforms. The goal is to identify gaps in financial literacy, challenges faced by families in adopting these digital tools, and the overall impact on financial decision-making. The results aim to offer valuable insights for improving financial education and promoting greater awareness of digital financial resources, ultimately supporting more informed and effective wealth management practices in the digital age.

Keywords: Digital finance, Financial education, Digital literacy

I.INTRODUCTION

Financial literacy is defined as the ability to understand and apply various financial skills, knowledge, and principles in order to make informed decisions about managing money. It encompasses several key financial concepts such as budgeting, saving, investing, borrowing, and managing debt and credit. Financial literacy goes beyond knowing financial terminology; it involves the capacity to evaluate and act on financial information that aligns with one's goals and financial circumstances. A financially literate individual is equipped to navigate complex financial situations, understand the implications of interest rates, inflation, and financial products, and plan for both immediate and future needs. This includes setting practical financial goals, managing monthly expenses through budgeting, and establishing emergency savings to protect against unforeseen financial challenges.

The digital era has dramatically transformed how individuals manage their finances. The rise of online investment applications, digital banking, and mobile payment platforms has made financial services more accessible than ever. However, this technological advancement also requires a higher level of financial literacy to navigate effectively. Users must be able to understand the risks and opportunities presented by these digital tools to avoid fraud, manage cybersecurity risks, and optimize their investments. Unfortunately, a lack of financial literacy can result in underutilization or misuse of digital platforms, leaving individuals vulnerable to scams or poor investment decisions. Therefore, it is imperative to provide education that bridges the gap between new technologies and users' understanding of their financial implications, ensuring that people can maximize the benefits of digital financial services while minimizing potential risks.

II.STATEMENT OF THE PROBLEM

The rapid growth of digital technology has transformed the financial landscape, with online investment applications becoming an integral part of financial management. However, while these tools offer unprecedented convenience and accessibility, their effective utilization requires a certain level of financial literacy and digital competence.

In regions like Coimbatore, where traditional financial practices often coexist with modern technological advancements, families may face challenges in adapting to these digital tools. Issues such as limited awareness, lack of trust in digital platforms, inadequate knowledge of investment strategies, and concerns about security risks hinder the widespread adoption and effective use of investment applications.

OBJECTIVES

- I. To assess the level of awareness and understanding of online investment applications among families.
- II. To identify the benefits and drawbacks of using online investment applications from the perspective of families.

III. RESEARCH METHODOLOGY

RESEARCH AREA

The research is conducted in Coimbatore.

RESEARCH PERIOD

The research is conducted over a period of 4 months from December 2024 to March 2025.

NUMBER OF SAMPLES

Sample size taken for the study is 107

RESEARCH TOOLS

For this study

1. Simple Percentage analysis

$$\text{PERCENTAGE} = \frac{\text{Number of respondents}}{\text{Total respondents}} \times 100$$

2. Likert scale analysis

$$\text{LIKERT SCALE} = \frac{\sum fx}{\text{Number of respondents}}$$

3. Chi-Square analysis

$$\chi^2 = \frac{(O - E)^2}{E}$$

IV. REVIEW OF LITERATURE

1. Cole, S., Sampson, T., & Zia, B. (2011) Prices and Knowledge: A Field Study of the Indian Consumer

This field study examines the relationship between financial knowledge and the ability to make informed financial decisions in India. It discusses how financial literacy influences consumer behavior and decision-making, especially in the context of financial products and services.

2. Atkinson, A., & Messy, F. A. (2012) Measuring Financial Literacy: Results of the OECD / International Network on Financial Education (INFE) Pilot Study

This report presents the results of a pilot study by the OECD to measure financial literacy levels across different countries.

3. Kaiser, T., & Menkhoff, L. (2017) Financial Literacy and Financial Decision-Making: Evidence from a Survey of Financial Experts

This study examines the link between financial literacy and decision-making in the context of complex financial products. It shows that financial literacy is crucial for understanding investments, managing risks, and making informed decisions, particularly when it comes to online investment platforms.

4. Perry, V. G., & Morris, M. D. (2005) Who Is in Control? The Role of Financial Knowledge, Financial Satisfaction, and Self-Control in Understanding Financial Behavior

This paper focuses on how financial knowledge and self-control influence financial satisfaction and decision-making. The authors argue that improving financial literacy can lead to better financial management and greater personal satisfaction, emphasizing the role of knowledge in making informed financial choices.

5. Xu, L., & Zia, B. (2012) Financial Literacy Around the World: An Overview of the Evidence with Practical Suggestions for the Way Forward

This global survey investigates financial literacy across different countries, analyzing factors like economic development, education, and gender differences. It suggests that widespread financial literacy programs are necessary to improve financial behaviors and decision-making worldwide.

V. DATA ANALYSIS, INTERPRETATION & INFERENCE

TABLE 1 FINANCIAL LITERACY

RATING	NO.OF.RESPONDENTS	PERCENTAGE
Very low	11	10.3
Low	26	24.3
Moderate	52	48.6
High	16	15
Very high	2	1.9
TOTAL	107	100

INTERPRETATION

Table 1 shows that, 48.6% of respondents rated the aspect as "Moderate," while 24.3% rated it as "Low." 15% of respondents rated it as "High," 10.3% as "Very Low," and only 1.9% as "Very High". The Likert scale value of 2.84 falls between "Low" (2) and "Moderate" (3) on the scale. This suggests that the overall financial literacy level among respondents is below moderate, leaning towards low. Thus, the majority of respondents perceive the aspect at a moderate level.

TABLE 2 CONFIDENTIAL ABOUT THE SECURITY OF ONLINE INVESTMENT PLATFORMS

RESPONSES	NO.OF.RESPONDENTS	PERCENTAGE
Very low	8	7.5
Low	25	23.4
Moderate	54	50.5
High	18	16.8
Very high	2	1.9
TOTAL	107	100

INTERPRETATION

Table 2 shows that, 50.5% have a moderate level of confidence in the security of online investment platforms, while 23.4% have low confidence, and 7.5% have very low confidence, 16.8% have high confidence, and only 1.9% have very high confidence. The mean score is 2.82, which falls between "Low" (2) and "Moderate" (3), indicating that respondents have slightly below-moderate confidence in the security of online investment platforms. Thus, the majority of respondents have a moderate level of confidence in the security of online investment platforms.

TABLE 3 FIRST LEARNING ABOUT THESE APPLICATIONS

MEDIUM	NO.OF.RESPONSES	PERCENTAGE
Friends/Family	21	19.6
Social Media	42	39.3
Advertisements	33	30.8
Financial Advisors	9	8.4
Others	2	1.9
TOTAL	107	100
\bar{x}	2.3364	
σ	0.9511	
CV	40.70%	

INTERPRETATION

Table 3 shows that, 39.3% received information through social media, 30.8% through advertisements, and 19.6% from friends or family, 8.4% relied on financial advisors, while only 1.9% used other sources. Mean indicates that, on average, about 2.3364% of respondents learned about these applications is through Social media. S.D shows that the difference from the mean is 0.9511. C.V tells that the variation exists to the mean is 40.70%.

TABLE 4 TYPE OF INVESTMENTS MANAGING USING THESE APPLICATIONS

INVESTMENTS	NO.OF.RESPONDENTS	PERCENTAGE
Fixed deposits	20	18.7
Mutual funds	39	36.4
Shares/ Debentures	39	36.4
Others	9	8.4
TOTAL	107	100
\bar{x}	2.3458	
σ	0.8806	
CV	37.54%	

INTERPRETATION

Table 4 shows that, 36.4% of respondents use investment applications to manage mutual funds, while an equal percentage (36.4%) invest in shares or debentures, 18.7% use these apps for fixed deposits, and 8.4% invest in other financial instruments. Mean indicates that, on average, about 2.3458 of respondents is investing in various types of investments. S.D shows that the discussing financial matters differ from the mean is 0.8806. C.V tells that the variation exists to the mean is 37.54%.

TABLE 5 CONFIDENTIAL ABOUT THE SECURITY OF ONLINE INVESTMENT PLATFORMS

RESPONSES	NO.OF.RESPONDENTS	PERCENTAGE	LIKERT SCALE ANALYSIS
Very low	8	7.5	8
Low	25	23.4	50
Moderate	54	50.5	162
High	18	16.8	72
Very high	2	1.9	10
TOTAL	107	100	302

INTERPRETATION

Table 5 shows that, 50.5% have a moderate level of confidence in the security of online investment platforms, while 23.4% have low confidence, and 7.5% have very low confidence, 16.8% have high confidence, and only 1.9% have very high confidence. The mean score is 2.82, which falls between “Low” (2) and “Moderate” (3), indicating that respondents have slightly below-moderate confidence in the security of online investment platforms.

CHI- SQUARE ANALYSIS

HYPOTHESIS:

H₀ . There is no significant relationship between gender and awareness of online investment applications.

H₁ - There is a significant relationship between gender and awareness of online investment applications.

Formula:

$$x^2 = \frac{(O - E)^2}{E}$$

O = Observed frequency

E = Expected frequency

OBSERVED FREQUENCY TABLE

GENDER	AWARE	NOT AWARE	TOTAL
MALE	50	16	66
FEMALE	13	28	41
TOTAL	63	44	107

EXPECTED FREQUENCY

GENDER	E(AWARE)	E(NOT AWARE)	TOTAL
MALE	39	24	63
FEMALE	27	17	44
TOTAL	66	41	107

INFERENCE:

- Since the **Chi-Square statistic (20.67)** is **greater** than the **critical value (3.841)**, we **reject the null hypothesis**.
- Based on the Chi-Square result, we conclude that **gender is significantly related** to the awareness level of online investment applications.
- Therefore it is concluded that there is a significant relationship between gender and awareness of online investment applications.

RECOMMENDATIONS

- **Incorporate Financial Education into Academic Courses:** Embedding basic financial concepts into school or college curricula can ensure that individuals are exposed to practical money management skills early on, regardless of their academic discipline.
- **Strengthen Platform Security Infrastructure:** Investing in advanced cybersecurity technologies and regularly updating security protocols can help prevent breaches and build a more secure investment environment.

VI. CONCLUSION

The study highlights the growing adoption of digital investment platforms, with 86.9% of respondents using online investment applications. However, significant barriers such as trust issues, fear of risks, and security concerns persist, affecting user confidence. While investment apps facilitate financial transactions, 65.4% of respondents believe they do not significantly improve financial awareness within families. Additionally, misconceptions and lack of knowledge remain challenges that need to be addressed through financial education and simplified user experiences.

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