# A Study on Students' Perception towards Digital Financial Service

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**Abstract.** This study is to examine the students' perception towards Digital Financial Services. This study consists of Independent Variables: Transaction Speed, Compatibility, Accordance/Connectivity, Perceived Risk/ security/ privacy, Convenience and Benefits, and Dependent Variable: Student perception towards Digital Financial Services. The distribution of survey questionnaires to a sample size of 400+ respondents throughout Delhi is done using a straightforward random sampling procedure in descriptive research. The findings demonstrate that student preferences for digital financial services are positively influenced by transaction speed, compatibility, perceived risk/security/privacy, convenience, and benefits. However, students' preferences for Delhi's digital financial services are somewhat less influenced by accordance and connectivity

**Keywords:** Digital Financial Services, Convenience, Benefits, Perceived Risk.

## 1 Introduction

The idea of using various financial instruments by both individuals and institutions is known as digital finance. Services like savings, payments, insurance, investments, and credit are provided through digital infrastructure. The digitization of financial services has made it unnecessary to conduct business with physical stores or branches by enabling access to finance via mobile devices, desktops, cards, and the Internet. This innovation has been fueled by the quick development of technology, the widespread use of digital devices, rapid change, explosive growth in student behavior, and digital financial services. Financial institutions and intermediaries have started to increase the availability of their digital financial products as a result of their ability to economically reach millions of underserved students. We can transition from cash- based transactions to official financial transactions.

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The evolution of the digital world has affected every aspect of human activity. Cash is no longer being used as a form of transaction as a result of policy changes. The financial system must transition from a cash-based to a cashless (digital) one. This will have a number of benefits, including lowering the cost of managing currencies, tracking transactions, detecting fraud or tax evasion, etc., improving financial Services, and progressively integrating the parallel economy into the mainstream. People now have more freedom thanks to digital financial services when it comes to paying their taxes, licenses, fees, fines, and purchases in unexpected locations, at any time of day, and throughout the year. Financial services have used the country's growing digital penetration to their advantage to further the growth of both their financial services and services. Due to its low prices, rapid speed, and availability of specialized financial services, DFS is particularly popular with younger generations. Fintech firms, online banks, peer-to-peer lending platforms, online lenders, e- commerce platforms, and social media service providers are just a few examples of recent financial industry entrants that have become significant players in the DFS market. Digital platforms are also being used by banks, insurance providers, and asset managers to enhance their financial services.

Consumer risk exposure has changed as a result of new digital products and distribution methods, particularly for new and vulnerable DFS users. The usage of digital banking is quickly expanding as a result of demonstrations (in India) and the Covid epidemic. Technological advancements hold the potential to address some of the major obstacles to establishing comprehensive financial services. The financial services sector is fundamentally changing as a result of disruptive technology and new competitors, while established business models are adapting and changing the economics of delivery to help communities that have reached their capacity. A few of the technology trends boosting the innovation of financial services include artificial intelligence, automation, big data, distributed ledger technology, and machine learning. In India, UPI payment schemes are popular and are growing steadily. Digital transactions increased from 17.9 million in 2016 to 1.3 billion per month by 2020.

Given the rise in both the amount and value of digital transactions, digital fraud is now more likely. Fraud and data misuse is the most common. To boost operational performance, reduce time to market, and improve consumer experiences, the sector is aggressively and consistently focusing on digitization and cutting-edge technologies.
Banks are reducing expenditure on their physical facilities in order to invest in self-service digital channels as clients increasingly pick mobile and online banking. The study shall investigate as to (a) determine the students' perception of Digital Financial Services and to Study the role of demographics in building the students' perception towards Digital Financial Services.

## 2 Literature Review

[5] The topics examined in this study included mobile money, digital financial services, and fintech adoption and use in Uganda. A case study approach was used to conduct a survey questionnaire for 400 randomly selected participants in the Kampala

region. To determine how customers see and utilize digital financial services, such as mobile money and agency banking, a questionnaire was developed.

[8] Research Financial Technology and Service Finance Development examine the impact technology of financial services is enhancing innovation. Based on the introduction of the development states of both inclusive finance and financial technology, this paper examines the role of financial technology in the development of inclusive finance and its current difficulties. Then, it offers several defenses.

[2] Digital Financial Services (DFS) have the potential to significantly improve access to a variety of safe, convenient, and affordable banking services for the underprivileged in emerging economies. It includes the status of digital financial inclusion in emerging economies, key dimensions, and the current situation of social exclusion and inclusion.

[6] Examined the factors influencing the adoption of digital banking services in Malaysia. Adoption of digital banking is the dependent variable, whereas trust, security, knowledge, self-efficacy, and convenience are the independent factors. The study's findings show that the dependent variables have a big impact on the independent variables.

[4] The researcher looked at the transition of the Indian banking system from traditional to convenient (cash to click) mode in a conceptual study. The trends of the financial system have been examined in this study using secondary data. The types, benefits, and drawbacks of each sort of digital transaction have been described in this paper. The difficulties of digital mode have also been noted by the researcher. According to the researcher's findings in this study, a good security system, data protection, and user education are all necessary for achieving widespread adoption of digital transactions.

[7] The researchers examined the improvements produced by the Russian banking industry in a conceptual study. Through theoretical foundations, they developed the idea of digital banking, which has been covered in this paper. These advancements in banking include payment methods that range from cards to digital banking to digital banking. According to the study, banks should use cutting-edge technology, offer services at competitive prices, and increase student loyalty to online services since doing so will eventually persuade students to use modern banking technology.

[1] Researchers in the quantitative studies assessed how ready students were to accept new banking technology. The study's findings revealed that the Student's Technology Readiness Index is mostly being adopted and embraced by respondents, with factors like optimism and creativity serving as important drivers and issues like discomfort and insecurity acting as inhibitors. Researchers claim that certain students are reluctant to use current technology for banking services, implying that banks should educate them and enhance their offerings to better meet the needs of their customers

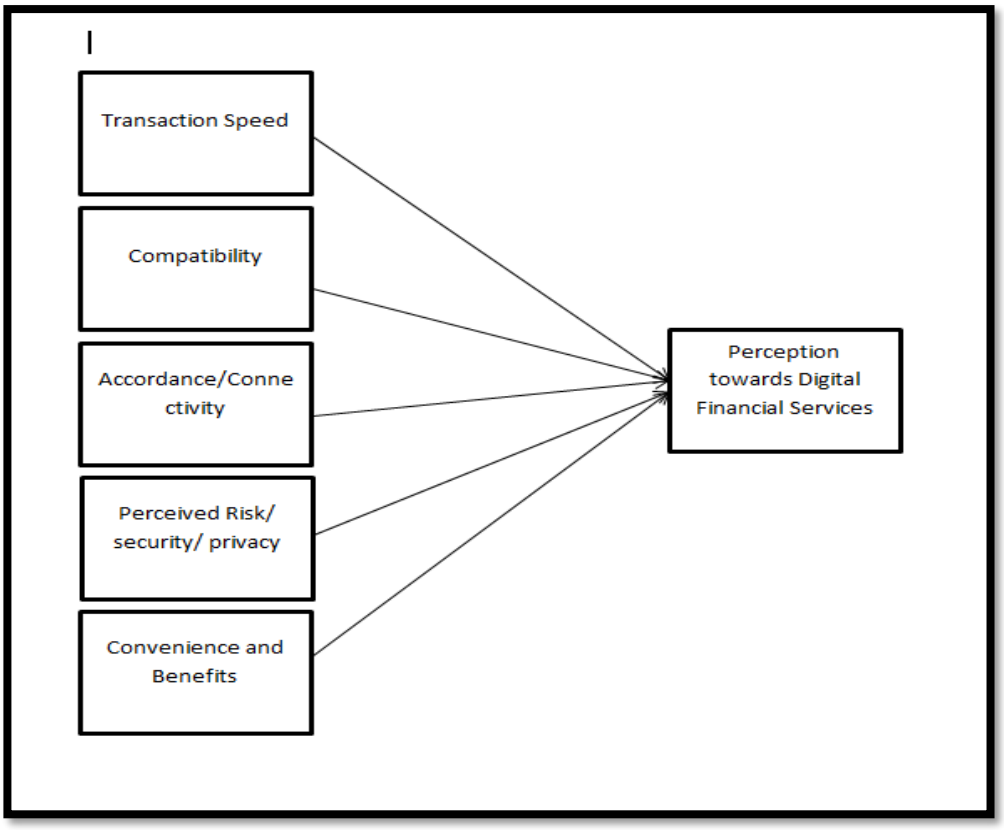


**Fig 1.** Proposed Research Model

As a result, the study demonstrates that automated student interaction involves a relatively lower cost and enables students to choose the best delivery channel from a range of options. The researcher advises banks to focus on and enhance their capacities to add value to their customer relationships in the modern era.

## 3 Methodology & Data Collection

The study is of a descriptive kind. The research challenge is solved methodically through the use of the methodology. It can be viewed as a science that studies how scientific research is conducted. The goal of the current study is to determine how students feel about using digital financial services as opposed to traditional banking.

Primary and secondary data sources were used to gather information.

Primary data: The study's data was gathered from Delhi city students. The majority of the participants in the study are between the ages of 18 and 27. A questionnaire is used to acquire

the main data and information from pupils. A total of 400+ responses were received out of which only 206 responses were likely to be included in the study.

Secondary data: Data for the study was gathered from a variety of websites, publications, newspapers, and journals. For a better presentation of the study, many research papers and articles on the subject were analyzed. The research is based on self-evaluation.

Structure and design of the questionnaire: The questionnaire is divided into two sections. The demographic profile is covered in Part I, and the factors influencing students' perceptions of digital financial services are covered in Part II.

Data analysis is the methodical application of statistical and logical techniques to define the scope of the data, modularize the data structure, condense the data representation, illustrate with images, tables, and graphs, and evaluate statistical inclinations, probability data, and derive meaningful conclusions. These analytical methods enable the study to get the underlying inference from the data by reducing the superfluous confusion caused by the remaining data. To analyze the data, SPSS was used. In this study, the techniques and instruments employed for data analysis included regression, T-tests, and ANOVA.

## 4 Data Analysis

Reliability Test Measures: A reliability test was conducted using the SPSS software, and the results are shown below. Tests on questionnaire face validity revealed that it is greater than 70%, which is extremely satisfactory.

Table 1. Cronbach Alpha Test of Student and their perception

| Reliability Statistics | |
|---|---|
| Cronbach's Alpha | N of Items |
| .791 | 23 |

Table 2. Reliability Measures: A reliability test was carried out using SPSS software and test measures.

| Model | R | R Square | Adjusted R Square | Std. Error of the Estimate |
|---|---|---|---|---|
| 1 | .737[a] | .743 | .731 | .68848 |

a. Predictors: (Constant), convenienceandbenefits, transactionspeed, compatibility, perceivedrisksecurityprivacy,accordanceconnectivity

The coefficient of determination (R) = 0.743 is shown in the table above. It shows that 74% of students choose digital financial services, with factors including transaction speed, compatibility, accordance/connectivity, perceived risk/security/privacy, convenience, and benefits playing a role

Table 3. Anova Test

**ANOVA[a]**

| Model | | Sum of Squares | df | Mean Square | F | Sig. |
|---|---|---|---|---|---|---|
| 1 | Regression | 80.520 | 5 | 16.104 | 46.503 | <.001 b |
| | Residual | 67.876 | 196 | .346 | | |
| | Total | 148.396 | 201 | | | |

- Dependent Variable: studentperception
- Predictors: (Constant), convenienceandbenefits, transactionspeed, compatibility,perceivedrisksecurityprivacy, accordanceconnectivity

The F value is 46.503, which is significant at the level of 0.001 ($p<0.1$) based on the aforementioned table. As a result, the overall regression model for transaction Speed, Compatibility, Accordance/Connectivity, Perceived Risk/security/Privacy, Convenience, and Benefits is effective in explaining the variations in Student preferences for Digital Financial Services.

Table 4: Coefficients

**Coefficients[a]**

| Model | | Unstandardized Coefficients B | Std. Error | Standardized Coefficients Beta | t |
|---|---|---|---|---|---|
| 1 | (Constant) | .174 | .146 | | 1.186 |
| | transactionspeed | .055 | .017 | .245 | 3.215 |
| | compatibility | .086 | .018 | .360 | 4.737 |
| | accordanceconnectivity | .051 | .027 | .155 | 2.056 |
| | perceivedrisksecurityprivacy | .060 | .025 | .258 | 3.052 |
| | convenienceandbenefits | .075 | .020 | .299 | 3.813 |

The formula used to identify the beta value of standardized coefficients is stated as below and it shows how each of the independent variables (Transaction Speed, Compatibility, Accordance/Connectivity, Perceived Risk/ security/ privacy, Convenience and Benefits) impact on the dependent variable (Student Perception):

Student Perception = 0.245 TS + 0.360 C + 0.155 A+ 0.258 PRSP + 0.299 CB

(t= 3.215) (t= 4.737) (t=2.056) (t= 3.052) (t= 3.813)

Where TS = Transaction Speed

C = Compatibility

A = Accordance/Connectivity

PRSP = Perceived Risk/ security/ privacy

CB = Convenience and Benefits

Compatibility has a considerable beneficial impact on student preferences for selecting digital financial services, according to Table 3 above t=4.737, p=<.001, β=0.360. The desire for digital financial services among students will grow by 0.360 if compatibility increases by one unit.

The choice of digital financial services by students is significantly influenced by convenience and benefits as well. The numbers are t=3.183, p.001, and β==0.299. Student preferences for choosing Digital Financial Services will increase by 0.299 if convenience and benefits improve by one unit.

Additionally, Transaction Speed significantly influences student preferences for digital financial services. t=3.215, p=.002, and =0.245 are the data. Student preferences for selecting digital financial services will increase by 0.245 if transaction speed increases by one unit as well.

Student preferences for selecting digital financial services are significantly influenced by perceived risk, security, and privacy. The numbers are: t=3.052,p=.002, and β=0.256. Student preferences for selecting digital financial services will increase by 0.258 if transaction speed increases by one unit as well.

Accordingly, connectivity and accordance have a far smaller impact on students' preferences for digital financial services.

Table 5: Anova test on Age of Students and their Perception

**ANOVA**

| | Sum of Squares | df | Mean Square | F | Sig. |
|---|---|---|---|---|---|
| Between Groups | 3.674 | 3 | 1.225 | 1.079 | 0.363 |
| Within Groups | 98.788 | 87 | 1.135 | | |
| Total | 102.462 | 90 | | | |

The null hypothesis is accepted because, according to the aforementioned table, the significant value is 0.363, which is greater than (P>0.05). There are no discernible differences in student preferences for Digital Financial Services across age groups.

Table 6: T-Test Analysis on the gender of Students and their perception

**Group Statistics**

| | Gender | N | Mean | Std. Deviation | Std. Error Mean |
|---|---|---|---|---|---|
| | 1 | 206 | 4.0707 | .96100 | .09658 |
| | 2 | 206 | 4.0606 | .93479 | .09395 |

Using digital banking services has a number of benefits for them, according to the respondents. Students often agree that saving time and money by handling their own financial

transactions. The fund transactions can be finished instantly with just one click. A lot of people can use and access digital banking services.

Transaction Speed: Due to their quick transactions and accessibility, mobile payments are preferred by students. The high expectations of today's students include speedy service delivery, which makes them highly demanding. Electronic banking transactions are finished fast compared to traditional payment methods, which was considered to be a major factor in the technology's popularity. These reasons came to the basic conclusion that Transaction Speed might be seen as one of the essential components of digital banking.

Compatibility: Student acceptance of digital banking is only seen to be possible if the technology is compatible with their way of life. Compatibility aspects are crucial for cell phone and digital banking use since they think technology should fit their lifestyle. Given the foregoing, it is safe to say that interoperability is one of the essential components of digital banking.

Connectivity: Connectivity is exemplified by things like quick access, usability, appealing interface design, and navigational abilities. Insufficient connectivity would hinder clients' adoption of digital banking. These arguments culminated in the fundamental claim that connectivity may be considered an essential element of digital banking.

Security: It has been demonstrated that security makes using electronic payment systems more challenging. Considering how closely security relates to the decision to use an electronic payment system, various research has been conducted to determine how security concerns affect adoption. All of these factors led to the fundamental claim that security is one of the essential elements of digital banking.

Benefits and convenience Accessibility (anytime, everywhere) has been found to be a more important aspect of convenience. On the other hand, it was found that the advantages of using an electronic payment system were a major factor in encouraging users to adopt and use it. These concepts came together to effectively portray that convenience and benefit is one of the essential elements of digital banking.

## 5 Limitations

The limitations that were noticed throughout the research process included the following components. The study only looked at five variables, despite the fact that there are many more that could have an impact on how students use digital financial services.

Additional factors like social impact, complexity, perceived cost, normative influence, social influence, attitude, and structural components like gender could have enhanced the study's conclusions. The researcher can use these elements to help them better understand how adoption is affected. Given that the sample size was rather small, the study should have recruited more participants from additional cities or regions in India.

## 6 Future scope of the study

It exclusively takes into account student opinions and not the general public. Data is gathered through a questionnaire because it lacks a deep understanding of the issues. The study's

sample size is 200+ respondents, which is not particularly large. Individual perceptions differ, which can lead to data that is inaccurate. Conclusions and recommendations are solely based on student replies.

## 7 Summary and Conclusion

Technology has undoubtedly made life easier. Digital financial services are a recent development in banking, finance, and business technology. Five constructs— Transaction Speed, Compatibility, Accordance/Connectivity, Perceived Risk/ Security/ Privacy, Convenience, and Benefits—are included in the study to provide a better understanding of the factors that influence a student's perception of digital financial services. For both the independent and dependent variables in the experiment, linear regression analysis was used. Compatibility, transaction speed, ease of use, and benefit were shown to be the most significant influencing elements in the study's examination of the data since they had a greater impact than any other variable. As a result, students tend to use digital financial services based on their level of perceived usability, perceived simplicity, cost, and time. In terms of demographics, the results showed that students between the ages of 18 and 25 made up the bulk of users of digital financial services, with 38 percent of those using mobile banking for longer than two years

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