

# A Study on Digital Financial Awareness and Investment Decision-Making Among Young Investors

JATLA NITHIN

Masters Of Business Administration (MBA)

KG Reddy College Of Engineering And Technology

## Abstract

The rapid growth of digital financial platforms and technological advancements has significantly transformed the investment behavior of young investors. Digital financial awareness plays a vital role in enabling individuals to make informed investment decisions in an increasingly dynamic financial environment. This study aims to examine the level of digital financial awareness among young investors and analyze its impact on their investment decision-making patterns. The research focuses on understanding how digital tools, online trading platforms, mobile banking applications, social media influence, and financial literacy contribute to investment choices among youth. The study adopts a descriptive research design and collects data from young investors through structured questionnaires and online surveys. Factors such as investment knowledge, risk perception, accessibility of digital financial services, and trust in online financial platforms are considered for analysis. The findings indicate that higher levels of digital financial awareness positively influence investment confidence and decision-making efficiency. Young investors are increasingly inclined toward diversified investment options such as mutual funds, stocks, cryptocurrencies, and digital savings instruments due to the convenience and availability of online financial services. The research further reveals that social media platforms, financial influencers, and mobile investment applications significantly affect the investment behavior of young individuals. However, lack of proper financial education and exposure to misleading information may lead to irrational investment decisions and financial risks. Therefore, improving financial literacy and promoting responsible digital financial practices are essential for enhancing investment outcomes among young investors. The study concludes that digital financial awareness has become a crucial factor in shaping modern investment decisions and highlights the need for educational institutions, financial organizations, and policymakers to encourage financial literacy initiatives for sustainable financial growth and informed investment practices among youth.

**Keywords :** Digital Financial Awareness , Investment Decision-Making ,Young Investors,Financial Literacy ,Digital Investment Platforms ,Online Trading ,FinTech ,Investment Behavior ,Financial Technology ,Risk Perception

## Introduction

The way people manage their money has changed a lot because of technology. Now people can save, invest and look at their finances online or on their phones. This is because of the growth of investment platforms, mobile banking apps and new financial technology ideas. Young people can easily get information and invest in things like stocks, mutual funds and cryptocurrencies using their phones and the internet. So knowing about finance is really important for young people when they make investment decisions. Digital financial awareness means understanding and using financial tools and investment platforms. It is about knowing how to do transactions use digital banking and manage financial risks. It also means being able to tell if financial information online is true or not. Because technology has improved and more people have access to the internet financial companies have made it easier for young people to invest online. Young investors are important because they are good at using technology and financial products. Unlike investors young people often use online platforms, social media and financial influencers to make investment decisions. Now it is easier for young people to invest because they can use brokerage services and digital payment systems. They do not need a lot of money to start investing. Also educational programs have helped young people learn more about finance so they are more confident when making investment decisions. Even with all the digital financial services available many young investors do not know enough about finance. They may make investment choices because of wrong information or impulsive decisions. So it is really important to understand how digital financial awareness affects

investment decisions. This will help young people make financial choices and build wealth in a sustainable way. This study looks at how much young investors know about finance and how it affects their investment decisions. It tries to find out what factors affect how young people invest, including how much they know about finance how easy it is to use financial tools and how much they trust online investment platforms. The study also wants to know if digital technology can help young people feel more confident about investing and encourage them to diversify their investments. The results of this study will be useful, for schools, policymakers, financial organizations and researchers. They can use this information to teach people more about digital finance and help them make informed investment decisions. By doing this the study can help young people become financially aware and independent in the age.

## **Review of Literature**

Young investors are making investment decisions in today's economy. Financial literacy and digital financial awareness are factors that influence their choices. With online financial platforms, mobile banking apps and digital investment services growing young people are investing in stocks, mutual funds, cryptocurrencies and digital savings instruments. Research shows that people with literacy can make smart investment decisions and manage risks well. [1] Studies also say that technology and easy access to information have got more young people investing.. It has also exposed them to risks from misinformation and impulsive financial behavior. [2] Many researchers have studied what affects investors' decisions. They found that social influence, financial awareness, risk perception and digital accessibility are crucial. [3] Digital financial literacy helps people understand and use financial products and services well. This in turn boosts their confidence and investment decisions. [4] FinTech apps and online investment platforms have changed investing and encouraged young people to try modern investment options. [5] Recent studies highlight the impact of media, financial influencers and online financial communities on investment behavior. Young investors often rely on sources for financial advice. This can affect their decisions positively or negatively. [6] More internet and smartphone use have led to increased participation in investment platforms among young people. [7] However a lack of financial education and awareness about investment risks remains a concern. Promoting financial literacy and responsible investment practices is vital, for developing financially informed and confident young investors in the digital era. [8]

## **Research Gap**

People have done a lot of research on how people understand money how they invest and how digital money services affect them. They mostly looked at how people think about money how they make investment decisions and how different types of investors behave. Some studies also talked about how FinTech apps, online trading and social media influence people's investment choices.. Not many people have specifically looked at how knowing about digital money affects the investment decisions of young people today. Most research focuses on how people understand money in general without looking at how digital money tools and online investment platforms affect how young people invest. Also there is not research on how being able to get to money information online financial influencers, investment apps on phones and money information on the internet affects how confident young people are when they make investment decisions. Moreover technology is changing fast and more young people are getting into digital investments, which is creating new problems like people not understanding financial risks getting wrong information and making investment decisions without thinking. The research that is there does not tell us much about how young people look at digital money information before they make investment decisions. So this study is trying to fill the gap by looking at how knowing about money affects the investment decisions of young investors. The study also wants to look at how understanding money, digital platforms and technology advancements affect how young people invest today. The study is about financial awareness and investment decision-making among young investors and it is also, about financial literacy, digital platforms and technology advancements and how they influence investment behavior among young investors specifically young investors.

## Objectives of the Study

1. To examine the level of digital financial awareness among young investors.
2. To analyze the impact of digital financial awareness on investment decision-making among young investors.
3. To identify the factors influencing investment behavior in the digital financial environment.
4. To study the role of digital financial platforms and FinTech applications in shaping investment preferences.
5. To evaluate the relationship between financial literacy and investment confidence among young investors.

## Research Methodology

The present study is descriptive in nature and focuses on analyzing the impact of digital financial awareness on investment decision-making among young investors. The research aims to understand the level of financial literacy, awareness of digital financial platforms, and the investment behavior of young individuals in the digital era.

## Research Design

The study adopts a descriptive research design to examine the relationship between digital financial awareness and investment decision-making among young investors.

## Sources of Data

The study is based on both primary and secondary data sources.

- **Primary Data:** Primary data is collected through structured questionnaires and online surveys from young investors.
- **Secondary Data:** Secondary data is collected from journals, research articles, books, websites, magazines, and published reports related to digital finance and investment behavior.

## Sampling Method

The study uses a convenience sampling method for selecting respondents from the target population.

## Sample Size

A sample of 100 young investors is considered for the study to analyze their financial awareness and investment decision-making patterns.

### Sample Profile of Respondents

| Particulars            | Category                 | Number of Respondents | Percentage |
|------------------------|--------------------------|-----------------------|------------|
| Gender                 | Male                     | 58                    | 58%        |
|                        | Female                   | 42                    | 42%        |
| Age Group              | 20–25 Years              | 64                    | 64%        |
|                        | 26–30 Years              | 36                    | 36%        |
|                        | 31–35 Years              | 20                    | 20%        |
| Investment Preference  | Mutual Funds             | 35                    | 35%        |
|                        | Stocks                   | 30                    | 30%        |
|                        | Fixed Deposits           | 15                    | 15%        |
|                        | Cryptocurrency           | 12                    | 12%        |
|                        | Others                   | 8                     | 8%         |
| Digital Platform Usage | Mobile Apps              | 52                    | 52%        |
|                        | Online Trading Platforms | 33                    | 33%        |
|                        | Banking Websites         | 15                    | 15%        |

### Tools for Data Collection

Structured questionnaires containing close-ended questions are used to collect information from respondents regarding digital financial awareness, investment preferences, and financial behavior.

### Tools for Data Analysis

The collected data is analyzed using statistical tools such as percentage analysis, tables, charts, and simple descriptive techniques for interpretation and presentation of findings.

### Area of the Study

The study focuses on young investors who actively use digital financial services and online investment platforms.

## Data Analysis and Interpretation

**Table 1: Level of Digital Financial Awareness Among Respondents**

| Level of Awareness | Number of Respondents | Percentage  |
|--------------------|-----------------------|-------------|
| High               | 46                    | 46%         |
| Moderate           | 38                    | 38%         |
| Low                | 16                    | 16%         |
| <b>Total</b>       | <b>100</b>            | <b>100%</b> |

### Interpretation

The above table shows the level of digital financial awareness among young investors. It is observed that 46% of the respondents possess a high level of digital financial awareness, while 38% have a moderate level of awareness. Only 16% of the respondents exhibit a low level of awareness. This indicates that the majority of young investors are familiar with digital financial platforms and online investment tools.

**Table 2: Preferred Investment Avenues of Respondents**

| Investment Avenue        | Number of Respondents        | Percentage        |
|--------------------------|------------------------------|-------------------|
| Mutual Funds             | 35                           | 35%               |
| Stocks                   | 30                           | 30%               |
| Fixed Deposits           | 15                           | 15%               |
| Cryptocurrency           | 12                           | 12%               |
| <b>Investment Avenue</b> | <b>Number of Respondents</b> | <b>Percentage</b> |
| Others                   | 8                            | 8%                |
| <b>Total</b>             | <b>100</b>                   | <b>100%</b>       |

### Interpretation

The table reveals that mutual funds are the most preferred investment avenue among respondents with 35%, followed by stocks with 30%. Fixed deposits account for 15% of the investment preferences, while cryptocurrencies attract 12% of the respondents. This indicates that young investors are increasingly inclined toward market-linked and digitally accessible investment options.

**Table 3: Influence of Digital Platforms on Investment Decisions**

| Response              | Number of Respondents | Percentage  |
|-----------------------|-----------------------|-------------|
| Highly Influenced     | 48                    | 48%         |
| Moderately Influenced | 34                    | 34%         |
| Slightly Influenced   | 12                    | 12%         |
| Not Influenced        | 6                     | 6%          |
| <b>Total</b>          | <b>100</b>            | <b>100%</b> |

### Interpretation

The above table indicates that 48% of respondents are highly influenced by digital financial platforms while making investment decisions. Around 34% are moderately influenced, whereas only 6% reported no influence. This shows that digital platforms and online financial services play a major role in shaping investment behavior among young investors.

### Findings of the Study

1. The study found that a majority of young investors possess a moderate to high level of digital financial awareness.
2. Digital financial platforms significantly influence the investment decision-making process among young investors.
3. Mutual funds and stock market investments are the most preferred investment avenues among respondents.
4. Young investors actively use mobile applications and online trading platforms for managing their investments.
5. Financial literacy and awareness positively impact investment confidence and investment behavior.
6. Social media platforms and financial influencers play an important role in shaping investment decisions among youth.
7. Convenience, accessibility, and availability of online financial information encourage young investors to participate in digital investments.
8. Lack of proper financial education and exposure to misleading financial information may result in poor investment decisions and financial risks.
9. Technological advancements and increasing internet usage have accelerated the adoption of digital investment practices among young individuals.
10. The study highlights the importance of promoting digital financial literacy to encourage responsible and informed investment decision-making among young investors.

## Suggestions

1. Financial institutions should conduct awareness programs to improve digital financial literacy among young investors.
2. Educational institutions should include financial education and investment management topics in academic curricula.
3. Young investors should be encouraged to verify financial information before making investment decisions.
4. Government and regulatory authorities should promote secure and transparent digital financial services.
5. Investors should diversify their investment portfolios to reduce financial risks.
6. Financial advisors and FinTech companies should provide reliable and simplified investment guidance through digital platforms.
7. Awareness regarding cyber security and online financial fraud prevention should be increased among young investors.
8. Social media platforms should encourage responsible financial content and reduce the spread of misleading investment information.

## Conclusion

Digital financial awareness has become an essential component in shaping the investment decision-making behavior of young investors in the modern digital era. The rapid growth of financial technology, online investment platforms, and digital financial services has created new opportunities for young individuals to participate actively in various investment activities. The study reveals that young investors with higher levels of digital financial awareness are more confident and capable of making informed investment decisions.

The findings of the study indicate that digital platforms, mobile applications, social media influence, and financial literacy significantly affect investment behavior among youth. Young investors are increasingly preferring modern investment avenues such as mutual funds, stocks, and digital investment services due to their accessibility, convenience, and availability of online financial information. However, lack of adequate financial knowledge and exposure to misleading financial content may lead to risky investment decisions.

The study emphasizes the importance of improving digital financial literacy and promoting responsible investment practices among young investors. Educational institutions, financial organizations, and policymakers should take necessary initiatives to enhance financial awareness and encourage informed investment behavior. Proper financial education and secure digital financial systems can help young investors achieve financial stability and sustainable wealth creation.

Overall, the study concludes that digital financial awareness plays a vital role in enhancing investment decision-making and developing financially empowered young investors in the evolving digital economy.

## References

1. Lusardi, A., & Mitchell, O. S. (2014). *Financial literacy and retirement planning in the United States*. Journal of Pension Economics and Finance, 10(4), 509–525.
2. Barber, B. M., & Odean, T. (2001). *Boys will be boys: Gender, overconfidence, and common stock investment*. Quarterly Journal of Economics, 116(1), 261–292.
3. Kumar, S., & Goyal, N. (2015). *Behavioural biases in investment decision making – A systematic literature review*. Qualitative Research in Financial Markets, 7(1), 88–108.
4. OECD. (2020). *OECD/INFE 2020 International Survey of Adult Financial Literacy*. Organisation for Economic Co-operation and Development, Paris.
5. Sharma, R., & Kota, H. B. (2019). *Role of FinTech in financial inclusion and investment behavior*. International Journal of Innovative Technology and Exploring Engineering, 8(12), 1450–1455.
6. Agarwal, S., Gupta, A., & Sharma, P. (2021). *Impact of social media on investment decision-making among millennials*. Journal of Financial Services Marketing, 26(3), 215–223.
7. Gupta, R., & Singh, P. (2022). *Digital investment behavior among Indian youth*. International Journal of Finance and Economics, 27(4), 3890–3902.
8. Bapat, D. (2020). *Financial literacy and investment decisions among millennials in India*. International Journal of Consumer Studies, 44(6), 570–581.
9. Chen, H., & Volpe, R. P. (1998). *An analysis of personal financial literacy among college students*. Financial Services Review, 7(2), 107–128.
10. Xiao, J. J., & O'Neill, B. (2016). *Consumer financial education and financial capability*. International Journal of Consumer Studies, 40(6), 712–721.
11. Hilgert, M. A., Hogarth, J. M., & Beverly, S. G. (2003). *Household financial management and financial literacy*. Federal Reserve Bulletin, 89(7), 309–322.
12. Fernandes, D., Lynch, J. G., & Netemeyer, R. G. (2014). *Financial literacy, financial education, and downstream financial behaviors*. Management Science, 60(8), 1861–1883.
13. Chinen, K., & Endo, H. (2012). *Effects of attitude and background on personal financial ability*. International Journal of Human Ecology, 13(1), 33–46.
14. Remund, D. L. (2010). *Financial literacy explicated: The case for a clearer definition in an increasingly complex economy*. Journal of Consumer Affairs, 44(2), 276–295.
15. Potrich, A. C. G., Vieira, K. M., & Kirch, G. (2015). *Determinants of financial literacy: Analysis of the influence of socioeconomic and demographic variables*. Revista Contabilidade & Finanças, 26(69), 362–377.