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A Study on Impact of Digital Banking towards Financial Decision among Young Adult in Coimbatore

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ABSTRACT: Digital banking has changed how people manage their finances and make investment choices. This study looks at the effect of digital banking on financial decisions among young adults in Coimbatore. We used a descriptive research design and collected primary data from 100 respondents aged 18 to 35 years through a structured questionnaire. We applied percentage analysis and Chi-square tests for the data analysis. The findings show that many people use digital banking for daily transactions. It also positively impacts investment awareness and decision-making. However, participation in investments is moderate due to security concerns and lack of awareness.

The findings indicate that most respondents actively use digital banking for daily transactions such as fund transfers and bill payments, which has improved their financial awareness and understanding of investment options. Digital banking positively influences investment awareness and supports better financial decision-making. However, actual participation in investments remains moderate due to concerns about security, fear of online fraud, and limited knowledge about investment instruments. Overall, while digital banking enhances convenience and awareness, improving financial literacy and addressing security issues are essential to increase investment participation among young adults.

KEYWORDS: Digital Banking, Financial Decision-Making, Young Adults, Investment Behaviour

I. INTRODUCTION

In recent years, digital banking has become an essential part of everyday life, especially for young adults who are comfortable with technology and mobile applications. The growing use of smartphones, internet banking, Unified Payments Interface (UPI), and investment apps has transformed the way individuals save, spend, and invest their money. Instead of visiting bank branches, young customers now prefer instant fund transfers, online bill payments, and digital investment platforms. This shift has not only improved convenience but has also influenced how financial decisions are made. Research shows that financial literacy and digital access together shape investment intentions and financial behavior among young individuals (Chandra et al., 2023; Yadav & Banerji, 2024). As digital financial tools become more accessible, understanding their impact on decision-making becomes increasingly important.

Financial literacy plays a vital role in ensuring that individuals use digital banking services effectively and responsibly. Studies suggest that individuals with better financial knowledge are more confident in assessing risks, diversifying investments, and making informed financial choices (Rahardjo & Atmaji, 2023; Julita, 2024). Digital platforms often provide real-time data, portfolio tracking, and educational content, which can strengthen investment awareness. At the same time, behavioral factors such as risk tolerance, peer influence, and personal attitudes toward money also shape financial decisions (Rustan, 2021; Jain et al., 2023). Therefore, digital banking does not operate in isolation—it interacts with personal knowledge, attitudes, and social influences to determine financial outcomes.

Moreover, digital banking has contributed to greater financial inclusion by offering user-friendly and low-cost access to banking and investment services (Guerra-Leal et al., 2021). Younger generations tend to adopt FinTech solutions more quickly than older age groups, highlighting generational differences in financial technology usage (Krupa & Buszko, 2023; Garai-Fodor et al., 2022). However, despite the advantages of accessibility and convenience, concerns about cybersecurity, fraud, and limited awareness of complex financial products still affect participation levels. In this context, examining the impact of digital banking on financial decision-making among young adults in Coimbatore provides valuable insights into how technology influences modern financial behavior and investment patterns.

II.OBJECTIVE

- To study the usage of digital banking among young adults in Coimbatore.
- To examine the impact of digital banking on investment decisions.
- To determine the relationship between digital banking services and investment behavior
- To identify the influence of socio-economic factors on investment decisions

III. SCOPE OF THE STUDY

The scope of the study outlines the boundaries and coverage of the research conducted. This study focuses on examining key aspects related to the chosen research topic by looking at relevant data, concepts, and practical applications within a specific period and context. It mainly considers the factors influencing the subject area and assesses their impact using suitable analytical tools and techniques. The study relies on available secondary data collected from trustworthy sources like journals, reports, and published financial information. It aims to provide valuable insights, identify trends, and enhance understanding for both academic and practical purposes. However, the findings are limited to the selected sample and time frame, so they may not apply to all sectors or regions.

IV. STATEMENT OF THE PROBLEM

In recent years, digital banking has changed financial activities a lot, especially for young adults. While digital banking services offer convenience, accessibility, and quicker transactions, many people do not have enough financial knowledge or investment skills to make sound financial choices. Relying more on digital platforms can affect saving habits, spending patterns, and investment decisions without a proper look at risks and returns. Additionally, limited awareness, security worries, and a lack of understanding of digital financial tools create problems in using digital banking effectively. It's important to look at how digital banking influences financial decision-making and investment behavior among young adults. This will help identify current issues and suggest ways to improve financial awareness and responsible financial management.

V. RESEARCH METHODOLOGY

5.1 Data Source

The study uses both primary and secondary data sources. We collected primary data directly from young adults using a structured questionnaire. This helped us understand how they use digital banking and its effects on their financial decisions. For secondary data, we gathered information from journals, research articles, books, websites, and reports about digital banking and financial behavior. These resources helped us build the theoretical background and support our analysis.

5.2 Tools Used

1. **Percentage Analysis** – Used to understand the distribution of responses and demographic characteristics of respondents.
2. **Chi Square Test** – Statistical method that looks at whether there is a meaningful relationship between two categorical variable

5.3 Techniques

The study used quantitative research methods to examine how digital banking affects financial decision-making among young adults. A structured questionnaire collected primary data from respondents. The researchers classified, organized, and analyzed the data using statistical methods like percentage analysis, mean score analysis, and correlation analysis. These methods revealed patterns, relationships, and trends in respondents' digital banking habits and financial behavior, allowing for clear interpretation and reliable conclusions

5.4 CHI SQUARE

Table 5.4.1 Observed Frequency

Age Group	Bank Apps	UPI Apps	Investment Platforms	Total
18–24 Years	10	30	7	47
25–29 Years	8	17	5	30
30–35 Years	7	13	3	23
Total	25	60	15	100

Table 5.4.1 Observed Frequency

Age Group	Bank Apps	UPI Apps	Investment Platforms	Total
18–24 Years	11.75	28.2	7.05	47
25–29 Years	7.5	18	4.5	30
30–35 Years	5.75	13.8	3.45	23
Total	25	60	15	100
P value=	0.30332			

The **Chi-Square Test** is a statistical method that looks at whether there is a meaningful relationship between two categorical variables. It allows researchers to see if the data they observe is different from what they expect based on a certain hypothesis. This approach is often used in research involving survey responses, behavioral studies, and social science data.

$$\chi^2 = \Sigma((O - E)^2 / E)$$

Where:

- O = Observed frequency
- E = Expected frequency
- Σ = Summation of all values

5.5 Analysis and Interpretation

The study used the Chi-Square Test to look at the relationship between the selected variables. We organized the collected data into categories to compare the observed frequencies with the expected ones. This method helped us determine if there was a significant connection between the variables in the research.

$$\chi^2 = \Sigma((O - E)^2 / E)$$

After calculating the Chi-Square value, it was compared with the critical table value at a 5% level of significance. If the calculated value was higher than the table value, the null hypothesis was rejected. This indicated a significant relationship between the variables. On the other hand, if the calculated value was lower, the null hypothesis was accepted. This showed no significant association.

The interpretation of results enabled the researcher to understand patterns, relationships, and variations in the data. Thus, the Chi-Square analysis provided meaningful insights and supported valid conclusions regarding the research problem.

5.6 PERCENTAGE ANALYSIS

1) Age

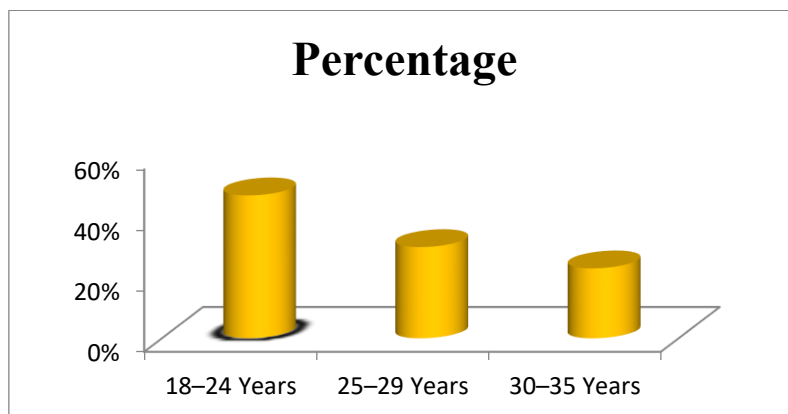
Table 5.6.1 Age Group

Age Group	Respondents	Percentage
18–24 Years	47	47%
25–29 Years	30	30%
30–35 Years	23	23%
Total	100	100%

INTERPRETATION

From the above table, out of 100 respondents, 47% of the respondents belong to 18–24 years age group, 30% of the respondents belong to 25–29 years age group, and the remaining 23% of the respondents belong to 30–35 years age group. The majority 47% of the respondents belong to 18–24 years age group.

Chart 5.6.1 Age Group



2) Gender

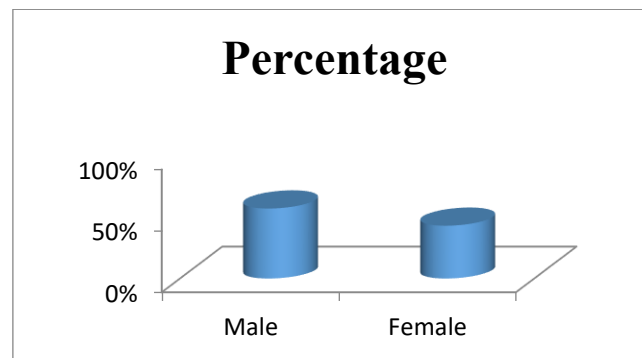
Table 5.6.2 Gender

Gender	Respondents	Percentage
Male	57	57%
Female	43	43%
Total	100	100%

INTERPRETATION

From the above table, out of 100 respondents, 57% of the respondents are male, 43% of the respondents are female. The majority 57% of the respondents are male. The gender-wise percentage analysis of the respondents shows that out of the total 100 respondents, 57% are male and 43% are female. This indicates that male respondents constitute the majority of the sample population compared to female respondents.

Chart 5.6.2 Gender



VI. FINDINGS

- Most respondents actively use digital banking services for their regular financial transactions.
- Mobile banking applications are the most popular method of digital banking among respondents.
- Convenience and time-saving are the primary reasons for adopting digital banking services.
- Many respondents use digital banking for payments, fund transfers, and bill payments.
- Digital banking usage has improved how people make financial decisions.
- Respondents express moderate to high satisfaction with the security and reliability of digital banking services.
- Financial literacy plays an important role in effective use of digital banking platforms.
- Younger respondents demonstrate higher adoption of digital banking compared to older users.
- The Chi-Square analysis shows a strong link between how people use digital banking and their financial decision-making behavior.
- Overall, digital banking helps people become more financially aware and manage their personal finances better.

VII. SUGGESTION

- Banks should run awareness programs to teach customers about digital banking services and safe transaction practices.
- Financial literacy programs should be encouraged to help users make better financial decisions.
- Security measures must be improved to build customer trust in digital banking platforms.
- Digital banking applications should be easier to use and accessible for everyone, regardless of age.
- Customer support services should be better so they can offer quick help and effectively resolve transaction-related issues.

VIII. CONCLUSION

The study concludes that digital banking greatly affects how users make financial decisions. As more people use digital banking services, it shows a clear preference for quick, convenient, and tech-driven financial transactions. The analysis reveals that factors like ease of use, accessibility, and saving time make customers more likely to use digital platforms for managing their money. The results also show that financial literacy and awareness are important for effectively using digital banking services. Statistical analysis confirms a strong link between using digital banking and financial decision-making behavior. Overall, digital banking helps improve financial awareness, enhances money management, and boosts customer satisfaction, making it a crucial part of the modern financial system.

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