



Role of Digital Literacy in Adoption of Internet Banking Among People of Rural Area of Anand District

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ABSTRACT

Digital literacy plays an important role in the adoption of internet banking, especially in rural areas. The present study aims to examine the level of digital literacy among the rural population, to analyze its effect on the adoption of internet banking, and to identify the major barriers influencing internet banking usage. The study was conducted in the rural areas of Anand district, and primary data were collected from 115 respondents using a structured questionnaire. The level of digital literacy was measured using a Digital Literacy Index, and the reliability of the scale was found to be good (Cronbach's Alpha = 0.809). Descriptive analysis revealed that the overall level of digital literacy among rural respondents is low. Correlation and regression analyses were used to test the hypotheses. The results show a significant relationship between digital literacy and the adoption of internet banking, indicating that digital literacy influences whether rural people use internet banking services. Logistic regression further confirmed that digital literacy significantly affects adoption, though its explanatory power is limited. The study also found that digital literacy has a significant positive influence on attitude towards internet banking, explaining 32.1% of the



variation in attitude. However, digital literacy does not significantly influence the frequency of internet usage. Major barriers identified include lack of digital skills, fear of fraud and security issues, poor internet connectivity, lack of awareness, and language barriers. The study concludes that improving digital literacy, along with better infrastructure and awareness programs, is essential for increasing internet banking adoption among the rural population.

Introduction:

Before many decades, knowledge generalities like computer knowledge, media knowledge, information knowledge, and digital knowledge have been introduced. Indeed though these generalities lap, digital knowledge objectification principle of each to produce a more complete conception. The large amount of media and information in the digital world has made digital knowledge more essential than ever. It ensures that stoner's appropriation is defended, that digital data and information are critically examined, that digital platforms are used immorally, and that associated may effectively communicate with others. Digital knowledge includes the use of digital technology to gain information. Exploring, creating information, uniting on digital platforms, and conforming to technological advancements are each necessary notice for navigating the digital world.

Internet Banking

Internet banking sometimes referred to as online banking net banking or e-banking is a service provided by banks that enable clients to use financial services via the internet rather than going to the bank that enables clients to use financial services via the internet rather than going to the bank for every little function. Because of this you can manage your money from anywhere at any time. If any person who wish to use online banking than he /she must register for the service. After that he / she use their registered customer ID and password to access their online banking account.

Many practical financial services are offered by internet banking, which is available from any location at any time. It makes it simple for consumers to keep track of balances and transactions by allowing them to view their online account statements. Additionally, clients don't need to go to a bank branch to open and maintain fixed deposit accounts. Payments for a variety of goods and services can be made to merchants using internet banking, and utility bills like water and electricity can be immediately paid. Additionally, it facilitates easy money transfers between accounts utilizing various online techniques. Users can also



purchase general insurance policies, recharge prepaid mobile phones and DTH services, and request a check book. All things considered, online banking streamlines financial operations and saves time and work.

Internet banking is a useful and efficient way of managing finances because of its many benefits. Users can access their accounts any time because it is accessible around the clock. It facilitates the efficient and speedy transmission of money and makes managing charges and bill payments from home simple. In addition to saving time and money by skipping bank visits, users may effectively manage their accounts by reviewing balances and transaction histories. Nevertheless, there are certain drawbacks to online banking. The availability of a dependable internet connection is prerequisite. Security issues include the possibility of fraud or hacking. Additionally, it lessens face-to-face connection with bank employees, and some users particularly the elderly or those who are not tech savvy may find it challenging to.

Literature Review:

(Gracy & Devi, November,2025)

This study assesses women's financial literacy as well as their familiarity with online banking. The study conducted to comprehend the prospect's financial behavior is analyzed in this paper. The quantitative design approach was -150 rural and 150 urban women provided the core data for the current study. The result showed that urban women were significantly more financially literate and used digital financial transactions than rural women. These are mostly caused by increased access to financial data improved education and greater availability of rural women have long standing problems such as limited access to proper infrastructure, low digital literacy, cultural limitations and lack of trust in the system. Additionally, the study used statistical method to examine three hypotheses. The findings of the testing indicated that both rural and urban areas have significant disparities in the adoption of digital banking. The conclusion is clear gender sensitive financial products, focused training, improved infrastructure and international policy are all necessary to address regional and gender gaps in financial literacy and digital adoption.

(Ullah et al., 2022)

Despite in many advantages, mobile banking and mobile payments are not widely used in many nations. Using the technology acceptance model, the current study investigates how Pakistani consumers' digital literacy after their propensity to use mobile banking and payments. An online and offline questionnaire



survey was used to gather data from 454 distinct smartphone users in the province of Punjab. The customer data was analyzed using structural equation modeling. The finding supports the following

- 1) Their digital literacy bridges a substantial link with intention and through perceived ease of use
 - 2) Their financial abilities have no association with intention to adopt but through perceived usefulness
- this paper also addresses limitations and future directions as well as the theoretical and practical consequences of the findings.

(Azeez& Akhtar, 2021)

The current digital era banking and financial institutions are drastically changing. Even with the widespread use of digital communications, many people particularly those living in rural areas are unable to connect financial transactions. Financial transactions could be made more efficient by abilities, knowledge, and perspectives for using digital tools and digital transaction technologies. As a result, digital financial literacy has become increasingly important in today's world and is regarded as a prerequisite and initial step for people to be included in the financial system. Using an ordinary least square multiple regression model, the predictors of digital financial literacy concentrate on socio economic demographic characteristics. This model ascertains how the respondents' digital financial literacy is greatly impacted by a number of independent factors, including age, gender, income, religion, social grouping, family size, marriage status, education etc. The data using five hundred samples that were generated from the district of Aligarh's rural districts.

(Gupta, 2022)

Banks cannot afford to overlook the significance of the internet as a delivery channel in the modern era. Despite the many benefits of online banking, the majority of bank clients do not use it according to numerous researches. This essay aims to identify the variables that affect internet banking adoption and the ways in which these variables affect internet banking usage. A survey of internet banking users was carried out in specific sites in India's National Region.

The research approach and hypotheses were generated using focus group interviews and a review of the literature. Five characteristics are identified by exploratory factors analysis as influencing the adoption of internet banking: perceived utility, perceived ease of use, security and privacy, information about internet banking, and quality of internet connection. Additionally, the use of online banking was regressed on these parameters. Each of the five criteria was found to have a significant impact. The most important



aspect was determined to be information about online banking which was followed by perceived utility, security and privacy.

(Mothey et al., 2024)

This research had two different objectives. The first was to investigate how well consumer sees online banking and the services it offers. The study's second focus was the intention to use electronic banking service. Customers of bank in a district of Sikkim (east region) were given a structured free format survey to complete in order to gathered the data. The method used to choose responders was convenience sampling. According to the findings and discussion, the nation has seen a rise in digital banking in recent years. This is second main argument that since e-banking seems more secure than traditional banking. Cyber criminals should not be afraid of it. This study is unusual seems it examines the degree of awareness and high propensity for digital banking in a few east Sikkim municipalities. Additionally, it suggests tactics that supports a more robust and sustainable digital banking ecosystem, such as gender - sensitive instructional initiatives.

(Andreou & Anyfantaki, december,2019)

The paper looks at the degree and causes of financial literacy as well as how it affects customers' online banking habits. The emphasis is on Cyprus, a nation that went through an extraordinary financial crisis in 2013 that led to a significant decline in the banking industry. Since then, in an effort to improve customer service and efficiency in the era of financial digitization, banks have been investing in financial innovations such as internet banking. Nevertheless, just 37.33% of the adults surveyed for the study had a decent level of financial knowledge competency, indicating that financial literacy in Cyprus is still too low. The findings reveal that customers who are financially literate strongly prefer to use internet banking frequently; for every standard deviation rise in the respondent's financial knowledge score, the likelihood of using internet banking frequently increases by more than 64%. The results demonstrate the financial and digital sophistication and their favorable impact on consumers' use of digital financial services. The data from Cyprus also suggests that digital financial education initiatives have to be a key component of national financial literacy plans.

Research Methodology

Research problem



This study examines how digital literacy influences the adoption of internet banking among people in rural areas of Anand District. It focuses on whether a lack of digital skills acts as a barrier to using online banking services.

Scope of the study

The study is limited to rural populations of Anand District and analyzes their level of digital literacy and use of internet banking. It considers only selected respondents and focuses on their awareness, attitude and usage patterns.

Sample size

The study included a sample of 115 respondents.

Research objective

1. To evaluate the level of digital literacy among rural population.
2. To know how digital literacy affects the adoption of internet banking.

Hypothesis of the study

H₀: There is a no significant relationship between digital literacy and the adoption of internet banking among rural people of Anand district

H₁: There is a significant relationship between digital literacy and the adoption of internet banking among rural people of Anand district

H₀: There is no significant positive influence of digital literacy on the attitude of rural people towards internet banking.

H₂: There is significant positive influence of digital literacy on the attitude of rural people towards internet banking.

Data Analysis and Interpretation:

Objective 1

To evaluate the level of digital literacy among rural population

Digital Literacy Index



Reliability Statistics		
Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.809	.810	8

	Mean	Std. Deviation	N
I can install an up-date mobile banking/ payment applications on my phone.	2.23	1.410	115
I understand how to register and log in securely to mobile banking apps.	1.92	1.251	115
I can make mobile payments without assistance.	2.26	1.278	115
I know how to check transactions history in mobile banking apps.	2.29	1.413	115
I can trouble shoot basic problems (for e.g fail transactions, log in issues)	2.08	1.258	115
I understand the importance of using strong password/ PIN for mobile banking.	2.55	1.482	115
I am aware of fraud, scam and fake baking messages.	2.43	1.402	115
I know what to do if my phone is lost or stolen.	2.23	1.318	115

	N	Minimum	Maximum	Mean	Std. Deviation
Digital Literacy Index	115	1.00	5.00	2.2478	.88512
Valid N (list wise)	115				

The mean value is 2.25 and standard deviation is 0.885 that it indicates low to moderate digital literacy leaning towards the lower side and standard deviation suggest moderate variation among respondents so overall the rural population has limited literacy in skills.

**OBJECTIVE 2**

To know how digital literacy affects the adoption of internet banking

H₂: Digital literacy has a significant positive influence on attitude towards internet banking.

Linear regression Analysis

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.567	.321	.315	.96656

a. Predictors: (Constant), Digital Literacy Index

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	50.018	1	50.018	53.538	.000 ^b
	Residual	105.569	113	.934		
	Total	155.587	114			

a. Dependent Variable: Attitude Index
b. Predictors: (Constant), Digital Literacy Index

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	.666	.247		2.696	.008
	Digital Literacy Index	.748	.102	.567	7.317	.000

a. Dependent Variable: Attitude Index

According to linear regression analysis, attitudes on online banking are significantly positively impacted by the digital literacy index ($\beta = 0.567$, $P < 0.05$). The model accounts for 32.1 % of the variance in



attitude and is statistically significant ($F(1,113) = 53.538, P < 0.05$). So this suggests that rural residents have more favorable positive views of online banking when they are more digitally literate.

Findings of the study:

The study reveals that the level of digital literacy among rural people is low, with a mean score of 2.25 indicating that respondents possess basic awareness but lack practical skills to effectively use mobile and internet banking services. The reliability of the digital literacy scale is confirmed by a Cronbach's Alpha value of 0.809. Furthermore, the analysis shows a significant relationship between digital literacy and the adoption of internet banking, suggesting that higher digital literacy leads to more favorable attitudes and greater usage of online banking among rural residents.

Limitations of the study:

1. The study is confined to rural areas of Anand District only.
2. Due to time and resource limitations, a limited sample size was used.
3. Data collected through Google Forms may be subject to respondents' bias or inaccurate responses.

Scope for further research:

The present study focuses only on rural areas of Anand District, leaving scope for future research to expand the analysis to urban and semi-urban regions for comparative insights.

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