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DIGITAL FINANCIAL LITERACY AMONG YOUNG GENERATION: A SYSTEMATIC LITERATURE REVIEW

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Abstract

The increasing number of digital financial products poses a challenge for society to possess good digital financial literacy, especially among the younger generation. This research aims to identify the factors influencing digital financial literacy among young people aged 15-30. The method used in this study is a systematic literature review. A total of 10 journal articles from 2020-2025 were analyzed to identify these influencing factors. The research findings indicate several factors, including financial behavior, financial knowledge, social media influence and socioeconomic status (SES). These findings suggest the need for educators and policymakers to collaboratively enhance digital financial literacy, ensuring that young generations is equipped with essential financial skills and these findings can serve as a reference for future research and help identify research gaps.

Keywords: Digital Financial literacy, Young generation, Financial behavior, Socioeconomic status, Financial knowledge

INTRODUCTION

Technological developments in the current era are growing rapidly, especially in the financial industry sector, commonly known as Fintech or Financial Technology. Fintech greatly helps the public in using various financial services. With the digitization of the financial industry sector, all segments of society need a very good understanding of Digital Financial Literacy, especially for the younger generation (Respati et al., 2023).

A good understanding of Digital Financial Literacy is crucial because, while technological advancements in the financial sector offer benefits, they also carry risks such as data theft, money theft, and other risks (Yadav & Banerji, 2023). This should be a concern, especially for the younger generation, who find it very difficult to manage their own finances because they tend to follow contemporary lifestyles and some even find it difficult to manage their finances based on priorities (Respati et al., 2023).

This study aims to contribute to the literature by identifying factors that influence the level of digital financial literacy among young people. The benefits of this study are to provide important information for policymakers in designing effective digital financial literacy programs and policies, promoting financial inclusion, reducing fraud, and improving overall financial well-being. Additionally, the results of this study can serve as input for the financial industry to develop safer, more appealing, and easier-to-understand digital products and services for the younger generation, as well as for academics to integrate Digital Financial Literacy materials into educational curricula to enhance young people's understanding of the importance of Digital Financial Literacy.

LITERATURE REVIEW AND HYPOTHESIS FORMULATION

In this era, all sectors around the world are increasingly shifting towards digitalization, including the economic and financial sectors, making digital financial literacy a crucial and essential skill for financial well-being. Digital literacy enables people to easily access financial information such as bank statements, investment options, and budgeting tools (OECD, 2016). Additionally, digitalization in financial transactions has become increasingly complex, presenting new challenges that require individuals to not only possess basic financial knowledge but also digital skills and literacy to manage their finances effectively (Lyons & Kass-Hanna, 2021).

Several studies have examined various aspects of digital financial literacy, and they reveal that digital financial literacy remains a complex concept without a comprehensive definition (Yadav & Banerji, 2024). Many identify digital financial literacy (DFL) as a new concept of the relationship between financial literacy and digital literacy. As defined by Setiawan et al. (2022), digital financial literacy (DFL) is financial literacy in digital financial technology, while Prasad et al. (2018) state that digital financial literacy, also referred to as financial literacy, entails the comprehension of online purchasing, payment methods, and banking systems, and according to other researchers, Digital financial literacy refers to the knowledge, skills, and capabilities required to understand, evaluate, and effectively utilize digital financial services and technologies. It encompasses competencies related to accessing and navigating digital platforms, conducting financial transactions securely, evaluating online financial information, and making informed decisions about digital financial products and services (Bhat et al., 2025; Lusardi & Mitchell, 2014; Lyons & Kass-Hanna, 2021).

If someone already has an understanding of digital financial literacy, they are likely to be more cautious about phishing scams, identity theft, and other digital crimes. However, the current concern is the younger generation, whether they are still in school or college students, as young people tend to have a more consumerist mindset and are easily swayed by advertisements, following their friends' trends, all of which are unrealistic, and ultimately tend to overspend (Respati et al., 2023). Therefore, the younger generation must have a basic understanding of financial literacy, which will positively impact their financial behavior and enable them to make informed decisions in managing their finances.

There are several factors that influence the level of digital financial literacy, one of which is socio-economic factors such as income and education level (Setiawan et al., 2022). However, there are still few studies that examine the factors contributing to digital financial literacy (Azeez & Akhtar, 2021; Respati et al., 2023; Setiawan et al., 2022), especially among the younger generation. Therefore, this study aims to identify the factors that influence the level of digital financial literacy among the younger generation. The research questions (RQ) in this article are:

RQ1: What are the effects of digital financial literacy on the younger generation?
RQ2: What factors influence the level of digital financial literacy?
RQ3: What is the level of digital financial literacy among the younger generation?

RESEARCH METHODS

1. Procedure of Systematic Literature Review

The method used to identify factors influencing the level of digital financial literacy among young people is a systematic literature review. Standard stages in the systematic literature review are formulating research questions, conducting systematic literature review searches, screening, and searching for articles, conducting analysis and synthesis, and preparing a final report (Perry & Hammond, 2002). This study also uses PRISMA (Preferred Reporting Items for Systematic Reviews and Meta-Analysis), which provides a methodological framework and reports on the procedures performed.

2. Findings Literature Sources

Researchers screened journal articles from several databases such as Scopus, Sciencedirect, Emerald, and finally Google Scholar. The database search was based on title, abstract, and keywords with the following search strategy:

Table 1. Search String

Database	Search Query
Scopus	("digital financial literacy" OR "digital finance literacy" OR "online financial literacy") AND ("youth" OR "Gen Z" OR "students") AND ("factors" OR "determinants" OR "drivers")
Sciencedirect	("digital financial literacy" OR "online financial literacy") AND ("youth" OR "Gen Z" OR "students") AND ("factors" OR "influences" OR "predictors")
Emerald	("digital financial literacy" OR "online financial literacy") AND ("young adults" OR "Gen Z" OR "university students") AND ("factors" OR "predictors" OR "determinants")
Google Scholar	("digital financial literacy" OR "online financial literacy") AND ("young people" OR "millennials" OR "college students") AND ("factors" OR "barriers" OR "determinants")

Source: Author illustration

3. Inclusion/Exclusion criteria

The search results from the database before screening are Scopus 12 journal articles, Sciencedirect 42 journal articles, Emerald 40 journal articles, and Google Scholar 109 journal articles. The journal articles to be analyzed are those that have been published from 2020-2025, must be in English, the population used is school and university students aged around 15-30 years. The following summary of the selection criteria for systematic literature review is presented in table 2.

Table 2. Filtering Criteria

Criteria	Inclusion	Exclusion
Language	English	Language another English
Time Frame	2020-2025	Under 2020
Population	15 - 30	Under 15 and up 30
Document Types	Journal Articles	Book chapter, Conference paper
Publishers	Elsevier, Emerald, Wiley, Springer Nature	Exclude reputation publisher

Source: Author illustration

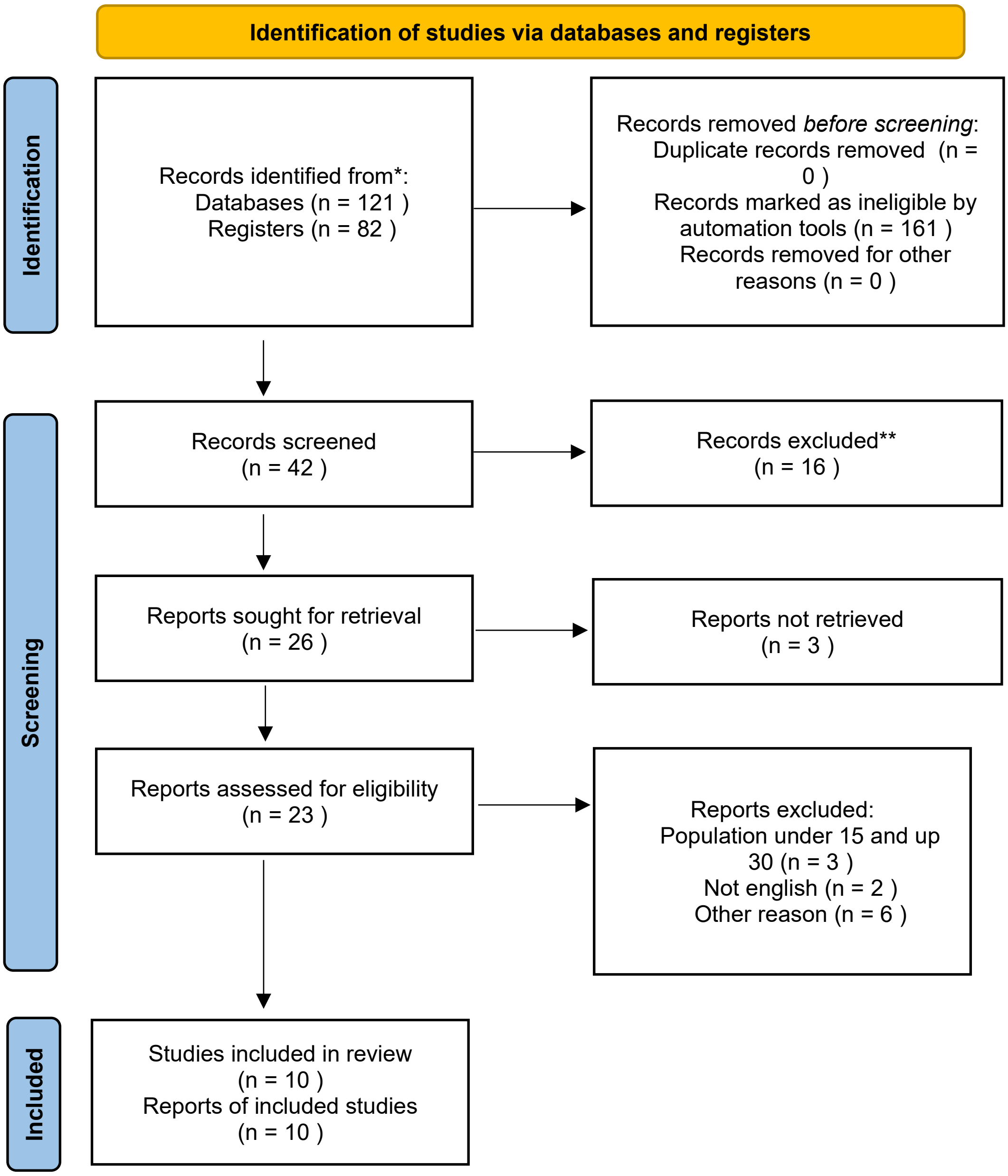

Figure 1. PRISMA methodological summary

RESULTS AND DISCUSSION

RQ1: What are the effects of digital financial literacy on the younger generation?

1. Saving Behavior

   Based on research from Kusumawardhani et al. (2025), there is a significant and positive influence between digital financial literacy and saving behavior. Another study from Alysa et al. (2023) also showed a positive and significant effect of digital financial literacy on saving behavior of generation Z. This means that the better a person's level of financial literacy, the better his saving behavior.

2. Shopping Behavior

   Based on research from Kusumawardhani et al., (2025), there is a significant and positive influence between digital financial literacy and shopping behavior. Another study from Alysa et al., (2023) also showed a positive and significant effect of digital financial literacy on shopping behavior. The better a person's level of digital financial literacy, the better their shopping behavior because spending on excessive shopping can be prevented if digital financial literacy is understood Alysa et al. (2023).

3. Investment Behavior
   Based on research from Kusumawardhani et al. (2025), there is a significant and positive influence between digital financial literacy and investment behavior. The higher a person's digital financial literacy level, the better their investment behavior. Individuals with a good level of financial literacy tend to better understand the risks associated with various investments so that they can manage these risks effectively; besides that, financial literacy contributes to the formation of more disciplined and planned investment behavior (Sholika & Zaki, 2024).
4. Finansial Behavior
   Based on Dewmini et al.'s research (2023), dimensions of digital financial literacy such as digital financial literacy awareness, knowledge, and attitude have a significant influence on financial behavior.
5. Finansial Self-efficacy
   Based on research from Saravanan & John, (2025), digital financial literacy has a positive and significant effect on financial self-efficacy which means that as digital financial literacy increases, their confidence in managing financial tasks also increases.
6. Fintech Product
   Based on research from Mbatane & Kekana, (2024) digital financial literacy has a positive and significant relationship with individual interest in utilizing digital financial products and services or Fintech. These results are in line with research from Indrawati (2021), which also shows a positive correlation between digital financial literacy and FinTech.
7. Financial Well-being
   Based on research Muat et al., (2024)The study's findings indicate that Digital Financial Literacy (DFL) influences Financial Well-Being (FWB) indirectly through financial behavior. This means that a person's knowledge and skills in digital finance affect how they manage their money. Another study from Bhat et al., (2025) also mentioned the positive effect of digital financial literacy on the financial well-being of young people in India.

RQ2: What factors influence the level of digital financial literacy?

Based on the analysis of several journal articles, there is an influence of digital financial literacy on the younger generation:

1. Financial Knowledge Score
   Based on research from Adnan et al., (2023), Financial Knowledge Score (FKS) positively affects the level of students' Digital Financial Literacy. Students with a strong financial foundation are more confident in using digital financial products and services. Financial Knowledge Score (FKS) also helps students understand the risks associated with digital financial transactions.
2. Social Media Influence (SMI)
   Based on research from Adnan et al., (2023), Social Media Influence (SMI) has a positive and significant effect on students' Digital Financial Literacy level. This is because students are already familiar with digitization due to Covid-19. Students who follow social media accounts about finance will increase their digital financial literacy skills, in line with the social learning theory

which states that learning can occur through interaction with the environment. Therefore, social media acts as an important social factor to develop Digital Financial Literacy skills.

3. Socioeconomic Status

Based on research from Kusumawardhani et al., (2025) and Rahayu. R, (2022) the income component significantly and positively affects the level of digital financial literacy, besides that age also has a positive and significant influence on the level of digital financial literacy in generation Z in Indonesia (Rahayu. R, 2022). However, components such as study, education, and gender-only do not significantly affect the level of digital financial literacy (Kusumawardhani et al., 2025) This is due to the fact that the respondents in this study, both women and men, have the same level of education, so there is no gender gap. In addition, respondents do not have a wide gap in education and age so that there is no gap in terms of education and age. However, in Rahayu's research. R, (2022) the level of education has a significant influence on the ability of Digital Financial Literacy, so that the higher the age, level of education, and income of a person, the higher the level of digital financial literacy (Rahayu. R, 2022).

RQ3: What is the level of digital financial literacy among the younger generation?

Digital Financial Literacy consists of four dimensions, namely knowledge of digital financial products and services, awareness of digital financial risks, monitoring of digital risks, and knowledge of consumer rights and redress procedures Morgan et al.'s (2019). Several studies show a good level of digital financial literacy among the younger generation. Such as research from Wan Nawang & Abdul Shukor, (2023) where young people in Malaysia showed medium-high to high scores in all dimensions of digital financial literacy. These results show that young people in Malaysia have good digital financial literacy skills. However, more attention needs to be paid to financial risk control, and knowledge of consumer rights and redress procedures. These results are also in line with research from Rahim et al., (2022) where the digital financial literacy skills of students in Malaysia are good but need improvement in financial knowledge and risk awareness. Another study by Aidil Fadli, (2024) also shows that the digital financial literacy skills of generation Z in Indonesia are quite good, but there is still a need for improvement in understanding consumer protection and more complex fintech products and services such as investment.

Based on several studies, there is a need to improve financial security and risk, this can be done through financial education programs by covering and emphasizing the importance of avoiding spam and phishing, reporting, and knowing where to go if one becomes a victim of financial fraud. Therefore, digital financial literacy must continue given the increasing statistics of young people's involvement in financial fraud (Wan Nawang & Abdul Shukor, 2023).

CONCLUSION

Digital literacy is identified as a critical skill for the younger generation, including Gen Z, to navigate the complexities of modern finance and online transactions (Adnan et al., 2023; Saravanan & John, 2025). The influence of Digital Financial Literacy among the younger generation has many benefits for the financial management of the younger generation. Among them are increasing saving behavior, shopping behavior, investment behavior, financial behavior, financial self-efficacy, fintech products, and financial well-being. Although the level of digital financial literacy among the younger generation has shown good ability (Aidil Fadli, 2024; Rahim et al., 2022; Wan Nawang & Abdul Shukor, 2023), there is still a need for improvement and attention in risk awareness and control, because in the age of digitalization, especially the use of fintech is very prone to the risk of phishing and scams.

Based on the results of the research that has been analyzed, establishing comprehensive programs that boost both digital and financial literacy requires cooperation among educational institutions, policymakers, and financial entities. Such collaborative efforts can equip young generations with the necessary skills and confidence to foster greater financial literacy. In addition, there are still few journal articles that discuss digital financial literacy, especially among the younger generation. These results can be suggestions for future research, especially in Indonesia.

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