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Research Paper

Role of Digital Literacy in Managing Financial Stress among University Students

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ABSTRACT

The capacity to access, assess, produce, and share information in the form of online or offline circumstances using digital technology in an efficient and responsible manner is referred to as digital literacy. The Psychological and emotional strain brought on by challenges in managing financial resources, covering expenses, or worry regarding financial stability is referred to as financial stress. The present study examines the role of digital literacy in dealing with financial stress among university students in Chengalpattu District. A quantitative research design was adopted, and data were collected from 100 university students using a convenience sampling technique. Standardized questionnaires were employed to assess levels of digital literacy and financial stress. Statistical analyses, including t-test, one-way ANOVA (F-test), and Pearson's correlation, were used to analyze the data. The t-test and ANOVA were applied to identify differences in financial stress based on demographic variables such as gender, year of study, and type of institution. Correlation analysis was conducted to examine the relationship between digital literacy and financial stress. The findings revealed a significant negative correlation between digital literacy and financial stress, indicating that students with higher digital literacy reported lower levels of financial stress. The study highlights the importance of enhancing digital literacy skills to promote effective financial management and psychological well-being among university students.

Keywords: *Digital Literacy, Financial Stress, Psychological Well-being, University Students*

The way people handle their everyday activities, including financial transactions, communicate, and obtain information has been profoundly altered by the rapid development of digital technology. Digital platforms like online payment systems, budgeting apps, mobile banking, and financial management tools have grown essential to daily living in recent years. Digital competency has evolved from a convenience to a need for college students, who must now manage tuition payments, student loans, living expenses, and personal budgeting.

The term "digital literacy" describes the capacity to responsibly and intelligently access, assess, comprehend, and use digital technologies. In addition to fundamental technical

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abilities, it includes critical thinking, awareness of online safety, use of financial technology (FinTech), and the ability to use digital information to make well-informed decisions. When it comes to financial management, digital literacy helps people use online banking platforms, monitor spending with budgeting applications, evaluate financial goods, stay safe from online fraud, and access reliable financial sources.

Globally, university students are becoming increasingly concerned about financial difficulties. Increased financial worry is frequently caused by peer comparison, college loans, limited income sources, academic costs, and uncertainty about future employment. Anxiety, sadness, low psychological well-being, poor academic achievement, and a lower level of life satisfaction have all been related to ongoing financial stress. Students' degree of digital literacy may be a key factor in reducing or raising financial stress as they depend more and more on digital platforms for financial transactions and decision-making.

Higher levels of digital literacy increase a student's likelihood of effectively managing their finances, appropriately accessing financial information, spotting online fraud, and making use of digital budgeting tools. On the other hand, inadequate digital literacy can result in bad financial choices, increased susceptibility to fraud, mishandled money, and elevated stress levels. Few studies have systematically looked at how digital literacy affects university students' financial stress, despite the rising relationship between digital competency and financial behaviour.

Thus, the purpose of this study is to investigate how digital literacy helps college students manage their financial stress. Gaining insight into this relationship could help create focused educational interventions, digital financial literacy initiatives, and institutional support networks that improve students' financial security and general academic performance.

Stress and Coping Theory by Richard Lazarus and Susan Folkman (1984):
One of the most important frameworks in psychology for comprehending psychological stress is the transactional model of stress and coping, which was created by psychologists Richard S. Lazarus and Susan Folkman and fully explained in their groundbreaking 1984 book Stress, Appraisal, and Coping.

Lazarus and Folkman's method is transactional; it sees stress as a dynamic, continuous interaction between the individual and their environment, in contrast to previous stimulus-response models that identified stress as an automatic reaction to outside events. Stress only occurs when an individual believes that a problem is personally important, that it is consuming or overwhelming their resources, and that it could compromise their health.

Key Components of the Model
1. Cognitive appraisal:
Cognitive appraisal is the process by which a person assesses whether a situation is stressful and decides how to react to it.

The two primary phases of appraisal are:
i. Primary Appraisal: The person assesses how important the circumstance or event is. In response, it asks, "What is at stake here?"
Possible results:

- Irrelevant – meaningless.
- Benign-positive: favourable or constructive.

- Stressful — separated into:
- Damage/loss (damage has already happened).
- threat, or expected future harm.
- Challenge (a chance to improve, become more proficient, or make money).

ii. Secondary Appraisal: The individual evaluates their options and resources for coping. This consists of assessing the chances of success as well as the available internal (like knowledge and skills) and external (like money and social support) resources. These evaluations are ongoing processes that entail reconsideration whenever new information becomes available or the situation changes.

2. Coping:
The term "coping" describes the ever-evolving cognitive and behavioural attempts to deal with certain, deemed difficult, internal or external demands.

Lazarus and Folkman distinguished two primary roles, which are typically combined in most circumstances:
Planning, information gathering, direct action, and problem-solving are examples of **problem-focused coping** strategies that aim to change the issue or stressor itself. More prevalent when circumstances are perceived as modifiable or under control.

Denial, distancing, positive reappraisal, seeking emotional support, acceptance, and venting are examples of **emotion-focused coping** strategies that are intended to control the emotional suffering brought on by the stressor. More prevalent when resources are few or the situation is perceived as unalterable.

The evaluations have a significant influence on the choice of coping strategy. For instance, problem-focused coping is preferred in situations that are adjustable, whereas emotion-focused coping is more common when there is little that can be done to alter the stressor.

Why This Theory Is Important
- It draws attention to individual differences: Different persons may have quite different perspectives on the same situation, which can result in varying degrees of stress and coping mechanisms.
- Recognizing that stress and coping mechanisms develop over time with feedback loops, it is dynamic and process-oriented.
- Numerous disciplines have benefited from it, including clinical psychology, sports psychology, occupational stress, health psychology, and education.
- Refinements are built upon the paradigm, which continues to be a support of contemporary stress research.

According to this perspective, stress is now viewed as a profoundly cognitive-relational process that is influenced by perception, resources, and adaptation efforts rather than being solely environmental or physiological.

Core Idea: Stress arises when people believe that demands are greater than their capacity for coping.
Application to this Study:
- **Financial stress** is a result of perceived financial pressures, such as fees, loans, and bills.

- **Digital literacy** is coping resource (capacity to use internet banking, budgeting tools, and financial apps)
- Higher digital literacy among students might facilitate easy access to financial information, apply for budgeting applications, examine online loans and scholarships, have more control → experience less financial strain.
- This theory helps explain *how digital literacy functions as a coping mechanism.*

REVIEW OF RELATED LITERATURE:

Review of Literature related to Digital Literacy:

Sharma Anshul (2025) investigated the Impact of Financial Literacy and Digital Literacy on Investment Decisions. The study explored how levels of financial knowledge and proficiency in using digital tools and platforms influence individuals' investment choices, behaviors, and outcomes in an increasingly digital financial landscape.., Findings suggested that higher financial literacy combined with strong digital literacy enables more informed, rational, and effective investment decisions, potentially reducing susceptibility to biases or poor choices driven by limited access to online financial information. The study highlighted practical implications for financial education programs, digital inclusion initiatives, and policy recommendations to enhance investor protection and participation in digital markets, particularly in emerging economies like India. Overall, it underscores the synergistic role of these literacies in promoting sound financial behaviors and long-term wealth creation in the modern digital era.

Holm P (2025) conducted a study titled "Impact of digital literacy on academic achievement: Evidence from an online anatomy and physiology course," published in E-Learning and Digital Media. The research examined whether digital literacy levels, specific competency areas, age, and prior education influence grades in a fully online anatomy and physiology course at a Swedish university. Students with natural sciences backgrounds showed higher digital literacy across most areas, while age had no significant effect. Students accurately self-assessed their literacy. The findings underscore the critical role of specific digital competencies in online success and recommend pre-course literacy assessments, scaffolding, and universal design to support equity and retention in digital education.

Shrija C S (2024) studied Digital Financial Literacy among Rural Women: A Study with Special Reference to Coimbatore Distric**t**. The study assessed the extent of digital financial literacy among rural women in Coimbatore district, examining how proficiency in using digital financial tools (mobile banking, UPI, digital wallets, online payments, and investment platforms) affects financial inclusion, decision-making, and economic empowerment. Using a survey approach with rural women respondents, the research evaluated awareness, usage, perceived ease/risks, barriers (access, skills, trust), and outcomes (financial independence, savings behavior). Findings revealed varying levels of digital financial literacy, often limited by socioeconomic factors, low education, limited technology access, and cultural constraints. Higher digital financial literacy was associated with improved financial management and reduced vulnerability. The thesis highlighted the need for targeted financial education, digital inclusion programs, gender-sensitive policies, and community-level interventions to bridge the digital gender divide and promote equitable financial participation among rural women in India.

Smith EE and Storrs H (2023) conducted a cross-sectional survey study titled "Digital literacies, social media, and undergraduate learning: what do students think they need to

know?" The research surveyed 496 undergraduates from a Canadian university to explore perceptions of digital literacies (DL) related to social media in learning and daily life, including importance, self-rated abilities, curricular coverage, and disciplinary differences. Findings showed high social media use, strong perceived importance of DL across technical, cognitive, and sociocultural domains, yet low reported coverage in education. Students overestimated competencies, with disciplinary variations, gender differences, and first-year gaps in learning. The study concluded there is a significant mismatch between high DL needs and limited curricular provision, challenging digital native assumptions. Recommendations include embedding DL across disciplines, faculty development, targeted support for first-years and equity groups, and participatory training to enhance self-efficacy and digital inclusion in higher education.

Review of Literature related to Financial Stress:

Rudy Badrudin, Mochammad Fahlevi, Sahara Putri Dahlan, Olivia Putri Dahlan, and Mochamad Dandi (2025) investigated financial stress and its determinants in Indonesia: Exploring the moderating effects of digital knowledge, age, and gender in the Journal of Open Innovation: Technology, Market, and Complexity. The study examined how current money management stress (CMMS) and expected future financial security (EFFS) influence financial stress (FS) and financial behavior (FB) among urban financial consumers in Indonesia. Using partial least squares structural equation modeling (PLS-SEM) on survey data from 514 participants in Jakarta, Surabaya, and Yogyakarta, the research tested direct effects, moderation by digital knowledge (DK), age, and gender. Key findings showed CMMS significantly increases FS, while EFFS positively affects FB but does not reduce FS. FS negatively impacts FB, with DK improving FB but not directly alleviating FS. Younger individuals and women experienced stronger negative effects of FS on FB. The study concluded that immediate financial pressures dominate over future optimism, emphasizing the need to integrate financial education with digital literacy. Implications include tailored policy interventions and education programs targeting age and gender differences to mitigate FS and enhance financial well-being in Indonesia's urban contexts.

Bhakti Agarwal, Shailesh Rastogi, and Pracheta Tejasmayee (2023) assessed a study titled "Impact of Financial Distress on the Firm's Efficiency in India: Using Shareholder Activism and Profit Before Interest and Tax as a Moderator,". The research examined the relationship between financial distress (measured via Altman Z-score variants) and firm efficiency (assessed using Data Envelopment Analysis for variable and constant returns to scale) in 76 Indian firms over 2010–2019, with Profit Before Interest and Tax (PBIT) and Shareholder Activism (SHA) as moderators. The findings suggest that financial distress can paradoxically enhance efficiency under certain conditions, particularly when moderated by active shareholders, with implications for investors to avoid high-distress firms and for managers to prioritize efficiency amid distress. The study contributes to understanding financial distress dynamics in emerging markets like India.

Hossain MK, Mahfuz T, Latif S, and Hossain ME (2023) conducted a cross-sectional study titled Determinants of financial stress among university students and its impact on their performance. The research investigated factors associated with financial stress among Bangladeshi university students and its effects on academic and personal activities. A structured questionnaire was distributed via Google Forms to 571 undergraduate students from various universities. Financial stress significantly hindered participation in academic and personal activities. The study concluded that financial obligations and demographic factors drive stress, impacting performance and well-being. Recommendations include

university fee payment plans, parental support, counseling services, and financial literacy programs to mitigate stress and improve student outcomes in developing countries like Bangladesh.

Objectives:

1. To find out the level of Digital Literacy among university students.
2. To find out the level of Financial Stress among university students
3. To find out the difference exists if any, between the following groups of university students on their usage of Digital Literacy and Financial Stress
    - Gender (Male /Female)
    - Age (18-20 years/21-23years/24years & above)
    - Stream of study (Arts & Science/Engineering)
4. To find out the significant relationship between Digital Literacy and Financial Stress among university students.

Hypothesis of the Study:

1. The level of Digital Literacy among university students is high.
2. The level of Financial Stress among university students is high.
3. There is a significant difference between the following groups of university students on their usage of Digital Literacy and Financial Stress
    - Gender (Male /Female)
    - Age (18-20 years/21-23years/24years & above)
    - Stream of study (Arts & Science/Engineering)
4. There is a significant relationship between Digital Literacy and Financial Stress among university students.

METHODOLOGY

In this present study the researcher has employed the normative survey method to analyses the role of digital literacy in managing financial stress among university students.

Sample

The investigator used random sampling technique for selecting the sample of 110 university students from the deemed university in Chennai.

Tools used in the study:

The tools used for the present investigation are presented below:

- **Digital Literacy Scale –** Standardized by Hina Amin, Muhammad Abid Malik and Bulent Akkaya (2021).
- **Financial Stress Scale –** Standardized by Jebediah J. Nothern and William H. O'Brain (2010).

Analysis and interpretation of data:

The gathered data were processed and examined utilizing the proper statistical analysis for the study's relevant interpretation. One-way ANOVA, correlation, students' t-test, and measures of central tendency were the statistical methods used to process and analyze the data and evaluate the hypotheses.

Testing of Hypotheses:

Hypothesis 1: The level of Digital Literacy among university students is high.

Table 1 Level of Digital Literacy among University Students

Variable	N	Maximum Score	Mean	Standard Deviation	Percentage of Mean
Digital Literacy	110	161	129.40	17.235	80.37 %

The mean and standard deviation of usage of digital literacy among university students is presented in the Table 1. The maximum possible score in the usage of Digital Literacy is 161. The mean score of usage of digital literacy is 129.40 and its percentage is 80.37%. Hence, from the mean score and its percentage it is clear that the university students have high level in the usage of digital literacy. Therefore, the framed hypothesis that, "the level of Digital Literacy among university students is high" is accepted.

Hypothesis 2: The level of Financial Stress among university students is high.

Table 2 Level of Financial Stress among University Students

Variable	N	Maximum Score	Mean	Standard Deviation	Percentage of Mean
Financial Stress	110	88	40.87	11.451	46.44 %

The mean and standard deviation of financial stress among university students is presented in the Table 2. The maximum possible score in the financial stress is 88. The mean score of financial stress is 40.87 and its percentage is 46.44 %. Hence, from the mean score and its percentage it is clear that the university students have moderate level in the financial stress. Therefore, the framed hypothesis that, "the level of financial stress among university students is high" is not accepted.

Hypothesis 3(a): There is a significant difference between male and female University Students with respect to their usage of Digital Literacy and Financial Stress.

Table 3.1-Table showing the significant difference of university students in their usage of Digital Literacy and Financial Stress based on Gender

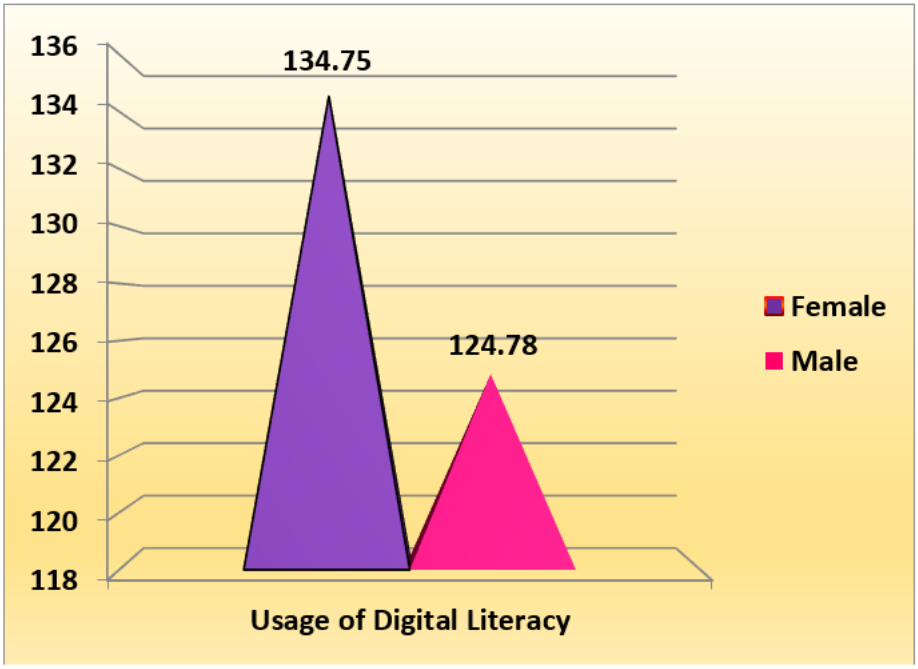
SN.	Variables	Gender	N	Mean	SD	't' Value	Significance
1	Digital Literacy	Female	51	134.75	13.292	3.225	**0.01 Significant**
		Male	59	124.78	18.949		
2	Financial Stress	Female	51	39.10	11.084	1.526	**Not Significant**
		Male	59	42.41	11.634		

From the above table 3.1, It is inferred that the calculated 't' value (3.225) for the usage of digital literacy among university students is greater than the table value (2.58) at 0.01, level of significance. It is concluded that there is a significant difference between male and female university students in their usage of digital literacy. Hence, the formulated hypothesis that "There is a significant difference between male and female University Students with respect to their usage of Digital Literacy" is accepted.

From the above table 3.1, It is inferred that the calculated 't' value (1.526) for the level of financial stress among university students is lesser than the table value (1.96) at 0.05, level of significance. It is concluded that there is no significant difference between male and female university students in their level of financial stress. Hence, the formulated hypothesis

that "There is a significant difference between male and female University Students with respect to their level of financial stress" is not accepted.

Figure 3.1- Significant difference between male and female University Students with respect to their usage of Digital Literacy



Hypothesis 3(b): There is a significant difference among University Students who belongs to the different age groups (18-20 years/21-23years/24years & above) with respect to their usage of Digital Literacy and Financial Stress.

Table 3.2 Table showing the significant difference of university students in their usage of Digital Literacy and Financial Stress based on Age groups

SN	Variables	Source	Sum of Squares	df	Mean Square	F	Significance
1	Digital Literacy Score	Between Groups	185.907	2	92.953	0.309	**Not Significant**
		Within Groups	32190.493	107	300.846		
		Total	32376.400	109			
2	Financial Stress Score	Between Groups	25.018	2	12.509	0.094	**Not Significant**
		Within Groups	14267.201	107	133.338		
		Total	14292.218	109			

From the above table 3.2, It is inferred that, the calculated 'F' value (0.309 & 0.094) is lesser than the table value (3.84) at a 0.05 level of significance. It is concluded that there is no significant difference among University Students based on their age groups (18-20 years/21-23years/24years & above) in their usage of digital literacy and the level of financial stress. Hence, the formulated hypothesis that "There is a significant difference among University

Students who belongs to the different age groups (18-20 years/21-23years/24years & above) with respect to their usage of Digital Literacy and Financial Stress" is not accepted.

Hypothesis 3(c): There is a significant difference between Arts & Science and Engineering University Students with respect to their usage of Digital Literacy and Financial Stress.

Table 3.3 Table showing the significant difference of university students in their usage of Digital Literacy and Financial Stress based on Stream of study

Sl. No.	Variables	Stream of Study	N	Mean	SD	't' Value	Significance
1	Digital Literacy	Arts / Science	46	128.96	16.100	0.228	**Not Significant**
		Engineering	64	129.72	18.125		
2	Financial Stress	Arts / Science	46	41.59	13.464	0.553	**Not Significant**
		Engineering	64	40.36	9.836		

From the above table 3.3, It is inferred that the calculated 't' value (0.228 & 0.553) for the usage of digital literacy and the level of financial stress among university students is lesser than the table value (1.96) at 0.05, level of significance. It is concluded that there is no significant difference between Arts & Science and Engineering university students in their usage of digital literacy and the level of financial stress. Hence, the formulated hypothesis that "There is a significant difference between Arts & Science and Engineering University Students with respect to their usage of Digital Literacy and Financial Stress" is not accepted.

Hypothesis 4: There is a significant relationship between Digital Literacy and Financial Stress among university students.

Table 4 - Correlation Coefficient Values for Digital Literacy and Financial Stress

Variables	Correlation Coefficient	Significance
Digital Literacy and Financial Stress	0.125	**0.01 Significance**

From the table 4, it is observed from the Pearson Correlation Coefficient value that there is a positive and significant relationship between Digital Literacy and Financial Stress. Hence the framed hypothesis, there is a significant relationship between Digital Literacy and Financial Stress among university students is accepted.

Implication of the study:

Based on the findings of the study conducted among university students, the following implications are drawn:

- The study revealed that **Digital Literacy level is high (80.37%)**, indicating that university students are generally competent in using digital tools and technologies.
- **Financial Stress is at a moderate level (46.44%)**, suggesting that digital competence alone does not completely protect students from financial strain.
- Universities should integrate **financial education programs** along with digital literacy training.
- Financial stress management workshops should be conducted irrespective of gender, age, or stream of study.

- Counselors can incorporate **stress management techniques, financial coping strategies, and digital financial management skills** during student counseling sessions.
- Scholarship awareness programs, fee flexibility options, part-time job guidance, and digital financial advisory sessions can be strengthened.

Recommendation of the study:

Based on the findings, the following recommendations are suggested:

- Introduce a **Financial Literacy or Financial Wellness course** as a value-added program in university curriculum.
- Encourage interdisciplinary workshops combining digital skills and financial management.
- Establish a **Financial Counseling Cell** within the university.
- Conduct regular seminars on:
  - Budget planning
  - Responsible use of digital payment systems
  - Avoiding online financial fraud
  - Managing education loans

- Provide Cognitive Behavioral Therapy (CBT)-based interventions for stress reduction.
- Future research can expand with different sample size and include multiple universities for broader applicability.
- Use mixed-method approaches (quantitative + qualitative).

CONCLUSION

The study highlights that while university students demonstrate high digital literacy, financial stress remains a moderate concern. The significant relationship between digital literacy and financial stress suggests that digital competence alone is not sufficient to manage financial strain. Therefore, integrated efforts involving education, counseling, and institutional support systems are essential to enhance students' financial well-being.

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Conflict of Interest

The author(s) declared no conflict of interest.

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