

Digital divide and its impact on financial inclusion in tribal Kerala

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Abstract

The financial Internet is making our country's digital divide, especially with no infrastructural developments. Digitalization could connect to deliver worldwide and combined access to high-quality financial services. Customers are looking for less fraudulent activity to make transfers less costly, faster, instantaneous, and secure and make the system more efficient. The digital divide touches every area of life, including literacy, wellness, security, access to financial services, etc. Therefore, a developing country, India, must focus on inclusion and equitable growth. The researcher could identify through the research where the weightage is to be given, that is, timely intervention in technological access and proficiency within the sample population. The study found no significant association between education levels and digital literacy on the digital divide in the country. The expansion of financial inclusion has also been severely hindered by a lack of financial knowledge, resulting in a lower acceptance rate. The best way to close the digital gap in financial inclusion are limited to appropriate practices and education.

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Introduction

The government appreciates the organizations and the population utilizing the digital economy and its platform for the country's further

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development. One of the main objectives of the 2030 sustainable development goal is to increase financial inclusion [1]. Over the past decades, the Indian economy has transitioned through financial liberalization, inclusion, digital transactions, economy, and financial innovation. The ultimate aim of all these reforms is to improve the efficiency and growth of the GDP ratio of the country and thereby increase its employability. "Financial Inclusion means that the Individual and businesses have access to useful and affordable financial products and services that meet their needs, transactions, payments, savings, credit, and insurance delivered responsibly and sustainably" (World Bank 2009). Financial inclusion provides comfort and protection for its users when they make transactions. Previous research argues that financial inclusion has a positive bearing on the financial permanency of the country. Today, the Indian government is trying to improve its status by implementing digital transactions and the digital economy. According to government data, personal bank accounts among adults have improved from 35% to 80%. The digital financial inclusion has a significant convergence effect of distribution of income, because it has an impact on the earnings of rural household, headed by women and with lower levels of education [2].

The digital payment system helps the country on a large scale with the growth and development of the economy and digital transactions. Today, the government promotes digital transactions by providing individual bank accounts with pensions, wages, and welfare schemes. The improved practice of and familiarisation with digital payments also have significant insinuations for financial inclusion. This is due to poor living standards, a lack of smartphone usage, and inadequate digital and financial literacy, among other factors. The implementation of digital payment has increased natural evolution in the financial and technology sectors, but it has not touched all over the country. Only 37% of India's rural population actively uses the Internet. Hence, open digital ecosystems must be made more efficient, responsible, and people-centric to enhance the mandate for such services.

Review of Literature

Every country has witnessed substantial reforms in the last few decades by adopting and implementing technology in the financial sectors. Most studies indicate that the economic availability, accessibility, and usability of digital platforms help the growth of financial inclusion [3].

The study identified a unidirectional relationship between financial inclusion and the country's financial stability.

Financial inclusion and its services are fundamental to economic growth and development [4]. For the success of financial inclusion, we need to know and understand the population and the environment.

Fintech is one of the most active and attractive in the economy because it is a growing phenomenon due to increased transactions. Due to the comfort of admittance and reduced facility costs, fintech has been progressively linked with the drop in closing gender gaps in financial inclusion [5].

The study found that financial knowledge has a positive impact on getting financial access. A few variables, such as personal income, digital literacy, knowledge regarding financial affairs, and Education, have a significant role in attracting fintech [6]. According to this study, demographic background influences banking, microfinance, and fintech access.

Digital financial services have a significant influence, especially among the youth, on different techniques for digital payment systems [7]. The introduction of financial technologies created easy access to financial services and products and generated employment opportunities for digitally competent youth, mainly Generation Z.

A personal bank account is the first step towards financial inclusion and digital financial services and products. Through financial inclusion, we expect equal transactions and usage of banking services by men and women [8]. An important reason for the gender divide is women's low literacy rate.

Even the digital world makes us aware of the necessity of strengthening digital and financial securities for their customers [9]. Mobile health divides generations into two posts: the pre-technology era and the older generation, who do not utilize smartphones in this era of time.

Due to technological growth, the older generations are facing a challenge either to learn or move away from the technological era. Financial inclusion is the solution to accepting or reducing the gap between the older generation and the growing world [10]. Social dialogue, digital literacy, and financial inclusion are the few realms where we can reduce and balance the generational gap.

The study focused on cultural mapping and modalities, revealing the importance of bridging the divide between cultural participation and provision [11]. The government and the companies need to focus on the cultural changes and their effect on the financial investment, which will

facilitate the customer with new cultural facilities, which in return promote the growth and knowledge level of the customer.

The digital upheaval has changed the country's growth and development style. The digital divide has become a significant challenge and threat for societies, communities, generations, and even the country [12]. Today's digital divide is associated with the cognitive spine. It is all about people understanding, learning, expressing, sharing, cooperating, inventing, and innovating using different technologies and machines.

Statement of the Problem

Due to the progress of financial technology, many individuals and corporations can practice large quantities of data for further innovation, even in fintech. Fintech provides a platform to attract the unbanked category of the population. Digitalization will help individuals build the future of society and themselves. The digital world allows customers to be more active and productive wherever they are. At the same time, it generates a big gap between the generations, and the era is divided into pre- and post-technology. Disruptive technology, on the other hand, motivates employees to be more efficient and effective in their workforce. At the same time, if not planned properly, it will negatively impact the growth and development of the organization and, at large, the country. The digital era will enhance working conditions and simultaneously throw out unskilled laborers into the marginalized areas of the market.

Objectives

- To study the digital divide following the demographic criteria
- To analyse the role of the digital divide and financial inclusion in the tribal areas
- To understand the role of digital literacy and the digital divide in the tribal group of community

Hypothesis

- H_1 : There is a significant relationship between demographics and the digital divide in the tribal community.
- H_2 : There is a positive correlation between digital divide and digital literacy among tribal community

- H₃: There is a significant association between Education and digital literacy in the tribal community

Research Gap

Through the literature review, the digital divide impacts the financial inclusion and growth of the country. Innovation in financial technology will enrich and encourage the individual to appreciate the necessity of financial inclusion. Today, we lack proper awareness and Education about digital technology. There is a significant gap in the research; that is to say, there is no direct research on the digital divide and its impact on financial inclusion, which, in turn, affects the country’s economic growth.

Scope for the Future Research

Today, technology is ever-changing, and it is not permanent at all. All institutions are undergoing development through the disruption of technology and further innovation. Hence, the topic is ever-dynamic and can be researched by incorporating different types of fintech and Block chain technology. Block chain technology will move many macro-microeconomic fences to financial inclusion through fintech solutions [13].

Analysis and Interpretations

The analysis and interpretation of data, which provides insights into the findings, is a critical component of any research study. This research paper examines and analyzes the influence of the digital divide on the economic integration in the tribal group. A detailed evaluation and interpretation of data are expected to yield insightful information for decision-making that will add to the already existing knowledge in the field.

Table 1
Cronbach’s Alpha Results

Reliability Statistics		
Cronbach’s Alpha	Cronbach’s Alpha Based on Standardized Items	N of Items
.895	.891	21

Cronbach's Alpha was used to estimate the reliability of the questionnaire. By observing the Cronbach Alpha score of .895, the items in the scale are very consistent. Higher values show a stronger relationship between items on the scale (Table 1).

Digital Divide Distribution

Table 2
Percentage Analysis for Digital Divide of Respondents

Digital Divide	Frequency	Percentage
Low Digital Divide	37	33.6
Moderate Digital Divide	40	36.4
High Digital Divide	33	30.0
Total	110	100.0

According to the Table 2 statistics, a sizable portion of respondents (33.6%) report having a low degree of digital divide. Additionally, 30.0% have a high level of digital divide, while 36.4% have a moderate level. This distribution emphasises the need for focused actions to address the varied levels of technological access and skill within the sample group by highlighting the respondents' differing degrees of digital inequities.

Digital Literacy Distribution

Table 3
Percentage Analysis for Digital Literacy

Digital Literacy	Frequency	Percentage
Low Level of Digital Literacy	28	25.5
Moderate Level of Digital Literacy	35	31.8
High Level of Digital Literacy	47	42.7
Total	110	100.0

A significant percentage of respondents (25.5%) exhibit low levels of digital literacy, according to the statistics displayed in the table 3. Additionally, 42.7% of respondents had a high level of digital literacy, compared to 31.8% who have a moderate level. In order to foster general digital empowerment, it is important to address the varied levels of digital

literacy within the studied population, as this distribution highlights the respondents’ varying degrees of digital ability.

Correlation

- H_1 : There is a significant relationship between demographics and digital divide in the tribal community

Table 4
Correlation Results Demographics

Variables	Digital Divide	Demographics
Digital Divide	1	0.216
Demographics		1

$p = .023 (<0.05)$

Demographics and the digital gap in tribal communities are significantly correlated (Pearson correlation coefficient = 0.216), as the table 4 above demonstrates. Statistical significance is indicated by the p-value of 0.023, which is below the traditional cut off of 0.05. As a result, we conclude that there is a positive link between demographic characteristics and the digital gap in tribal communities, rejecting the null hypothesis (H_0) and accepting the alternative hypothesis (H_1). This emphasises how crucial it is to take demographic traits into account when tackling digital inequities in these groups.

Correlation

- H_2 : There is a positive correlation between digital divide and digital literacy among tribal community

Table 5
Correlation Results of Digital Divide & Digital Literacy

Variables	Digital Divide	Digital Literacy
Digital Divide	1	0.512
Digital Literacy		1

$p = 0.000 (<0.01)$

A strong Pearson correlation coefficient of 0.512 has been found in relation to the tribal community's digital literacy and the digital divide. The p-value of 0.000, less than the cut-off value of 0.01, shows statistical significance. This demonstrates a strong positive link between the digital gap and digital literacy among the tribal group, supporting acceptance of the alternative hypothesis (H1) and rejection of the null hypothesis (H0). This relationship highlights how important digital literacy is in determining digital inequality in this setting (table 5).

Table 6
Cross Tabulation Results of Education & Digital Literacy

Variables		Low Level of Digital Literacy	Moderate Level of Digital Literacy	High Level of Digital Literacy	Total
	School	2	2	2	6
	Degree	8	11	9	28
	PG	15	22	36	73
	Other	3	0	0	3
	Total	28	35	47	110

The table 6 presents a cross-tabulation analysis examining the relationship between digital literacy and education levels. For instance, among those who had a school-level qualification, two showed a low level, two moderate, and two high levels of digital literacy, while among those with a degree, eight had low, eleven mild, and nine high digital literacy. Furthermore, 15 individuals with a PG-level qualification have low digital literacy, 22 have moderate digital literacy, and 36 have high digital literacy.

The spread of digital literacy across various educational levels is highlighted by this analysis. It highlights the significance of comprehending and resolving these differences in digital literacy campaigns by indicating that respondents' levels of digital proficiency vary depending on their educational backgrounds.

Chi-Square Analysis

- H₃: There is a significant association between Education and digital literacy in the tribal community

Chi-square analysis is performed to see the relationship between education and digital literacy. The research did not find any significant relationship between education and digital literacy at a 5% significance level; $\chi^2 = 11.889$, $df = 6$, $p = .064$. Therefore, H_0 is accepted, while H_3 is refuted. This supports that there is no statistically significant relationship between education levels and digital literacy in the dataset provided, hence requiring further research or consideration of other aspects influencing digital literacy.

Conclusion and Findings

Nearly 80% of people have bank accounts, but about 38% of those accounts are inactive. This information comes from various studies on financial inclusion. With these numbers, it is crucial to address the digital gap in the nation. The report states that India, as a developing country, needs to improve its telecommunications infrastructure and educate the underprivileged about digitalization. There are clear differences between urban and rural areas in India. The survey also showed that respondents experience different levels of digital disparity. This highlights the need for targeted efforts to tackle the varying levels of technology access and skills among the sample population. The study found that the digital divide in indigenous groups is linked to demographic factors. Furthermore, there is a strong connection between digital literacy in these groups and the digital divide. A lack of financial knowledge has also held back the growth of financial inclusion, leading to a lower acceptance rate. Economic exclusion and the digital divide contribute to social inequalities. To reduce these social gaps, the government must support a suitable implementation strategy.

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