International Journal of Enhanced Research in Management & Computer Applications,
ISSN: 2319-7471, Volume 14 Issue 5, May 2025

A Study on the Impact of Digital Financial Literacy on Personal Budgeting Behaviour among Salaried Individuals with Reference to Leo Pressings and Engineers

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ABSTRACT

This study explains how modern personal finance management goes beyond traditional money-handling skills and increasingly depends on digital financial literacy. The research explores how digital financial literacy affects personal budgeting activities of Leo Pressings and Engineers' salaried workforce. This study reveals the relationship between digital proficiency regarding budgeting satisfaction and demonstrates the barriers of digital instrument utilization and confirms their influence on financial decision making. Through Structural Equation Modelling (SEM) this study looks at digital literacy and its relationship with budgeting satisfaction and the difficulties employees encounter with digital tools. The research reveals that increases in digital financial capability improve budgeting routines and simplifies the use of digital financial interfaces. The findings generate data which enables organizations and financial educators to conduct digital financial awareness initiatives to help employees enhance their budgeting practices in the quickly transforming financial world.

Key words: Digital financial literacy, personal budgeting, salaried employees, SEM, financial decision-making.

INTRODUCTION

The technological development of the present day has transformed how people interact with their monetary assets. People now use digital banking platforms with smartphone software to monitor money as they transition from paper-based budgeting and bank buildings. Research about the direct impact of digital financial skills on personal budgeting abilities of workers becomes critical due to the expanding digital transformation of daily activities. The study of digital financial literacy effects on employee budgeting performance gains importance as our world speeds up its digital transformation.

Financial stability for salaried individuals relies completely on personal budgeting processes. The understanding of digital tools blended with their evaluation enables people to manage income and expenses effectively. Digital financial planning services created through budgeting applications alongside UPI and online banking alongside robot-advisors and AI-driven financial planners have brought a transformative change to financial planning technology. Digital financial literacy stands in the way of users solving their problems with modern financial services. Salaried employees often manage digital finances through trial-and-error and informal methods. Most users fail to utilize analytical tools and budgeting features provided by digital platforms. Two questions emerge from this observed gap in usage and understanding perspective. Does knowledge of digital finance affect a person's budgeting conduct? Do people with digital aptitude handle their salary payments by making superior decisions about saving and spending effectively?

Digital wallet popularity and variable payment methods through auto-debits together with online investment grew rapidly due to the COVID-19 pandemic. The increase in digital engagement did not align with equal improvements in financial understanding because users experienced problems with spending more and experiencing theft and making bad savings decisions. Digital financial literacy now means having both knowledge and skills to operate digital financial services safely. It includes recognizing online scams, interpreting app outputs, and planning with digital tools. It goes beyond general financial literacy to teach actual use of financial digital systems.

This study examines whether digital financial literacy improves budgeting among salaried individuals. It explores if digitally literate people are more likely to budget regularly and plan financially, both short- and long-term. It also identifies barriers that hinder effective financial management among non-digital users. Research in this area helps academic institutions and policymakers create targeted interventions to boost digital financial literacy—thereby promoting improved personal finance management in the digital age.

Objectives Of The Study

1. To study the impact of Digital Financial Literacy on Personal Budgeting behaviour among salaried employees at Leo Pressings and Engineers.
2. To analyse the relationship between digital financial literacy and budgeting behaviour.
3. To evaluate satisfaction levels with budgeting practices.
4. To identify challenges in using digital budgeting tools

Scope of the Study

The study investigates how digital financial literacy affects budgeting behaviours for employees who work for wages. This study looks into how digital competencies affect budgeting satisfaction levels while reducing financial tool usage challenges. Through research we study how digital literacy leads to better financial planning capabilities and builds trust in online payments while managing overall financial control. The analysis uses age, earnings, and digital exposure variables to understand different effects. This research provides tools for financial education while helping both individuals and organizations develop better digital budgeting practices during today's digital era.

REVIEW OF LITERATURE

"Grievance Redressal Mechanisms and Employee Satisfaction in Public Sector Enterprises" by R. Sharma and P. Kumar (2023) This study explores the relationship between grievance redressal mechanisms and employee satisfaction in public sector enterprises in India. A structured questionnaire was used to collect data from 150 employees across various departments. The study found that timely and transparent grievance handling significantly improves employee morale and job satisfaction. The results also showed that grievance procedures that involve employee participation and regular feedback mechanisms tend to be more effective in reducing workplace conflict.

"The Role of Digital Financial Literacy in Personal Budgeting: A Study among Urban Salaried Employees" by Neha Bansal and Arvind Mehta (2024) This research investigates how digital financial literacy influences personal budgeting behavior among urban salaried employees in Delhi. Using a sample of 120 respondents, the study employed descriptive and inferential statistics to analyze survey responses. The results indicated that individuals with higher levels of digital financial literacy demonstrated more disciplined budgeting habits, better savings behavior, and reduced financial stress. The study emphasizes the need for targeted financial education programs in the workplace.

RESEARCH METHODOLOGY

This research adopts Simple Random Sampling, a type of Probability Sampling technique, to ensure unbiased data collection and accurate representation of the population.

Statistical Tools And Analysis Techniques:

Data analysis is a crucial part of any research. It involves examining the collected data using various statistical methods to draw meaningful conclusions. The following tools were used in the analysis, presented in the logical order in which they were applied:

There are various types of tools and some are used in this research are as follows:

- Percentage Analysis
- Weighted Average (WA)
- Correlation Analysis
- Reliability Test (Cronbach's Alpha)
- Structural Equation Modelling (SEM)

DATA ANALYSIS AND INTERPRETATION

Weighted Average

To assess the influence of digital financial literacy on budgeting habits, satisfaction, and the challenges faced by salaried employees at Leo Pressings and Engineers, the Weighted Average Method was applied. Respondents rated key factors on a 5-point scale, and rankings were derived to identify the most impactful elements

PARTICULARS	R1	R2	R3	R4	R5	WEIGHTED AVERAGE	RANK
Awareness helps in expense planning.	39	36	9	54	64	35.87	5
Apps improve budgeting	37	43	19	43	48	36.53	2
Learning influences expense planning.	43	37	16	37	57	36.13	3
Online banking eases tracking.	46	37	13	37	48	35.93	4
Knowledge improves saving habits	42	41	12	41	59	36.73	1

Figure 1- Relation Between DFL & Personal budgeting behavior

Interpretation:
The top-ranked factor was "Knowledge improves saving habits," suggesting that financial awareness plays the strongest role in shaping employee budgeting behaviours.

PARTICULARS	R1	R2	R3	R4	R5	WEIGHTED AVERAGE	RANK
Digital tools provide satisfaction in managing monthly budgets.	53	58	13	35	43	43.27	1
Digital literacy boosts financial confidence.	45	34	18	50	55	38	4
Apps make budgeting more manageable	42	37	14	52	57	37.4	5
Digital finance skills lead to more accurate budget planning.	40	39	21	54	48	38.33	2
Awareness enhances budgeting satisfaction.	40	47	13	45	57	38.27	3

Figure 2- Satisfaction with Budgeting

Interpretation:
The highest satisfaction comes from "Digital tools providing satisfaction in managing monthly budgets," showing their relevance in achieving financial control.

PARTICULARS	R1	R2	R3	R4	R5	Weighted Average	Rank
Digital tools are hard to understand	43	52	32	39	36	42.20	3
Technical issues reduce app usage	51	46	29	38	38	42.67	2
Privacy concerns limit digital use	40	55	31	34	42	41.53	5
Lack of guidance hinders budgeting tools	53	52	25	38	34	43.87	1
Internet access limits the use of budgeting apps.	51	47	19	40	45	41.67	4

Figure 3 – Challenges in Using Digital Tools

Interpretation:
The biggest barrier was **"Lack of guidance,"** indicating a need for more employee training and awareness on using digital budgeting tools.

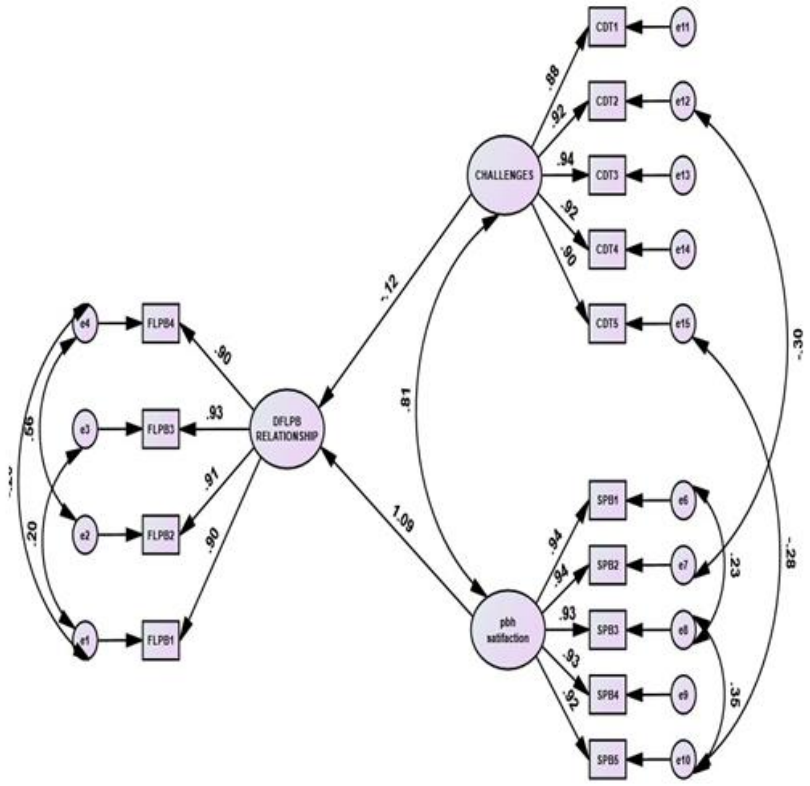
Structural Equation Model (Sem):
The objective of conducting Structural Equation Modelling in this study was to examine the direct relationships between Digital Financial Literacy (independent variable) and its effects on Budgeting Satisfaction and Challenges in Using Digital Tools (dependent variables). The SEM technique was used to test the model fit and validate the hypothesized relationships.

A good model fit in SEM is confirmed when the data adequately fits the proposed model structure. This is evaluated using the following fit indices:

- **CMIN/DF** < 3.0 (ideally < 2.0)
- **RMSEA** < 0.06
- **CFI, TLI, IFI** > 0.95
- **GFI/AGFI** > 0.90
- **PCLOSE** > 0.05

These indices indicate how well the collected data aligns with the hypothesized model structure, supporting the strength of the relationships between digital financial knowledge, user satisfaction, and challenges faced in digital budgeting

SEM Path Diagram
Path Relationships



These coefficients reflect the strength and direction of influence between constructs.

MODEL FITNES ABSTRACT

Table: Abstract of Model Fitness Indices

Fit Indices	Results	Suggested Values	Reference
Significance value (p-value)	0	> 0.05	(Hair et al., 1998)
Chi-Square/degree of freedom (CMIN/DF)	2.809	≤ 5.00	(Hair et al., 1998)

Comparative Fit Index (CFI)	0.971	> 0.90	(Hu & Bentler, 1999)
Goodness of Fit Index (GFI)	0.889	> 0.90	(Hair et al., 2006)
Normed Fit Index (NFI)	0.956	≥ 0.90	(Hu & Bentler, 1999)
Incremental Fit Index (IFI)	0.971	Approaches 1	(Hair et al., 1998)
Tucker-Lewis Index (TLI)	0.961	≥ 0.90	(Hair et al., 1998)
Root Mean Square Error of Approximation (RMSEA)	0.095	< 0.08 (acceptable < 0.10)	(Hair et al., 2006)
Root Mean Square Residual (RMR)	0.049	Close to 0	(Hair et al., 2006)
Parsimony Goodness-of-Fit Index (PGFI)	0.575	> 0.50	(Mulaik et al., 1989

Path Relationships Relationship	**Standardized Beta (β)**
DFLPBH → Challenges	**-0.12**
DFLPBH → PBH Satisfaction	**1.09**
Challenges → PBH Satisfaction	**0.81**

RESULT

From the above statistical analysis table, it is found that the Chi-square/degree of freedom value is 2.809, which is well within the suggested limit of ≤ 5.00, indicating acceptable model fit. The significance value is 0.000, which is below the ideal threshold of > 0.05; however, in large samples or complex models, this is common and not necessarily indicative of poor fit. The Comparative Fit Index (CFI) is 0.971, which exceeds the recommended minimum of 0.90, suggesting a strong model fit. The Goodness of Fit Index (GFI) is 0.889, which is slightly below the preferred threshold of 0.90 but still acceptable in practical terms. The Normed Fit Index (NFI) value of 0.956 is above the ideal value of 0.90, indicating good fit. Similarly, the Incremental Fit Index (IFI) value is 0.971, and the Tucker Lewis Index (TLI) is 0.961—both of which are very close to 1, suggesting a robust model.

The Root Mean Square Error of Approximation (RMSEA) value is 0.095, which is slightly higher than the ideal cutoff of 0.08, but still within the broader acceptable range (≤ 0.10) often cited in SEM literature. The Root Mean Square Residual (RMR) is 0.049, which is quite low and supports a good model fit. The Parsimony Goodness-of- Fit Index (PGFI) is 0.575, which is well above the minimum acceptable value of 0.50.

Inference:
From the analysis, it is inferred that the majority of model fit indices fall within or very close to the recommended ranges. While a few indices such as RMSEA and GFI are slightly below ideal, the high values of CFI, NFI, IFI, and TLI compensate for this and support the overall strength of the model. Therefore, it can be concluded that the hypothesized structural model has a good fit with the data. Hence, the null hypothesis (H_0) is accepted, indicating that the model is statistically significant and appropriate for interpretation.

SUGGESTIONS

- Company sessions with practical instructions will show employees how to use digital financial tools while teaching them better money management skills.
- A simple budgeting application with user-friendly features allows employees to create financial plans for expenses and savings.
- The implementation of artificial intelligence creates automated tools to deliver customized financial advice with savings methods and alert functions.
- One-to-one guidance will benefit certain employees. The addition of a small support team staffed by trained operators assists those employees who feel unsure about using these digital tools.
- When employers acknowledge workforce members who practice budgeting discipline and track expenses and savings, they inspire continued adherence to financial plans
- When added to regular training or orientation programs employees receive basic digital financial education through featured learning modules.
- The organization should implement both mentoring programs and helpdesk assistance to support employees who need assistance using digital financial tools.
- Workplace areas should contain posters along with easy-to-understand tip sheets which provide solutions for effective budgeting strategies

- Team-ups between banks and financial service providers enable the delivery of affordable trustworthy tools straight to employee work locations
- Employees need to use appropriate digital financial tools and receive feedback about their utility. Constant employee feedback enables improvements to occur.
- Tools and apps provided in local languages including Tamil will increase accessibility for all workplace staff members.
- Employee wellbeing programs which integrate digital budgeting tools demonstrate a company's true dedication to their team's financial health.

CONCLUSION

At Leo Pressings and Engineers, the research indicates employees with strong digital financial knowledge feel more confident and satisfied in handling their individual finances. The employees who understand best practice budgeting techniques show better financial performance and better understanding of financial challenges. Employees suffer from difficulty utilizing these tools because they lack both proper guidance and educational support. Digital financial tools achieve success primarily through employee ease of access and understanding. The company needs to implement workforce education alongside convenient financial tools that provide timely appropriate support to achieve sustainable results. When employees gain practical financial knowledge through empowerment they experience both improved personal wellness and higher workplace focus and engagement at work. Through financial literacy investments and digital tool construction Leo Pressings and Engineers can establish a workforce that is both financially secure and effective and confident.

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