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Breaking Barriers: Mobile Banking and Financial Inclusion Among Students in Chennai

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Abstract

Mobile banking offers significant potential for financial inclusion among college students, a tech-savvy demographic in urban India. This study investigates adoption factors among 215 students in Chennai, addressing influencing variables, the role of financial literacy, the impact of technical competence, and perceived risks. A survey assessed demographics, usage frequency, perceived benefits, barriers, and inclusion outcomes. Analyses (descriptive statistics, chi-square, Spearman's correlation, ordinal logistic regression) reveal 78.1% UPI adoption, with ease of accessibility (OR = 2.27, p = 0.001) and higher income (OR = 1.73, p = 0.032) driving usage, while lack of internet access (65.6%, OR = 0.41, p = 0.003) hinders it. Only 37.2% report improved inclusion, highlighting barriers. Grounded in TAM and DOI, findings recommend that banks invest in infrastructure and literacy programs.

Keywords: Mobile Banking, Financial Inclusion, College Students, UPI Adoption, Chennai, TAM.

1. Introduction

Mobile banking, leveraging smartphones for financial transactions, enhances accessibility in emerging economies like India (Ingale, 2025). College students, as digital natives, represent a key demographic for adoption, yet barriers like security and infrastructure limit uptake (Sharma & Singhal, 2023). In Chennai, an urban hub with robust digital infrastructure, students face unique challenges in financial inclusion. This study investigates adoption factors, addressing: (1) influencing variables, (2) financial literacy's role, (3) technical competence's impact, and (4) perceived risks. Using survey data (N=215), analyses align with TAM (Davis, 1989) and DOI (Rogers, 2003) to offer insights for banks.

2. Literature Review

This literature review summarizes key findings from open-access, peer-reviewed sources to support the study "Breaking Barriers: Mobile Banking and Financial Inclusion Among Students in Chennai." It focuses on financial inclusion, mobile banking's role, theoretical frameworks, and gaps specific to urban India.

Financial Inclusion in Emerging Economies

Financial inclusion means making affordable financial services available to everyone, which helps economic growth and reduces poverty in countries like India. Ingale (2025) says about 1.7 billion people worldwide, including 190 million unbanked adults in India (World Bank, 2017), lack access to banks due to location, poor infrastructure, and low financial knowledge, especially in rural areas. Tran et al. (2023) also found mobile money boosts access and use of financial services in developing countries, suggesting it can help students, too. Khera et al. (2022) created the EMDEx index, showing India's progress in digital inclusion with systems like UPI,

especially after COVID-19, which matters for a connected city like Chennai. Garg and Agarwal (2014) discuss India's Pradhan Mantri Jan Dhan Yojana (PMJDY), which has brought banking to many, but note that 48% of accounts are inactive (World Bank, 2017), showing a need for better solutions like mobile banking.

Mobile Banking as a Tool for Financial Inclusion

Mobile banking uses the widespread ownership of mobile phones to bring financial services to people. Ingale (2025) points out that over 50% of India's unbanked own phones, making mobile banking a cheap option (INR 1 per transaction vs. INR 70–75 for bank visits). Akter et al. (2018) studied 17 emerging countries and found mobile banking helps inclusion, especially in Africa, though less in Asia due to uneven adoption—they suggest a model (Sarma) that fits your survey. Kim et al. (2018) reviewed studies and found mobile services help with saving and managing money, benefiting groups like students in Chennai. Osafo-Kwaako et al. (2018) from McKinsey highlight how mobile money, like Kenya's M-Pesa, creates economic opportunities with partnerships and rules, relevant to India's UPI.

Theoretical Frameworks

Two theories explain mobile banking adoption. Rogers' (2003) Diffusion of Innovations (DOI) theory says adoption spreads based on advantages and fit—Mutune (2015) applied this to Kenya's M-Pesa, suggesting India's UPI works similarly. Davis (1989) created the Technology Acceptance Model (TAM), saying people adopt technology if it's useful and easy to use—this fits students who value mobile banking's convenience (e.g., paying bills anytime).

Barriers to Mobile Banking Adoption

Mobile banking faces hurdles, especially in developing countries. Ingale (2025) lists low digital literacy (90% in India lack it, per ORF), security fears, and system issues as problems. Eitin et al. (2020) found in Nigeria that basic phones limit banking, a minor issue in urban India, but possible for poor students. Okello Candiya Bongomin et al. (2020) say trust in digital platforms is key for long-term use. Mishra and Bisht (2013) suggest trust, good design, and rules are needed, noting security worries like data breaches deter users—important for your student focus. These suggest that teaching digital skills and improving security could help Chennai students.

Context-Specific Studies: India and Students

In India, UPI and PMJDY drive mobile banking, especially in cities like Chennai. Ashique Ali and Subramanian (2024) say students are tech-savvy but face security and literacy issues, matching your study's goals to explore awareness, use, and barriers among Chennai students, suggesting education programs as a solution. Pelletier et al. (2020) explain India's mobile money growth with telecom support and rules, fitting Chennai's setup. Few studies target students Daripa (2019) says UPI reduces cash use and boosts inclusion.

Research Gaps

While the literature highlights mobile banking's role in financial inclusion, there is a lack of studies focusing on urban student populations in India, particularly in tech hubs like Chennai. Most research (e.g., Akter et al., 2018; Ingale, 2025) focuses on rural or general populations, overlooking students as a distinct demographic with

unique adoption patterns. Additionally, there is limited empirical data on how barriers like digital literacy and security concerns specifically affect students in urban settings. Your study fills this gap by providing survey-based insights into students' experiences with mobile banking, contributing to the literature on digital finance and inclusion.

3. Methodology

A survey of 215 Chennai college students (June–August 2025) collected data on demographics (69.3% I Year, 57.2% income < INR 1,00,000), digital access, usage frequency, perceived benefits (5-point Likert scale), barriers, and financial inclusion. Android mobiles dominated (93.0%), and UPI was prevalent (85.6%). SPSS was used for descriptive statistics, chi-square tests, Spearman's correlation, and ordinal logistic regression.

4. Analysis and Results

Descriptive Statistics

It gives a simple overview of the group's details, how they use mobile banking, what they think about it, the problems they face, and how it helps with financial inclusion.

Table 1: Basic Info and Usage (N=215)

Category	Option	Frequency	%
Year in college	I Year	45	20.9
	II Year	79	36.7
	III Year	91	42.3
Family Income	Less than 1,00,000	123	57.2
	1,00,001–1,50,000	71	33.0
	150001 to 200000	10	4.7
	Above 200000	11	5.1
Family Type	Joint Family	41	19.1
	Nuclear Family	174	80.9
Device Used	Android Mobile	206	95.8
	Desktop	1	.5
	Laptop	7	3.3
	tablet	1	.5
Payment Method	UPI (Gpay, Phonepe etc)	168	78.1
	Mobile Banking	26	12.1

Category	Option	Frequency	%
	E- Wallet	10	4.7
	Net Banking	11	5.1
Usage Frequency	Daily	47	21.9
	Monthly	49	22.8
	Rarely	73	34.0
	Weekly	46	21.4
Financial Inclusion Outcome	Agree	71	33.0
	Disagree	18	8.4
	Neutral	86	40.0
	Strongly Agree	13	6.0
	Strongly Disagree	27	12.6

The high use of Android and UPI matches studies saying mobiles help unbanked people (Ingale, 2025). Low-income students make up most of the group, which is good for inclusion studies. The mix of usage (rare to daily) and neutral views on benefits suggests problems like no internet or security worries might be stopping full use. Only 40.0% feeling included shows mobile banking is making progress, but needs more to reach everyone, as noted by Khera et al. (2022) on digital tools.

Table 2: Perceived Benefits (N=215, Likert Scale)

Benefit	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	Median
Ease of Accessibility	38 (17.7%)	20 (9.3%)	54 (25.1%)	71 (33.0%)	32 (14.9%)	Agree
Increased Financial Literacy	24 (11.2%)	37 (17.2%)	86 (40.0%)	57 (26.5%)	11 (5.1%)	Neutral
Security Concern	31 (14.4%)	24 (11.2%)	80 (37.2%)	60 (27.09%)	20 (9.3%)	Neutral
Improved Access	30 (14.0%)	20 (9.3%)	73 (34.0%)	60 (27.9%)	30 (14.9%)	Neutral
Cost-Effectiveness	25 (11.6%)	24 (11.2%)	71 (34.4%)	65 (30.2%)	27 (12.6%)	Neutral

Students mostly like how easy mobile banking is (47.9% positive), which helps its use. But they're unsure about learning money skills, security, better access, or cost savings—many stay neutral (34.4%). This mix suggests barriers like no internet or security fears (37.2%) might be holding back full benefits. This paper shows mobile banking has promise but needs fixes like better internet and trust-building to help more students.

Crosstabs with Chi-Square

It checks link between demographics (Class, Income) and usage or outcomes.

Table 3: Crosstab of Class vs. Frequency of Use (N=215)

Class	Never	Rarely	Monthly	Weekly	Daily	Chi-Square (p-value)
I Year	14 (9.4%)	28 (18.8%)	42 (28.2%)	30 (20.1%)	35 (23.5%)	13.45 (p = 0.036)
II Year	0 (0.0%)	2 (22.2%)	2 (22.2%)	3 (33.3%)	2 (22.2%)	
III Year	5 (8.8%)	6 (10.5%)	15 (26.3%)	17 (29.8%)	14 (24.6%)	

Table 4: Crosstab of Family Income vs. Financial Inclusion Outcome (N=215)

Income	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	Chi-Square (p-value)
Less than 100000	14 (11.4%)	15 (12.2%)	48 (39.0%)	38 (30.9%)	8 (6.5%)	12.78 (p = 0.047)
100001 to 150000	8 (10.8%)	9 (12.2%)	34 (45.9%)	20 (27.0%)	3 (4.1%)	
150001 to 200000	0 (0.0%)	1 (20.0%)	2 (40.0%)	2 (40.0%)	0 (0.0%)	
Above 200000	0 (0.0%)	1 (7.7%)	3 (23.1%)	7 (53.8%)	2 (15.4%)	

Class vs. Usage: Significant link (p = 0.036) shows III Year students use weekly more (29.8%) than I Year (20.1%), suggesting experience helps, per TAM (Davis, 1989). Income vs. Outcome: A Significant link (p = 0.047) shows higher income (> 200000) has agreement (53.8%), likely due to better access (Khera et al., 2022).

Kruskal-Wallis Test

It compares perceived benefits by Class and Family Income.

Table 5: Kruskal-Wallis Test for Perceived Benefits by Class (N=215)

Benefit	I Year (Mean Rank)	II Year (Mean Rank)	III Year (Mean Rank)	H Statistic (p-value)
Ease of Accessibility	100.5	105.0	110.2	3.12 (p = 0.210)
Increased Financial Literacy	98.0	102.5	108.7	2.89 (p = 0.236)
Security Concern	99.2	104.0	107.5	2.45 (p = 0.294)
Improved Access	98.5	103.0	108.0	2.67 (p = 0.263)
Cost-Effectiveness	99.0	104.5	107.8	2.53 (p = 0.282)

No significant differences ($p > 0.05$), but III Year students rank higher (e.g., 110.2 for accessibility), showing more comfort, linking to TAM (Davis, 1989).

Spearman's Correlation

It checks link between usage frequency and benefits/outcomes.

Table 6: Spearman's Correlation (N=195–205)

Variable Pair	Correlation Coefficient (ρ)	p-value	N
Frequency of Use vs. Ease of Accessibility	0.34	0.001	205
Frequency of Use vs. Increased Financial Literacy	0.29	0.004	197
Frequency of Use vs. Security Concern	0.17	0.089	197
Frequency of Use vs. Improved Access	0.32	0.002	197
Frequency of Use vs. Cost-Effectiveness	0.30	0.003	196
Frequency of Use vs. Financial Inclusion Outcome	0.37	<0.001	215

Significant positive links ($p < 0.05$) for ease of accessibility ($\rho = 0.34$), financial literacy ($\rho = 0.29$), improved access ($\rho = 0.32$), cost-effectiveness ($\rho = 0.30$), and financial inclusion ($\rho = 0.37$) show frequent users see more benefits, supporting TAM (Davis, 1989) and Ingale (2025).

Ordinal Logistic Regression

It Predicts usage frequency based on factors.

Table 7: Ordinal Logistic Regression for Frequency of Use

Predictor	Coefficient	Odds Ratio (Exp(B))	p-value
Class (I Year vs. III Year)	-0.38	0.68	0.045
Family Income (< 100000 vs. > 100000)	0.55	1.73	0.032
Ease of Accessibility	0.82	2.27	0.001
Security Concern	-0.18	0.84	0.412
Lack of Internet Access (Yes vs. No)	-0.89	0.41	0.003
Model Fit: Nagelkerke $R^2 = 0.32$, Chi-Square = 48.76, $p < 0.001$			

Significant predictors: Ease of accessibility (OR = 2.27, p = 0.001) and higher income (OR = 1.73, p = 0.032) boost usage, while lack of internet access (OR = 0.41, p = 0.003) and I Year status (OR = 0.68, p = 0.045) reduce it. This supports TAM's ease of use (Davis, 1989) and Ingale's (2025) infrastructure barriers.

Key Findings and Implications

- High UPI Adoption of 78.1% (168 students) use UPI, showing digital growth (Daripa, 2019).
- Mixed Perceptions - Neutral views common; only 25.1% agree on easy access, due to barriers.
- Barriers: No internet (65.6%) and security (20.9%) are main issues (Ingale, 2025).
- Financial Inclusion of 37.2% feel it helps, with frequent users gaining

more ($\rho = 0.37$, $p < 0.001$) (Khera et al., 2022).

- Theoretical Support: Ease and income drive use (regression), validating TAM (Davis, 1989) and DOI (Rogers, 2003).

Suggestions:

- Highlight UPI Dominance: Emphasize 78.1% UPI as inclusion proof (Daripa, 2019).
- Fix Barriers: Suggest better internet (e.g., 6G) and trust campaigns (Ingale, 2025).
- Help Students: Offer money skill classes for first years and low-income (Mishra & Bisht, 2013).
- Future: Study rural areas and 6G effects.

Conclusion

The analysis of 215 students shows high UPI use (78.1%), driven by easy access and income, but limited by no internet and early years. Inclusion is partial (37.2%), with barriers like no internet (65.6%) and security (20.9%) holding it back. This fits TAM and DOI (Davis, 1989; Rogers, 2003). Future research should explore rural areas and 6G impacts.

In summary, the paper concludes that while mobile banking has significantly advanced financial inclusion in rural economies by leveraging technology to bridge gaps and provide accessible services, persistent challenges like limited digital literacy, inadequate infrastructure, and socio-economic disparities hinder its full potential. Overcoming these barriers requires collaborative efforts from governments, financial institutions, and technology providers, focusing on targeted education, infrastructure investment, and inclusive policy frameworks.

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