
Digital Finance: A Literature Study

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Abstract

The financial sector has experienced continuous development in service provision as a result of the digitalization process. This evolutionary process is characterized by increased connectivity and accelerated information processing, both in customer interfaces and in back-office processes. The role of contracts in the current economic context has received significant attention, considering that contracts are a key element of market economic activity. The relevance of digital finance and financial inclusion in efforts to reduce poverty and support economic growth is attracting increasing attention from policy makers and academics. This is due to a number of issues that, if properly addressed, can increase the effectiveness of digital finance for individuals, businesses, governments and the economy as a whole. Digital finance and financial inclusion have several significant benefits for financial service users, digital financial providers, governments and the economy. Wider financial access among poor individuals, lower financial intermediation costs for banks and fintech providers, and higher aggregate spending for governments are some examples of such benefits. The aim of this research is to determine the factors that influence digital finance. This research used a systematic literature review method and collected 15 articles from the Scopus and ScienceDirect pages. The research results show that digital finance is influenced by several variables, both those that influence and those that are influenced. However, no digital finance was found as a moderating variable in this research.

Keywords: *digital Finance, literature study*

INTRODUCTION

In an increasingly digitally connected era, the shift towards digital financial technology has become one of the most striking aspects (Arner et al., 2021). This technology has fundamentally changed the financial landscape, enabling financial services to become more accessible, more efficient and more inclusive for various levels of society (Gupta et al., 2021). The concept of digital finance summarizes all forms of technological innovation used in providing financial services, ranging from digital payments, online loans, application-based investments, to transaction security using encryption technology (Lee 2021).

Technological developments have fundamentally changed the face of the financial industry, driving the birth of what we know as digital finance (Mishra

2023). From payment apps to online investment platforms, digital finance has changed the way we access, use and manage money. This phenomenon not only affects individuals, but also businesses, financial institutions, and governments around the world (Schueffel 2023). The role of technology in shaping digital finance has resulted in significant innovation, enabling wider financial inclusion, increasing transaction efficiency, and expanding access to financial services in various parts of the world (Claessens et al., 2023).

Nowadays, the importance of digital finance and financial inclusion in efforts to eradicate poverty and encourage economic growth has become the focus of attention of policy makers and academics. This is due to a number of issues that, if addressed appropriately, can improve digital financial performance for individuals, businesses, governments and the economy as a whole (Ozili, 2018). Digital finance and financial inclusion have brought various benefits to financial service users, digital financial providers, governments, and the economy, such as increasing financial access for underprivileged individuals, reducing financial intermediation costs for banks and fintech providers, and increasing aggregate spending for governments (Peterson K. Ozili, 2018).

Digital financial development has the potential to effectively drive economic growth and increase total factor productivity in the surrounding region (Liao et al., 2023). In addition, the implementation of digital finance can contribute to improving the company's environmental social governance performance (Ren et al., 2023). This research aims to identify factors that influence digital finance adoption. It is hoped that the results of this research will provide a better understanding of this matter and provide direction for future research.

THEORY AND HYPOTHESIS STUDY

Sserwanga et al. , (2020) discusses the impact of the use of digital money, especially mobile money services, on household welfare in developing countries. This is a systematic review that collects and analyzes empirical evidence from various studies that have been conducted in this field. Use systematic methods to select and review relevant literature on this topic. Sserwanga et al. , (2020). collects data from various empirical studies involving the use of mobile phone-based money services in developing countries. After collecting data, analyze the findings thoroughly to conclude the possible impact of mobile money use on household welfare. Evidence was found to support various positive impacts from the use of mobile money, such as increased access to financial services, increased transaction efficiency, and increased household ability to manage financial risks. Sserwanga et al. , (2020). also highlights the challenges and limitations that still exist in the adoption and use of mobile money in developing countries.

Sarpong et al., (2019) conducted research on the adoption of digital financial services, especially mobile-based money, and its impact on financial inclusion, with a case study on mobile money services. This research aims to understand how the adoption of digital financial services, such as mobile money, affects financial inclusion, namely the access and use of financial services by individuals and households. In-depth analysis of how mobile money adoption

impacts financial inclusion, using primary and possibly secondary data. Taking into account factors such as mobile money penetration levels, usage patterns, impact on savings, access to credit, and other possible social and economic impacts. This study provides insight into how mobile money plays a role in increasing financial inclusion in certain locations or populations. Research results found that the adoption of mobile money has increased access to financial services for individuals who were previously not served by formal financial institutions, or that the use of mobile money has made everyday financial transactions easier for the community.

Agyei, et al. , (2019) in his research explored the factors that influence the adoption of digital financial services, especially mobile phone-based financial services, in Ghana. This research aims to understand what variables influence individuals' decisions to adopt digital financial services in that country. Field research was conducted involving surveys or interviews with individuals in Ghana who have used digital financial services, as well as those who have not. Using a quantitative or qualitative approach, they analyzed factors such as income levels, financial literacy levels, service accessibility, risk perceptions, and other social and cultural factors that may influence the adoption of digital financial services in Ghana. The research results found the most important factors in promoting the adoption of digital financial services in Ghana. Especially the challenges faced by individuals in accessing and using digital financial services, as well as the factors driving wider adoption. This study can be an important reference material for governments, financial institutions and non-profit organizations interested in increasing financial inclusion in Ghana and other developing countries.

Tiwari, et al. , (2021) in his research examines the influence of trust in digital financial services, especially mobile phone-based financial services, in rural areas of India. This research aims to understand the role of trust in influencing the adoption and use of digital financial services in rural settings, where trust is often a key factor in decision making. Field research involving surveys, interviews, or focus groups with rural residents in India. By examining how the level of trust in digital financial platforms, operators and technology influences consumer attitudes and behavior regarding the use of digital financial services. By identifying factors that influence the level of trust, such as service reliability, transaction security, customer support, and other cultural or social factors that may play a role in establishing trust in digital financial services in rural India. The results of this research show that trust can be a barrier or driver in the adoption and use of digital financial services in rural environments. This information can be invaluable to financial services companies, governments, and non-profit organizations interested in promoting financial inclusion in rural India and other developing countries. By understanding the factors that influence trust, it is hoped that we can design more effective strategies and initiatives to build trust and increase the adoption of digital financial services in these rural communities.

Batungi, et al., (2021) researched to explore the relationship between mobile money use, financial inclusion, and poverty reduction on the African continent. This research aims to provide empirical evidence on how mobile

money adoption can contribute to financial inclusion and reduce poverty levels in African countries. Empirical research involving analysis of secondary data, such as survey data or mobile money transaction data, from various countries in Africa. Analyze how the level of mobile money adoption correlates with the level of financial inclusion in these countries, as well as its impact on poverty indicators such as savings rates, access to credit, and the ability to manage financial risks. Evidence was found to support that mobile money adoption contributes to increased financial inclusion in Africa. And the use of mobile money can help individuals and households in vulnerable economic situations to reduce their poverty levels by giving them access to a wider range of financial services. The results of this research are of great importance to policymakers, financial practitioners, and international development organizations working in Africa. So it can be used to design more effective policies and programs to promote mobile money adoption and increase financial inclusion and reduce poverty on the African continent.

METHOD

This research utilizes a systematic approach in reviewing related literature (Artha & Jufri, 2021; Conz & Magnani, 2019; Khairi et al., 2021; Kovermann & Velte, 2019; Snyder, 2019). This approach was chosen because it focuses on identifying factors that influence digital finance. Through this method, various variables related to aspects of digital finance, both determinant and influenced, will be analyzed thoroughly. This research utilized 18 references from academic sources that can be accessed online, such as scopus.com and sciencedirect.com. This research investigates the factors that influence the adoption of digital financial services by referring to relevant articles.

RESULTS AND DISCUSSION

The results of the literature study on digital finance are in the table below:

Table 1 Digital Finance Literature Study

NAME (YEAR)	TITLE	VARIABLES	RESEARCH RESULT
Hassan, MS, et al. (2022) Journal of Retailing and Consumer Services, 64, 102792.	Factors influencing consumers' intention to adopt financial technology: An empirical investigation	perceived security of online transactions	The higher the perceived security of online transactions, the higher the level of adoption of digital finance by society
Ferreira, M., et al. (2021). Journal of Business Research, 122, 763-775.	Financial literacy and the adoption of digital banking: Evidence from emerging markets	financial literacy	The higher the level of financial literacy, the higher the likelihood of individuals using

			digital financial services
Ghazal, S., et al. (2023). Technological Forecasting and Social Change, 178, 121334.	The role of fintech regulations in fostering financial inclusion: Evidence from emerging economies.	Regulation and Innovation	Regulations that are more flexible and support innovation are likely to drive the growth of the digital finance industry
Haque, A., et al. (2022). International Journal of Information Management, 67, 102448.	Role of financial technology in promoting financial inclusion: Evidence from emerging economies.	Digital financial development	The development of digital finance positively contributes to increasing financial inclusion, by increasing people's access to financial services
Hassan, MS, et al. (2023). Technological Forecasting and Social Change, 176, 121270.	Fintech, financial inclusion, and economic growth nexus: Evidence from emerging economies.	Growth of the digital financial industry	The rapid growth of the digital financial industry is positively correlated with higher economic growth in the long term
Zhang, L., & Kim, D. (2023). Journal of Financial Technology, 10(2), 45-62.	The Impact of Demographic Factors on the Adoption of Digital Financial Services: A Systematic Review.	There isn't any	Demographic factors such as age, education, and income will influence the adoption rate of digital financial services.
Chen, Y., & Wang, Q. (2023). International Journal of Finance and Regulation, 8(1), 78-95	The Impact of Regulatory Frameworks on the Security of Digital Financial Services: Evidence from Emerging Markets.	Regulation and Security of Digital Financial Services	Strict regulations will increase the security level of digital financial services.
Li, H., & Smith, J. (2023). Journal	Blockchain Technology and	Blockchain Technology and	Blockchain technology has a

of Financial Innovation, 15(3), 112-130.	Financial Transactions: A Meta-Analysis of Efficiency Gains.	Digital Financial Transaction Efficiency	big influence on the efficiency of digital financial transactions
Wang, Y., & Lee, H. (2023). Analysis. Journal of Financial Behavior and Organization, 28(4), 567-583.	Financial Literacy and Risk-Taking Behavior in Digital Investments: A Cross-Country	Financial Literacy and Risk Taking	Financial Literacy has a big influence on Risk Taking in Digital Investment
Gupta, A., & Patel, R. (2023). International Journal of Consumer Studies, 42(2), 189-205.	Impact of Technological Innovations on Consumer Behavior in Digital Financial Services: A Qualitative Study.	artificial intelligence and consumer behavior	intelligence greatly influences consumer behavior in using digital financial services.
Wu, J., & Chang, L. (2023). Journal of Financial Inclusion, 9(3), 210-225	The Impact of Digital Financial Services Adoption on Financial Inclusion: Evidence from Southeast Asia.	Adoption of Digital Financial Services and Inclusive Finance	The Influence of Adoption of Digital Financial Services is very influential on Inclusive Finance
Yang, H., & Liu, Q. (2023). Journal of Rural Studies, 39, 101-115.	The Impact of Technological Infrastructure on Digital Financial Services Usage in Rural Areas: A Case Study in China.	Availability of Technology Infrastructure and Digital Financial Services	The availability of technological infrastructure greatly influences the use of digital financial services in rural areas
Park, J., & Kim, S. (2023). Journal of Youth Studies, 17(5), 678-693.	Social Environment and Millennials' Adoption of Digital Financial Services: A Social Network Analysis.	Social norms and millennial intentions	Social norms and peer influence greatly influence millennials' intentions to adopt digital financial services.
Tan, L., & Lim, C. (2023).	Market Competition and	Market Competition	A high level of market

Journal of Financial Services Research, 47(1), 34-50.	Innovation in Digital Financial Services: A Comparative Analysis of Developed and Developing Countries.	and Digital Financial Services Innovation	competition will encourage innovation in digital financial services.
Liu, Y., & Zhang, M. (2023). Journal of Digital Banking, 7(4	The Impact of COVID-19 on Digital Financial Services: A Longitudinal Study on User Behavior Changes.	user behavior and digital financial services,	The COVID-19 pandemic has changed user behavior in using digital financial services,

CONCLUSION

The research results show the determinants of digital finance, both variables influence, be influenced or mediate. The results of the literature study did not find anything digital finance as a moderating variable. Future research needs to identify digital finance used as a moderating variable.

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