Usage of Digital Finance Applications and its Impact on Financial Well-Being: A Conceptual Framework

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ABSTRACT

This study investigates the impact of digital finance applications usage on financial well-being, addressing the growing need to understand how these tools influence users' financial health amidst increasing digitalization. The primary aim is to assess how the use of digital finance applications affects financial literacy, financial behavior, and financial self-efficacy, and to explore the relationship between these factors and overall individuals' financial well-being. Employing a quantitative methods approach, this study utilizes quantitative surveys to gather data from a diverse sample of users. The quantitative component involves statistical analysis of survey responses. The implications of this proposed study suggest that digital finance applications play a crucial role in improving financial outcomes through personal finance factors (financial literacy, behavior, and self-efficacy) and can be leveraged to support overall financial well-being. However, this study is limited by its reliance on self-reported data and the lack of longitudinal analysis. Future research should address these limitations by incorporating diverse data sources and exploring the long-term effects of digital finance tools on financial well-being.

Keywords: Digital Finance Applications, Financial Well-Being, Financial Literacy, Financial Behavior, Financial Self-Efficacy

INTRODUCTION

In recent years, the rapid advancement of digital finance has transformed the global financial landscape, providing unprecedented access to financial services through digital platforms. These technological advancements, including the extensive use of digital financial applications, have revolutionized how individuals manage their finances, making it easier and more convenient to conduct transactions, save, and invest. Despite these benefits, the widespread adoption of digital finance has also introduced new challenges, including digital financial literacy gaps and varying levels of personal finance factors, significantly impacting individuals' financial well-being. As the world becomes increasingly digital, understanding the implications of utilizing digital finance applications and personal finance factors on financial well-being is essential for policymakers, financial institutions, and individuals.

In this regard, research on financial well-being is still at an early stage. Financial well-being is an emerging topic and becoming a great interest for academicians, finance managers, and public policymakers. This interest arises due to knowledge expansion and increasing awareness of the impact of financial well-being, not only on individuals but also on societies (Zia-ur-Rehman et al., 2021). At the same time, the current challenge in the form of COVID-19 has resulted in untold suffering for many people especially concerning their personal finances management, where a large number of employees lost their jobs and their sources of income (Mahdzan et al.,

2020).

Ultimately, these economic challenges imply that there may be an undesirable effect on the financial well-being of Malaysians, which leads to other socio-economic issues unfolding such as the increase in the unemployment rate and crime and also the level of poverty (Mahdzan et al., 2020; Sconti, 2022). Young adults between the ages of 18 and 27 known as Generation Z are particularly vulnerable to these financial threats. Based on the OECD International Survey of Adult Financial Literacy (2020), it was reported that young people scored lower on financial well-being – a finding that instigates financial worry. These problems would have a negative impact on their financial well-being.

The global embrace of digital finance has not been without its disparities. While developed economies have seen rapid adoption of digital financial services, many developing countries still struggle with restricted availability, disparities in digital access, and a lack of proficiency in digital financial literacy. These challenges are particularly pressing as the world continues to recover from the economic impacts of the COVID-19 pandemic, which has accelerated the digitalization of financial services. Empirical evidence indicates that digital finance has the potential to improve financial inclusion. However, technology can also worsen disparities if not accompanied by sufficient financial education and support mechanisms.

In Malaysia, the utilization of digital finance applications has witnessed significant growth, driven by the country's rapid digital transformation and government initiatives aimed at enhancing financial inclusion. The adoption of mobile wallets, online banking, and e-commerce platforms has surged, particularly in the wake of the COVID-19 pandemic, which accelerated the shift towards cashless transactions. As of 2023, over 80% of Malaysians were reported to be active Internet users, with a substantial portion regularly using digital finance applications for everyday transactions (Khamis & Mohamed, 2022).

However, the benefits of digital finance are not evenly distributed across the population. While urban areas have seen a high uptake of digital finance tools, rural populations, and lower-income groups still face barriers to access, largely due to limited digital literacy and internet connectivity (Tan & Lim, 2023). These disparities have important implications for financial well-being, as those unable to effectively use digital finance applications may miss out on opportunities to improve their financial health. The Malaysian government has recognized these challenges and has implemented programs to enhance digital financial literacy, aiming to bridge the gap and ensure that all citizens can benefit from the digital economy (Tan & Lim 2023; Rahman & Yusof, 2023).

Previous studies have highlighted the complex relationship between the utilization of digital finance applications and financial well-being in Malaysia. Research by Khamis and Mohamed (2022) emphasizes that while digital finance applications have the potential to enhance financial inclusion and management, their impact is significantly influenced by users' digital financial literacy and self-efficacy. Their study found that individuals with higher levels of digital literacy and financial self-efficacy are more likely to experience improved financial outcomes through the effective use of digital tools.

The research conducted by Tan and Lim (2023) investigated the digital divide in Malaysia and subsequently found that, despite the widespread use of digital finance, there are large differences between urban and rural communities. Their findings indicate that lower financial literacy and limited access to digital infrastructure in rural areas impede the full utilization of digital finance applications, thus affecting overall financial well-being.

Furthermore, an investigation into the impact of digital financial literacy on financial behavior by Rahman and Yusof (2023) highlights that enhancing financial digital literacy is crucial for maximizing the benefits of digital finance applications. The study highlights the importance of educational decision-making and self-efficacy in promoting financial well-being. These studies addressed the importance of addressing digital financial literacy and access disparities to fully leverage the potential of digital finance applications in improving financial well-being.

Despite the growing body of research on digital finance and financial well-being, there are still very significant gaps that exist. Current studies mainly focus on the impacts of the usage of digital finance applications and personal financial factors that affect individuals' financial well-being. Furthermore, while some research

addresses the digital divide, there is limited exploration into how targeted interventions might address these disparities and improve financial well-being across different demographic groups.

This paper aims to address these gaps by focusing on two main research objectives: (1) to assess the impact of the usage of digital finance applications on individuals' financial well-being, by considering various personal finance factors; and (2) to identify the personal finance factors in accessing and using digital finance tools effectively.

Previous research has mostly applied objective measures such as financial information, financial ratios, and benchmarks (Lusardi, 2019; Mahdzan et al., 2020) to determine the relevant individuals' financial well-being without considering subjective variables such as personal perception or preferences (Andreou & Anyfantaki, 2021; Brüggen et al., 2017). Brüggen et al., (2017) suggested that a subjective approach is more comprehensive to measure an individual's financial well-being. However, empirical research on the usage of digital finance applications and financial well-being based on a subjective approach remains scarce. To fill the existing gap in the literature, a conceptual framework for financial well-being improvement is developed to get an in-depth understanding of individuals' financial well-being.

This paper aims to explore the usage of digital finance applications, personal finance factors, and their impact on financial well-being, with a specific focus on the roles of financial literacy, financial self-efficacy, and financial behavior. By examining these interrelated factors, this study seeks to contribute to the broader understanding of how the usage of digital finance applications can be leveraged to enhance financial well-being across different socio-economic contexts.

The structure of this article is organized as follows: The introduction outlines the background and significance of the research topic, setting the stage for the study. The literature review provides a comprehensive overview of previous research related to digital finance applications, financial well-being, and associated personal finance factors. The methodology section details the research design, data collection methods, and analytical approaches recommended for this study and is followed by the discussion. Finally, the conclusion summarizes the key insights, highlights the contributions of the study, and suggests directions for future research.

LITERATURE REVIEW

Financial Well-Being

Financial well-being is important and research has shown that it has a strong and positive relation to overall individual well-being (Brüggen et al., 2017; Renaldo et al., 2020). The definitions of financial well-being provided by researchers are varied and it is known as one of the subcomponents of personal well-being (Mahdzan et al., 2020). Following Brüggen et al., (2017), financial well-being can be defined as the perception of being able to sustain current and anticipated desired living standards and financial freedom. This means that regardless of an individual's objective financial position, their perception is personal and they may experience a high or low financial well-being. In the context of Malaysia, most studies on financial well-being are limited to relatively small sample sizes and focused on specific segments of society such as household groups, public sector employees, and Generation Y (Chie Tie & Nizam, 2016; Mahdzan et al., 2020; Mokhtar & Husniyah, 2017). Hence, it can be viewed that the financial well-being studies in Malaysia are still very much segmented and inconclusive.

Prior studies particularly focused on an objective approach and subjective index to measure financial well-being such as In Charge Financial Distress/Financial Well-Being (IFDFW) Scale developed by Prawitx et al., (2006) or OECD/INFE (International Network on Financial Education) scoring methodology (Pangestu & Karnadi, 2020; Philippas & Avdoulas, 2020). Motivated by the research agenda of Brüggen et al., (2017), the present study employs the subjective approach to measure financial well-being based on personal finance factors. Based on a comprehensive literature review on the subject matter, employed in this study are financial literacy, financial self-efficacy, and financial behavior (Philippas & Avdoulas, 2020; Renaldo et al., 2020). Furthermore, using digital financial applications is crucial to examining their impact on an individual's financial well-being in the digital age (Aisaiti et al., 2019). This is because poor financial well-being would lead to various detrimental

consequences for individuals.

Digital Finance Applications Usage

The advent of digital finance applications has fundamentally transformed financial management by providing users with innovative tools for transactions, budgeting, and investment. Digital finance applications, such as mobile wallets, online banking platforms, and investment apps, offer unprecedented convenience and access to financial services (Dafri, 2023). These applications enable users to manage their finances more effectively through features like real-time transaction monitoring, personalized budgeting advice, and automated investment strategies.

The synergy between the utilization of these applications and financial well-being is evident in several ways. Firstly, digital finance tools enhance financial inclusion by providing access to financial services for underserved populations, thus improving overall financial stability (Neves et al., 2023). Secondly, they contribute to better financial management by offering users tools to track spending, save systematically, and invest wisely. Studies have shown that individuals who actively use digital finance applications report higher levels of financial satisfaction and security, which are key components of financial well-being (Khamis & Mohamed, 2022).

Moreover, the effective use of digital finance applications is closely linked to improved financial behaviors and attitudes. Users with higher digital financial literacy and self-efficacy are more likely to harness the benefits of these tools to enhance their financial health (Rahman & Yusof, 2023). Thus, the synergy between digital finance application utilization and financial well-being is not merely about access but also about how effectively users can leverage these tools to make informed financial decisions.

Financial Literacy

Focusing on the young generation by examining their financial literacy is an interesting starting point. Studies have shown that the levels of financial literacy of the young population and university students are low (Philippas & Avdoulas, 2020). The term financial literacy is defined as the understanding on financial terms and concepts (Mokhtar & Husniyah, 2017). Besides, Renaldo et al., (2020) described that financial literacy refers to an individual's ability to understand, analyze and manage their personal finances. Mokhtar & Husniyah (2017) have proven that financial literacy has a significant effect on financial well-being among public employees. In addition, Renaldo et al., (2020) have similar findings, whereby they found that financial literacy has a significant positive influence on financial well-being among Generation Z in Pekan Baru, Indonesia. It is proven that financial literacy has a positive influence on individuals' financial well-being even with different respondents and in different contexts.

Financial Behavior

According to the findings of prior studies, one of the personal finance aspects that contribute to better individuals' financial well-being is financial behavior (Brüggen et al., 2017; Renaldo et al., 2020). It demonstrates the level of financial intelligence of individuals. The term financial behavior refers to an individual's financial mindset, perspective, and judgment (Pal et al., 2021). Pal et.al (2021) concluded that financial behavior positively influences financial management attitude and it is believed to also improve financial well-being. Furthermore, financial behavior was discovered to be a significant element influencing financial well-being, especially among Generation Z who show great enthusiasm for investment (Renaldo et al., 2020). Their ability to plan their spending wisely will assist them in making smart financial planning and financial decisions (Pangestu & Karnadi, 2020).

Financial Self-Efficacy

Self-efficacy can be described as an individual's belief in his ability to set a series of actions to achieve his ambitions (Renaldo et al., 2020). In other words, it refers to the feeling of the individuals when they effectively deal with a situation (Pal, Indapurkar, & Gupta, 2021). Renaldo et al., (2020) highlighted that financial self-efficacy has a positive influence on financial well-being because an increase in financial dependence would lead

to an increase in financial well-being. This is in line with the study of Pal et al., (2021) that there is an influence of financial self-efficacy on financial well-being among young investors. Hence, financial self-efficacy is proposed as an independent variable in this research.

Relevant Theories

The study of digital finance application usage and its impact on financial well-being can be effectively underpinned by several key theories that together provide a comprehensive understanding of the variables involved. The *Technology Acceptance Model (TAM)* remains highly relevant, emphasizing that perceived usefulness and ease of use are critical determinants of user intention and continued usage of digital finance applications. This model is particularly useful in explaining how individuals decide to engage with digital financial tools, a crucial step in realizing the benefits of these technologies (Davis, 2021). Complementing TAM, Financial Literacy Theory underscores the importance of digital financial literacy as a key determinant of financial behavior and well-being. It posits that individuals with higher levels of financial knowledge are better equipped to navigate digital finance applications, leading to improved financial management and enhanced financial well-being (Chen et al., 2023).

Several theories and models help explain the relationship between digital finance application usage and financial well-being. TAM posits that perceived ease of use and perceived usefulness are critical factors influencing technology adoption. Applied to digital finance applications, this model suggests that users are more likely to adopt and effectively use these tools if they find them user-friendly and beneficial for managing their finances.

TAM theory explores how users come to accept and use technology. It suggests that perceived ease of use and perceived usefulness are the primary factors influencing users' decisions to adopt new technologies. In the context of digital finance, TAM can help explain the adoption of digital financial applications.

Additionally, the *Theory of Planned Behavior (TPB)* provides insight into how behavioral intentions influence the actual usage of digital finance applications. TPB emphasizes the role of attitudes, subjective norms, and perceived behavioral control in shaping financial behaviors (Ajzen, 1991). For digital finance applications, positive attitudes towards technology, supportive social norms, and high perceived control over financial decisions can lead to better utilization and, consequently, improved financial well-being.

The *Financial Capability Model* also offers a valuable perspective, highlighting the interplay among financial knowledge, attitudes, and behaviors. This model underscores the importance of financial literacy and self-efficacy in utilizing digital finance tools to achieve better financial outcomes (Lusardi & Mitchell, 2014). Understanding how these factors interact can help identify strategies to enhance the impact of digital finance applications on financial well-being.

Next is the *Unified Theory of Acceptance and Use of Technology (UTAUT)*. This model integrates various theories to explain user intentions to use technology and subsequent usage behavior. UTAUT could be useful in examining the factors that drive or hinder the adoption of digital finance tools in different socio-economic contexts. UTAUT incorporates a broader set of factors to explain technology adoption, including performance expectancy, effort expectancy, social influence, and facilitating conditions. UTAUT is particularly useful in examining how socio-economic factors such as income, education, and social environment influence the adoption and utilization of digital finance applications, and subsequently, financial well-being (Venkatesh, Thong, & Xu, 2021). By considering these external influences, UTAUT provides a holistic view of how various demographic factors impact digital finance usage and financial well-being.

Further, *Social Cognitive Theory (SCT)* introduces the concept of financial self-efficacy, which refers to an individual's belief in their ability to manage financial tasks effectively. SCT suggests that higher financial self-efficacy positively influences the effective use of digital finance applications, contributing to better financial outcomes (Tan & Lim, 2023). This highlights the psychological component of financial management, where confidence in one's financial capabilities leads to more proactive and informed use of digital tools.

Together, these theories form a conceptual framework that offers a comprehensive analysis of the factors

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affecting digital finance application usage and financial well-being. The integration of individual, cognitive, and contextual elements allows for a deeper understanding of how digital finance can be leveraged to improve financial well-being across different populations. This theoretical approach enhances the ability of the research to explain phenomena and establishes a strong basis foundation for developing targeted interventions to maximize the benefits of digital finance applications.

Research Gaps

Despite the increasing number of research on digital finance and financial well-being, several research gaps persist. Current studies often focus on broad impacts without exploring specific aspects of digital financial literacy and self-efficacy, especially in diverse socio-economic contexts like Malaysia (Tan & Lim, 2023). There is also a limited exploration of how targeted interventions could address digital divides and improve financial outcomes across different demographic groups.

To address these gaps, future research should focus on the detailed mechanisms through which financial literacy, financial behavior, and self-efficacy influence the effective use of digital finance applications. Additionally, exploring how different demographic factors affect the adoption and outcomes of these tools could provide insights into more effective financial education and support strategies.

In conclusion, the integration of digital finance applications into financial management presents significant opportunities in enhancing financial well-being. However, achieving this potential requires addressing existing disparities in digital literacy and access. By leveraging relevant theories and addressing research gaps, future studies can contribute to a more detailed understanding of how digital finance tools can be optimized to improve financial health and inclusion.

The conceptual framework for this study examines the impact of digital finance application usage on financial well-being, mediated by financial literacy, financial behavior, and financial self-efficacy.

Grounded UTAUT, the framework shows that the use of digital finance applications enhances financial literacy by increasing access to financial information and tools, which, in turn, improves financial well-being. Improved financial behavior, such as budgeting and saving, directly contributes to financial well-being, which is defined as the ability to meet current and future financial obligations while feeling secure in one's financial situation. Additionally, financial self-efficacy, or confidence in managing personal finances, is both a product of using digital finance applications and a driver of financial behavior, further enhancing financial well-being. This framework illustrates the interconnectedness of these components, emphasizing how digital tools can empower individuals to achieve greater financial health through improved knowledge, behavior, and confidence.

Figure 1 Conceptual Framework

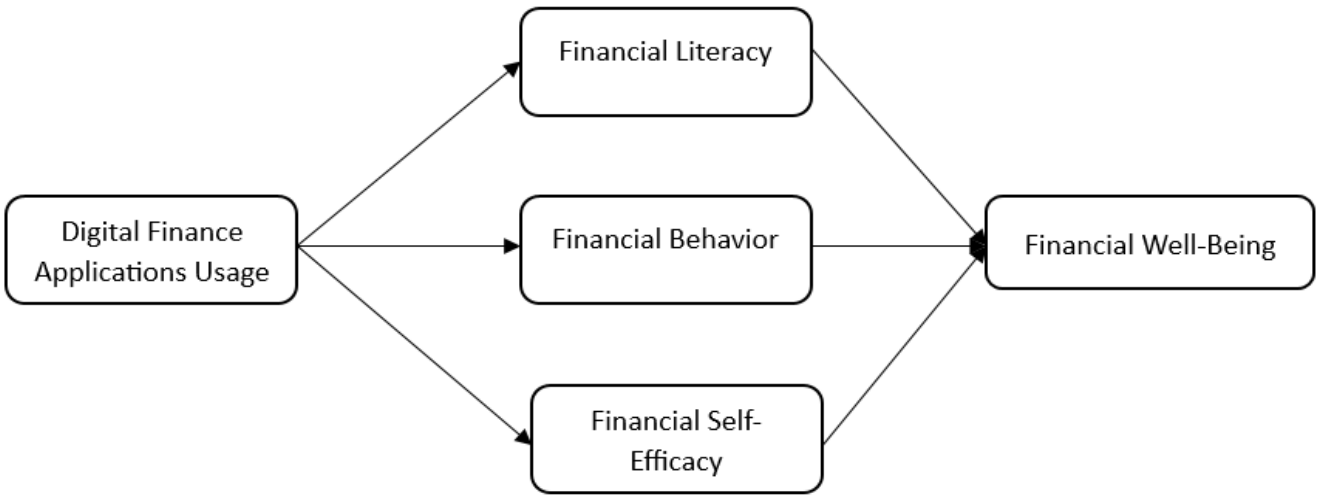

Table I Research Gaps

Authors	Year	Title	Key Findings
P. Gomber, Jascha-Alexander Koch, Michael Siering	2017	Digital Finance and FinTech: current research and future research directions	Digital Finance research focuses on novel business opportunities and models, with FinTech companies delivering novel customer interactions and communication, and the Digital Finance Cube conceptualizes the field.
Jie Li, Yu Wu, J. Xiao	2020	The impact of digital finance on household consumption: Evidence from China	Digital inclusive finance positively impacts household consumption in China, particularly promoting recurring expenditures like food, clothing, house maintenance, medical care, and education and entertainment.
Yuanyuan Luo, Yuchao Peng, Lianyun Zeng	2021	Digital financial capability and entrepreneurial performance	Digital financial capability positively impacts business ownership, innovation, and financial performance, particularly benefiting vulnerable populations in rural or less-developed areas.
Boou Chen, Chunkai Zhao	2021	Poverty reduction in rural China: Does the digital finance matter?	Digital finance significantly reduces poverty in rural China, likely due to alleviating credit constraints, and information constraints, broadening social networks, and promoting entrepreneurship.
Dan Luo, Man Luo, Jiamin Lv	2022	Can Digital Finance Contribute to the Promotion of Financial Sustainability? A Financial Efficiency Perspective	Digital finance significantly contributes to improving regional financial efficiency in China, with technological advancement and increased breadth of coverage being key drivers.
Kexin Meng, J. Xiao	2022	Digital finance and happiness: evidence from China	Digital finance in China negatively impacts happiness through increased debt burden and overspending behavior, with age, debt level, and trust degree as moderators.

Table 1 summarizes the key research findings on the impact of digital finance across various domains, highlighting both its benefits and potential drawbacks. Dafri (2023) provides a foundational overview of digital finance, emphasizing its role in creating novel business opportunities and customer interactions through FinTech, and introduces the Digital Finance Cube as a conceptual framework. In China, digital finance has been shown to positively influence household consumption, particularly in areas like food, clothing, and education, as evidenced by the study conducted by Li, Wu, and Xiao (2020). Luo, Peng, and Zeng (2021) further extend this understanding by demonstrating that digital financial capability significantly enhances entrepreneurial performance, especially in rural or underdeveloped regions. Similarly, Chen and Zhao (2021) highlight the role of digital finance in poverty reduction in rural China by alleviating constraints related to credit, information, and social networks, thus fostering entrepreneurship among the communities.

On a broader scale, Luo, Peng, and Zeng (2021) argue that digital finance contributes to regional financial sustainability by improving financial efficiency, driven by technological advancements. However, Meng and Xiao (2022) caution that while digital finance has many benefits, it can negatively affect happiness in China due to issues like increased debt burdens and overspending, moderated by factors such as age and trust.

Past studies demonstrate mixed findings on the impact of digital finance, with implications for both economic growth and individuals' financial well-being. Nevertheless, there are limited studies that specifically examine the effects of digital financial apps or the mechanisms by which the use of digital finance affects individual happiness and well-being. Thus, it is crucial to investigate the usage of digital finance applications and the

influence of personal finance factors, particularly financial literacy, financial behavior, and financial self-efficacy, and their effects on financial well-being.

METHODOLOGY

Research Methodology

This study adopts a quantitative research design, which is suitable for testing the relationships between digital finance application usage, financial literacy, financial behavior, financial self-efficacy, and financial well-being. The target population consists of adult users of digital finance applications within urban areas, as these regions typically have higher rates of technology adoption. The G*Power 3.1 template (Faul et al., 2009) is used to determine the minimum number of sample size required. A sample size of approximately 130 respondents is deemed sufficient to achieve a 95% confidence level. A minimum sample size of 130 was required when using G*Power with an effect size of 0.15, alpha of 0.05, and power of 0.95. The sampling technique employed will be stratified random sampling, ensuring that different demographic groups (age, income level, and education) are proportionately represented. This approach enhances the generalizability of the findings to a broader population.

Data Collection

Data will be collected using a structured questionnaire distributed through online platforms, ensuring wide reach and convenience for respondents. Questions are divided into four sections, consisting of digital finance applications usage (Part 1), three measures of personal finance factor (Part 2), namely financial literacy, financial behavior, financial self-efficacy, and financial well-being (Part 3), and demographic information (Part 4). Questions that have been adapted and adopted from the previous studies are based on a mix of positive and negatively worded statements. Each item of the survey instrument is measured using the seven-point Likert scale ranging from 1 “strongly disagree” to 7 for “strongly agree”, which is a common and reliable method for measuring attitudes and perceptions. The online distribution method is also cost-effective and allows for quick data collection, aligning with the research objectives to capture contemporary data on digital finance applications usage.

Data Analysis

The analysis will be conducted using software such as SPSS and smartPLS, which are widely recognized for their robust statistical capabilities. The collected data will be analyzed using Structural Equation Modeling (SEM) to test the hypothesized relationships between the variables. SEM is chosen for its ability to assess complex relationships and account for measurement errors, making it suitable for validating the conceptual framework (Hair et al., 2019). Descriptive statistics will be used to summarize the demographic characteristics of the sample, while inferential statistics, including regression analysis, will be applied to determine the strength and significance of the relationships between the variables.

The first section of the data analysis will consist of a simple descriptive statistic to provide an overview of the demographic profile of the respondents. This will provide detailed characteristics of the sample being studied. Secondly, the Partial Least Squares - Structural Equation Modelling (PLS-SEM) approach will be used to test the relationship for the proposed framework that has been developed. PLS is a second-generation multivariate technique that can simultaneously evaluate the measurement model (the relationship between constructs and their corresponding indicators) and the structural model with the aim of minimizing the error variance of the data (Hair et al., 2017). The assessment of measurement models includes internal consistency reliability, indicator reliability, convergent validity, and discriminant validity. Next, PLS bootstrapping method will be conducted to determine the significance level for loadings, weights, and path coefficients.

The proposed conceptual framework will be validated and tested for model fit using the structural equation modelling technique; model’s prediction accuracy. This will be examined by the coefficient of determination (R2), effect size (f2), and Stone-Geisser Q2 predictive relevance (Hair et al., 2019 & Ramayah et al., 2018). The coefficient of determination score (R2) is the primary evaluation criterion for the structural model. It is a measure

of the framework model's explanatory power and represents the amount of variance in the endogenous construct explained by all the exogenous constructs associated with it (Ramayah et al., 2018). The f2 effect size examines the practical significance of the predictors which in this study, the predictors include personal finance factors and digital finance. The predictive relevance of the theoretical framework is assessed based on the results of cross-validated redundancy Q2 value. Finally, the research framework can be evaluated for out-of-sample prediction accuracy by setting up a standard algorithm of PLS prediction analysis.

To ensure the reliability and validity of the questionnaire constructs, Cronbach's alpha will be used to assess internal consistency, with a threshold of 0.70 or higher considered acceptable (Hair et al., 2019). Construct validity will be evaluated through factor loading analysis, ensuring that the items load appropriately on their respective factors. Content validity will be ensured through expert review, where specialists in finance and digital applications will evaluate the questionnaire items for relevance and clarity. Additionally, a pilot test will be conducted with a small subset of the target population to identify any ambiguities or issues in the questionnaire, allowing for revisions before full-scale data collection.

DISCUSSION

The findings of this study underscore the critical role of digital finance applications in enhancing financial well-being, aligning with recent research that highlights the positive impacts of technology on personal finance management (Chen et al., 2023). This study is conducted to confirm and provide a better understanding of why the increase in usage of digital finance applications enables users to achieve their financial goals more effectively, which in return would improve the users' financial well-being. The positive impacts of financial behavior on financial well-being are also verified from past studies, which indicate that proactive and informed financial practices contribute significantly to overall financial health (Xie et al., 2024). Hence, identifying the personal finance factors that influence the effective access and use of digital finance tools is crucial in optimizing individual financial well-being in the digital age.

Overall, this proposed study is to be conducted to provide empirical support and affirm the conceptual model by examining that digital finance applications, when coupled with strong financial literacy and behavior, can significantly improve financial well-being. Future research should explore longitudinal impacts and potential variations across different demographic groups to further validate this proposed study and refine digital financial tools.

This proposed study also highlights the key role of digital finance applications in enhancing financial well-being, aligning with recent research that highlights their effectiveness in improving personal finance management (Chen et al., 2023). The results may emphasize the necessity of incorporating educational elements into digital finance applications, reinforcing their role in not only facilitating transactions but also in bolstering users' financial skills and confidence (Smith & Thompson, 2024). Collectively, this proposed study should provide strong empirical support for the positive impact of digital finance applications on financial well-being, suggesting that future research should explore their long-term effects and variations across different populations to validate and refine these insights.

CONCLUSION

In conclusion, this study provides significant insights into the impact of digital finance applications on financial well-being, highlighting that increased usage of these applications may be positively associated with improved financial outcomes. It is anticipated that digital finance tools enhance users' financial management capabilities, foster better financial behaviors, and elevate financial self-efficacy. Thus, it is important to enhance users' financial literacy, behavior, and self-efficacy to ensure that the usage of digital finance applications contributes to better users' financial well-being.

Theoretical implications include a reinforced understanding of how digital tools facilitate financial literacy and self-efficacy, contributing to a larger Financial Capability Framework (Miller & John, 2022). Practically, this study supports integrating educational components into digital finance applications to maximize their benefits and support users in making informed financial decisions.

However, this study does have limitations, such as its reliance on self-reported data which would lead to elements of biases, and the lack of longitudinal analysis to assess long-term effects. Therefore, future research should address these limitations by incorporating diverse data collection methods and examining the sustained impact of digital finance applications over time. Additionally, exploring variations across different demographic groups could provide deeper insights into the differential effects of these applications.

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