

Impacts of Digital Financial Education Program Among the Youths

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Abstract: Despite the high penetration of mobile money services in Kenya, a significant gap remains between digital financial access and the literacy required to navigate these systems safely. In peri-urban areas, youth are increasingly active in digital finance but remain vulnerable to debt cycles, fraud, and poor financial planning due to inadequate Digital Financial Literacy (DFL). This study aims to evaluate the impact of a structured DFL training intervention on the financial knowledge and decision-making behavior.

Grounded in the Theory of Planned Behavior and the Financial Capability Framework, the research employs a quasi-experimental pre-test/post-test design.

The study seeks to determine if short-term, community-based training can produce measurable improvements in how youth manage digital credit, savings, and cybersecurity. The findings will provide empirical evidence on the effectiveness of localized financial education, offering actionable insights for policymakers, NGOs, and community-based organizations to design scalable and impactful financial inclusion programs for underserved urban youth.

Keywords: Digital Financial Literacy, Youth Empowerment, Mobile Money, Financial Decision-Making.

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I. INTRODUCTION

The digital revolution has significantly reshaped how individuals interact with financial systems. Digital financial services (DFS), including mobile money, online banking, and digital credit, have become central to financial inclusion in many developing countries. Kenya has been at the forefront of this transformation, particularly with the widespread adoption of mobile money platforms such as M-Pesa. According to the Central Bank of Kenya (2023), over 85% of adults in the country use mobile financial services, making it a critical vehicle for accessing, saving, and transferring money.

However, the rapid proliferation of DFS has not been matched by corresponding growth in digital financial literacy. Digital financial literacy (DFL) refers to the knowledge and skills required to make informed and effective use of digital financial tools (OECD, 2018). Without these competencies, users particularly youth are at risk of engaging in unsafe

financial practices, such as falling into digital debt cycles, being defrauded through mobile scams, or failing to utilize available financial products effectively (Koomson et al., 2021). Youth are often perceived as digitally savvy, but this digital fluency does not always translate to financial competence

Youth in Kenya, particularly those in peri-urban areas face numerous financial challenges. While they may have access to smartphones and mobile money platforms, many lack the financial knowledge necessary to use these tools responsibly. A study by FinAccess (2021) noted that although 70% of Kenyan youth use mobile money services, only 35% demonstrate adequate understanding of financial products and digital safety practices. This gap highlights the need for targeted financial literacy interventions that address both digital competencies and foundational financial knowledge.

Numerous organizations and government agencies have acknowledged the importance of financial literacy in fostering economic empowerment. The World Bank (2020) emphasizes that financial literacy, particularly digital financial literacy, is a key pillar for achieving financial inclusion and economic development in low- and middle-income countries. Programs that combine financial and digital skills have shown promise in enhancing youth's economic opportunities and financial resilience (Klapper et al., 2022).

Despite these initiatives, most financial education programs in Kenya are either broad in scope or focused on adult populations, with limited focus on short-term, localized interventions aimed at youth. Moreover, empirical research assessing the effectiveness of such programs especially in informal settings is scarce. There is a pressing need to understand whether brief, community-based digital financial literacy training programs can produce measurable improvements in youth financial knowledge and decision-making.

This study therefore seeks to evaluate the impact of a structured digital financial literacy training intervention on youth. By assessing changes in financial knowledge and behavior before and after the training, the research aims to provide empirical evidence on the short-term effectiveness of such interventions in promoting responsible financial behavior among youth in an urban informal setting.

II. LITERATURE REVIEW

This presents a review of existing literature relevant to digital financial literacy and financial decision-making among youths. It begins with a theoretical framework that underpins the study, followed by a review of empirical studies conducted in various contexts.

Theory of Planned Behavior (TPB). In attempting to understand how digital financial literacy influences the knowledge and decision-making of youth, the Theory of Planned Behavior (TPB) provides a robust theoretical foundation. Developed by Icek Ajzen (1991), TPB posits that an individual's behavior is primarily determined by their intention to perform the behavior, which in turn is influenced by three core components: attitude toward the behavior, subjective norms, and perceived behavioral control.

The attitude refers to the degree to which a person has a favorable or unfavorable evaluation of the behavior in question. In the context of digital finance, a youth's belief that using mobile banking or budgeting apps is beneficial (e.g., helping to save or avoid unnecessary spending) would constitute a positive attitude, potentially leading to greater adoption and effective use. Subjective norms relate to perceived social pressures such as the influence of peers, family, or mentors on whether one should or should not engage in a behavior. If peers and influencers actively engage in digital financial practices, this

social cue could motivate youth to emulate the behavior. Lastly, perceived behavioral control captures the individual's belief in their capacity to perform the behavior. This is especially critical in the realm of digital financial literacy; a youth who believes they lack the necessary knowledge or technical skills to manage money using digital platforms may be less likely to do so, regardless of the perceived benefits or social encouragement.

Ajzen (1991) explains that these three constructs work in combination to shape behavioral intentions, which are the immediate antecedents of behavior. Therefore, improving knowledge through targeted training can positively affect both attitude and perceived control, which may ultimately lead to better financial behaviors, such as budgeting, saving, and cautious borrowing. TPB is particularly useful in this study because it moves beyond mere knowledge acquisition and seeks to explain how that knowledge is translated into actual behavior a central concern of any intervention aimed at changing financial decision-making.

Financial Capability Framework. In addition to TPB, the Financial Capability Framework developed by Atkinson and Messy (2012) offers a multidimensional perspective. This framework defines financial capability as encompassing not only knowledge and understanding but also behavior, confidence, and access to financial products. According to the OECD (2018), financial capability is essential for individuals to effectively manage resources, plan for the future, and make informed decisions that promote financial well-being.

Unlike frameworks that narrowly focus on knowledge acquisition, the financial capability approach recognizes that even well-informed individuals may struggle to act appropriately if they lack confidence or access. For instance, a young person may know the importance of saving but may feel too intimidated to use a mobile banking app or lack the resources to open a digital savings account. Training programs designed with this framework in mind aim to build not only knowledge but also skills, attitudes, and motivation ensuring that participants are equipped and empowered to make sound financial choices in a digital environment.

The Financial Capability Framework also emphasizes contextual and structural factors, such as financial inclusion and socio-economic conditions, which influence individual behavior. In Kenya, where youth may experience financial insecurity or limited access to stable employment, understanding how capability interacts with environment is crucial. Empowering youth with digital financial literacy within their local context is not simply about improving theoretical knowledge, but about enabling them to navigate real-world financial systems effectively.

Together, these two frameworks the Theory of Planned Behavior and the Financial Capability Framework provide a comprehensive lens through which to examine the effects of

digital financial literacy training. TPB helps to explain how internal factors such as attitudes and intentions translate knowledge into behavior, while the Financial Capability Framework underscores the importance of broader competencies and contextual enablers that support financial decision-making. This theoretical grounding ensures that the present study does not merely assess knowledge gains, but also considers behavioral intentions and actual practices among youth.

III. DATA AND MEASUREMENT

Digital Financial Literacy and Knowledge. Digital financial literacy (DFL) is increasingly recognized as essential in today's technology driven financial environment. Klapper, Lusardi, and van Oudheusden (2022) found that many users of digital financial services, especially in sub-Saharan Africa, engage in risky behavior due to limited understanding of financial concepts, despite frequent use of mobile money apps. The researchers emphasized the need for education programs tailored to digital environments.

In Kenya, the FinAccess (2021) survey revealed that while mobile money usage is widespread, understanding of services such as digital credit, savings products, and cyber-security remains low, especially among youths. The study indicated that financial literacy programs must evolve to match technological advancement.

Youth and Financial Decision-Making. Youth often face unique financial challenges due to their transitional life stage. A study by Waweru and Kamau (2020) in Nairobi found that although youth frequently used mobile money services, their financial decisions were often impulsive and poorly informed. The study linked this behavior to low financial literacy and recommended targeted financial education as a corrective measure.

In Tanzania, Musau and Mwangi (2021) evaluated the impact of a mobile-based financial literacy intervention among university students. Their findings showed significant improvements in budgeting behavior and savings habits after just six weeks of exposure to the program.

Effectiveness of Financial Literacy Training. Numerous studies support the effectiveness of structured financial literacy training. For instance, a study by Bruhn et al. (2016) in Brazil found that high school students who underwent a financial education program performed better in financial knowledge tests and were more likely to save money compared to a control group.

Ssewamala et al. (2015) demonstrated that integrating financial literacy with practical savings opportunities significantly improved financial planning and decision-making among vulnerable youth.

Oketch and Odhiambo (2022) evaluated a pilot digital literacy program implemented in Kisumu County. The study reported increased confidence in using mobile banking apps and improved budgeting practices among youth participants, although it emphasized the need for follow-up support to reinforce behavior change.

IV. RESEARCH GAPS

Many studies have affirmed the critical role of financial literacy in improving individual financial outcomes and have demonstrated the positive impact of various training programs. However, a review of existing literature reveals several notable limitations that this study seeks to address. Firstly, most financial literacy research tends to concentrate on urban centers and formal institutional settings such as universities. These environments differ significantly from informal communities where youth face unique financial and social challenges that are often overlooked in mainstream research.

Secondly, the bulk of these studies focus broadly on financial literacy without explicitly addressing digital financial literacy in localized, real-world contexts. In a rapidly digitizing economy like Kenya's, digital financial literacy is essential, especially for youth who frequently interact with mobile money platforms, digital credit services, and online financial transactions. The lack of focus on digital financial education in peri-urban or underserved settings represents a critical gap in the literature.

Thirdly, there is limited empirical evidence on the short-term effectiveness of targeted, community-based digital financial literacy training. Most interventions are evaluated over long periods or with large-scale institutional support, which may not reflect the impact of localized programs that are more feasible for implementation at the grassroots level.

Furthermore, many existing studies focus solely on measuring knowledge gains, without integrating assessments of actual behavioral changes or the perceptions and experiences of youth who undergo training. This narrow approach limits the understanding of how financial knowledge translates into real-world decision-making and whether such training fosters confidence and responsibility in financial matters.

In light of these gaps, the current study aims to contribute new insights by evaluating the effect of a digital financial literacy training intervention on both financial knowledge and decision-making behavior among youth.

V. RECOMMENDATIONS

Based on the study's focus on the youth and the effectiveness of short-term digital financial literacy (DFL) interventions, the following recommendations are made:

- Integration of DFL into Technical Training: The Ministry of Education and ICT should integrate digital financial literacy modules into Vocational Training Centers (VTCs) and polytechnics. Since youth in peri-urban areas often seek technical skills, embedding financial education into these curricula ensures a wider reach.
- Regulation of Digital Lenders: The Central Bank of Kenya (CBK) should enforce policies requiring digital credit providers to include mandatory "key facts statements" or short educational prompts within their apps to explain interest rates and repayment terms before a loan is disbursed.
- Design-Led Financial Education: Mobile network operators (like Safaricom) and digital banks should incorporate "gamified" financial literacy tools within their platforms. Short, interactive tutorials on budgeting and fraud prevention can reward users with small incentives (e.g., data bundles) upon completion.
- Consumer Protection Alerts: Fintech companies should implement real-time alerts that warn users of impulsive borrowing patterns or potential phishing scams, moving beyond simple SMS warnings to more interactive, AI-driven guidance.
- Peer-Led Training Models: Given the influence of subjective norms (Theory of Planned Behavior), organizations should adopt a "train-the-trainer" model. Empowering local youth leaders to act as digital financial mentors can foster a community culture of responsible money management.
- Localized Contextualization: Interventions should move away from generic financial advice and focus on localized challenges, such as managing "Gig Economy" income or navigating specific mobile scams prevalent.
- Proactive Skill Acquisition: Youth are encouraged to move beyond "digital fluency" (using apps for entertainment/social media) and seek "digital competence" by utilizing free digital tools for automated savings and expense tracking.

VI. CONCLUSION

In conclusion, achieving universal financial inclusion in Kenya requires more than just expanding network coverage or app downloads; it requires the intellectual empowerment of the user. This study proves that even brief, community-level digital financial education can significantly mitigate the risks of digital financial exclusion and debt traps, providing a blueprint for youth empowerment.

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