

From Informed Choices to Trusted Decisions: Financial Literacy in the Digital Age

Financial literacy is not a new concept for Indians; its roots can be traced to the country's rich intellectual and economic traditions. Originating from the principles of *Artha* and prudent household management, these practices evolved into the sophisticated financial practices described in Kautilya's *Arthashastra*. India has demonstrated a nuanced understanding of wealth creation, saving, taxation, credit and accountability. The indigenous institutions such as *shrenis* (guilds), *hundis* and community-based financial arrangements further facilitated commerce and capital mobilisation. Financial wisdom was transmitted across generations through families, communities and commercial practices, with emphasis on thrift, ethical conduct, prudent borrowing and responsible usage of resources.

This enduring tradition of financial wisdom provides a strong foundation for understanding the changing contours of financial literacy in modern India. With the advent of digital finance, financial literacy is no longer confined to the ability to understand money; it now encompasses the capacity to make informed, responsible and secure decisions within an increasingly complex digital economy. Mobile banking, digital payments, online investment platforms and sophisticated financial products have made financial services more accessible than ever before. However, accessibility does not necessarily translate into financial understanding. The rapid expansion of social media, coupled with the growing influence of influencers and digitally disseminated financial content, to some extent, has complicated this landscape. While these platforms can democratise access to financial knowledge, the absence of adequate context, professional accountability and regulatory oversight may enable misinformation, oversimplified advice and unrealistic expectations to spread rapidly. Artificial Intelligence has added another dimension to this transformation. AI-powered tools can process vast volumes of information, generate personalised recommendations and assist individuals in making faster financial decisions. Nevertheless, their reliability ultimately depends on the quality of the underlying data, the transparency of the algorithms and the user's ability to critically assess and judiciously apply the insights generated.

The other side of the coin of the digital transformation of finance has been an increase in the risk of cyber-enabled fraud. Phishing, identity theft, fraudulent investment schemes, impersonation and manipulated digital transactions can cause serious financial and reputational harm, particularly to individuals unfamiliar with emerging technologies. News is flooded with reports of people being deceived through fake links, customer-care numbers, social-media promotions and unauthorised trading platforms which highlight the need for greater vigilance. Government is playing an active role by organising regulatory awareness

campaigns, advisories and financial education programmes that play an important role in promoting secure digital practices and timely reporting of fraud.

While these measures are essential for addressing the risks posed by digital finance, investor protection must adopt a broader and more preventive approach. It should extend beyond regulatory safeguards to developing the ability to identify risks, verify information, protect financial credentials and exercise independent judgement. Financially literate individuals are better equipped to question unsolicited advice, recognise unrealistic return promises and distinguish genuine opportunities from fraudulent propositions. Strengthening financial literacy is therefore essential to building a secure, accountable and resilient financial ecosystem in which technological progress is supported by informed participation.

Aligning with the steps taken by the government, India needs the force that can help in inculcating financial awareness from the grassroots, that can guide and nurture people and businesses in the realm of finance. Profession can play a transformative role by translating complex financial, tax and regulatory matters into practical guidance for individuals, businesses and communities by promoting sound budgeting, prudent borrowing, responsible investing, tax compliance, retirement planning and effective risk management. Profession's expertise can further help small businesses improve cash-flow management, internal controls, governance and access to formal credit.

ICAI is also contributing significantly to the vision of a financially literate India. Through its committees and outreach initiatives, the Institute conducts financial-literacy programmes, workshops and similar initiatives to promote financial awareness at the grassroots. By educating citizens on prudent financial planning, responsible investing, tax compliance, digital security and protection against financial risks, ICAI is helping create not merely financially literate citizens, but financially discerning, confident and empowered individuals in India's economic progress.

It is right to conclude that money in the hands of a person who knows how to manage it always multiplies and creates opportunities for them. The journey from informed choices to trusted decisions therefore requires the combined efforts of the Government, regulators, financial institutions, professionals and citizens. With Chartered Accountants serving as educators, advisors and guardians of financial trust, India can move towards a more inclusive, secure and financially empowered future.

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