

ABSTRACT

This research explores the relationship between financial literacy and the adoption of digital financial services among mobile users in Arusha City, Tanzania. A sample of 344 mobile money users was surveyed to investigate this phenomenon. Utilizing Partial Least Squares Structural Equation Modeling (PLS SEM) and employing a survey method, the study analyzed the dimensions of financial literacy—attitude, knowledge, and behavior—in relation to the adoption of digital financial services. The findings reveal a significant influence of financial literacy on the adoption of digital services among mobile money users in Arusha. Specifically, positive attitudes, enhanced knowledge, and proactive financial behavior contribute to a higher likelihood of adopting digital financial services. These results underscore the importance of financial literacy interventions in promoting the widespread adoption of digital financial services in the region. The study recommends targeted educational programs and awareness campaigns to enhance financial literacy among mobile users, thereby fostering a more inclusive and sustainable digital financial ecosystem in Arusha, Tanzania.

Keywords: financial attitude, financial behavior, financial knowledge, adoption of digital financial services, PLS SEM