



Adoption Dynamics of Digital Financial Services Among Young Adults in South African Urban Centers: Implications for Policy Recommendations

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Abstract

Digital financial services (DFS), such as mobile money transfers and digital wallets, are increasingly prevalent in urban South African settings among young adults. However, understanding their adoption dynamics and implications for policy is crucial given the sector's rapid development. Qualitative interviews were conducted with a purposive sample of 50 young adults aged 18-35 who use or have used DFS. Data analysis employed thematic content analysis. A significant proportion (64%) of participants reported using at least one form of DFS, and over half cited convenience as the primary motivator for adoption. Financial literacy was identified as a critical barrier to greater usage. The findings suggest that while young adults in urban South Africa have high engagement with DFS, there are substantial barriers preventing full uptake. Recommendations include enhancing financial education programmes and improving DFS accessibility. Policymakers should prioritise the development of comprehensive financial literacy initiatives targeting young adults. Additionally, efforts to reduce transaction costs and improve service availability could significantly boost adoption rates.

Keywords: *Sub-Saharan, urbanization, digital divide, financial inclusion, socioeconomic disparities, qualitative research, participatory methodologies*

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