

The Striking Impact of Digital Economy on Individual Happiness: Evidence from China

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Abstract. The further digitized innovations accompanied by the digital economy, have augmented the refinement of our globe and provided remarkable welfare and services that have never been anticipated in the past. Hence, taking China as an example, this paper aims to examine the striking impact of digital financial inclusion (DFI) on individual happiness via using China Family Panel Study (CFPS). According to the results, it found that DFI has a positive impact on individual happiness. Yet, the result varies depending on the individual traits, such as gender. Based on the result, it suggests that the governments or social organizations ought to care about the local digital economy as the digital financial inclusion is incorporated with the driven force of happiness, which has an extensive impact on local economy and individual overall satisfaction. In addition, individual traits such as gender, should also be taken into account in terms of DFI.

Keywords: Digital Economic; Happiness; Digital Financial Inclusion; Gender.

1. Introduction

Skyrocketing technological development, advanced by an extensive group of individuals linked by the global communication network, has significantly facilitated the world's economic digitization, which is particularly consequential to both the happiness of human-being and the growth of the economy of one country. In other words, the digital economy may also be seen as an ecosystem in which digital data serve as a primary source of production for all types of social and economic activity. A nationwide financial system can also be categorized as core or peripheral depending on whether it has symbols for the digital economy (Shatkovskaya et al., 2018). Hence, the further digitized innovations (artificial intelligence, mobile services, and cloud), accompanied by the digital economy, have augmented the refinement of our globe and provided remarkable welfare and services that have never been anticipated in the past (Watanabe et al., 2018).

As our world is going digitized, people's work style has changed enormously: in the past, people may have taken public transportation to the workplace every day; however, due to the advancement of technology, people can choose to work in numerous different ways, such as online by using the laptop. The digitized work style has also affected the happiness levels of humans and productivity of the organizations: the more elevated the happiness level of the organization is, the more heightened the productivity the organization may have (Sato et al., 2018).

Happiness, historically, has been used in a myriad of ways. For instance, in ancient Greek, happiness was used as Eudaimonia, meaning having a good guardian spirit, which states that happiness is to achieve an objectively valuable life. In English, coming from the word Hub, happiness means what just happened, including luck, chance, good and bad. In the present world, happiness is a feeling and state of mind, being satisfied, glad, or incidents that one perceives as meaningful in life subjectively or objectively (Griffin, 2007). More importantly, with the increasing demand for diversity, more and more people realize that happiness can be employed as the measure of the index of development of the society's economy. It may be better and more accurate than the method of using income, production, or expenditure. Furthermore, happiness can be measured through the satisfaction of the work, life, or happy index: satisfaction of work indicates how satisfied a person rates with their current employment; life satisfaction illustrates the overall appraisal of a person of their level of fulfillment regarding the current conditions of life (Gilman, & Huebner, 2000); as for the estimation of happiness is being reckoned due to the individuals' former experience, a retrospect of the past, and future expectations.

Does our happiness enhance proportionally with digital financial inclusion or disproportionately as the daily life of our individuals becomes progressively convenient and advanced? This field of study has not yet been deeply discovered, so this paper aims to scrutinize the association between DFI and the happiness of human beings.

In this paper, we utilized different models to analyze the data extracted from the China Family Panel Study (CFPS), including the baseline regression model, correlation analysis, regression analysis, moderate effect analysis, etc. According to the result, we can notice the positive relationship between happiness and DFI, indicating that DFI has an optimistic influence on the happiness of individuals (the more advanced it is, the greater happiness an individual may sense).

The discussion and research in this paper contribute to the extant publications and ongoing debates on the connection between digital financial inclusion and happiness. Insights and conclusions can provide a deeper insight into the subjects associated with the skyrocketing expansion of digital financial services and the delight of individuals. Secondly, this article can contribute to the potential literature as a reference for academics and researchers. Thirdly, this article aims to probe the connection of DFI with happiness and digital finance. Most importantly, the insights of this article desire to deliver some future recommendations for policymakers or some existing social organizations regarding the issues of happiness and digital financial services.

The rest of the paper is structured as follows: the second section is the literature review, which discusses the previous studies that had been done in the field of the area; the third section is the research design, giving a detailed theoretical framework, data, and methodology; the fourth section is the empirical results, covering the results and discussion; the fifth section, the final section, is the conclusion and insights, which summarizes the conclusion and provides some recommendations, or insights, based on the results.

2. Literature Review

Since the day that humans developed the sense of emotion, in any portion of the world, an individual may feel happy, unhappy, or others (such as being stressed or depressed). Those feelings have played a crucial role in people's everyday lives and contribute to satisfaction. Life satisfaction is closely related to happiness, which is one of the ultimate objectives of an individual's life. Furthermore, philosophers and psychologists have long been interested in investigating the concept of happiness (Singh & Jha, 2008). In modern society, happiness may be influenced by various factors: it includes not only living quality, sensuous pleasures, and pains, but also spiritual fulfillment or things related to mentality (Ng, 2015). According to Waterman, written in 1993, happiness is expected to be sensed by human beings whenever pleasurable effects accompany the fulfillment of needs, whether physically, intellectually, or socially based". Furthermore, happiness can be defined as the period of time when individuals experience cheerful effects and are likely to act as a role in health through their effects on social affinities, wholesome manners, anxiety, accident, suicide rates, coping, and possible effects on immune function. (Lyubomirsky, King, & Diener, 2005). Moreover, according to Kahana (1995), Lyubomir, and Veenhoven (1994), both individuals, students, and people who have retired, satisfaction (leisure and entertaining activities) has been proved to be enormously associated with happiness.

As widely accepted, the digital economy, perceived by most people as the higher efficiency and productivity, is more about new products and activities, involving the proliferation of internet use (Carlsson, 2004). And the internet, as a contemporary form of connectivity among numerous heterogeneous thoughts & actors, provides advancement to an extensive range of new medleys. According to Mesenbourg (2001), it is better to consider the economy that provides digital services as three primary elements: subsidizing infrastructure, electronic trade operations, and electronic business transactions (Mesenbourg, 2001). Electronic trade operations and electronic business transactions involve the significant usage of computer-mediated networks which is the key difference that sets them apart from other kinds of business (Mesenbourg, 2001). In 1911, scholar Schumpeter

argued that innovation is one of the essential parts of the economic growth of one country, which signifies the importance of the need to go digital (Schumpeter, 1911).

Namely, digital financial inclusion refers to a financial system that serves and provides digital access to all classes and groups in an effective and comprehensive manner (including the lagging groups) and is closely related to a country's economic growth (Zhang et al., 2019). Furthermore, Ozili advocates that digital finance issues are greater financial inclusion in developing and emerging economies through digital finance; the savings, capital information, and investment opportunities are also offered by digital financial inclusion in digital ways (Ozili, 2018). In addition, Kapoor claims that Financial inclusion benefits all residents and contributes to economic growth (Kapoor, 2014). According to Schneider, DFI can augment the economic expansion of one country in multiple methods: for example, government agencies, companies, and financial providers' operational efficiency will be significantly enhanced if they don't have to depend on the use of cash and written records for their day-to-day operation, resulting in a tremendous boost in revenue and savings, and they can decrease the expenditure of financial services as well with the digital financial inclusion (Schneider, 2018). For example, accompanied digital finance inclusion can increase poor people's access to finance while lowering the financial intermediation expense for both banks and Fintech providers (any company that employs technology to modify, improve, or automate financial services for clients or enterprises).; it can reduce the augmenting aggregate expenditure for the government as well (Ozili, 2018). Therefore, digital financial inclusion should be taken into consideration when we measure the happiness of individuals.

Indeed, a few research analyses have been completed to discover the association between the digital economy and happiness, which is the primary focus of this essay. For instance, if we consider contemporary China, most of the region is becoming digitized with the augmentation of electronic devices, cashless payment, etc. Therefore, we used Chinese citizens as our target experimenter to explore how the digital economy affects people's sense of happiness. Importantly, we assume that the level of happiness perceived by citizens increases proportionally with the level of digitalization of the area where people live. To prove our hypothesis, we construct multiple models to uncover the connectivity between them, differentiating them from the earlier analyses.

3. Research Design

3.1 Data and Sample Resource

The CFPS is a yearly survey of Chinese societies, households, and individuals conducted by the ISSS, Institute of Social Science Survey, of Peking University in 2010, which provided the data used in this paper. Its mission is to collect longitudinal data on individuals, families, and communities in contemporary China. The CFPS concentrates on the economic as well as non-economic well-being of the population of China, in addition to a myriad of information covering various topics: economic activities, educational consequences, family dynamics and affinities, migration, healthiness, etc. To ensure accuracy, we dropped the missing values and abnormal observations (outliers).

Using CFPS as the dataset, we would gain convenience due to the advantages of the study. The most crucial one is the information and measurement of happiness. Since the survey contains the happiness sector, in 2010, the respondents were questioned about their view of happiness in their life and rated their happiness level with a Likert scale ranging from 1 to 5, and 5 is the highest level of happiness. In 2014 and 2018, the survey used a Likert scale of 0-10 to apply the level of happiness (Happiness levels range from 0 to 10, with 10 being the happiest.) (Hu et al, 2021).

3.2 Variables Definition

The variables used in the model and analysis can be divided into three categories: explained, explanatory, and control variables. The individual characteristics and variables contain 13 variables in total (Happiness, Digital, Age, Gender, Marriage, Health, Education, Party, and Urban). Most data are extracted from the CFPS and the Peking University DFII.

Happiness is an ordered variable that gauges happiness with current life on a 5-point scale ranging from 1 (the lowest perceptiveness of happiness) to 5 (the highest perceptiveness of happiness). Furthermore, the Digital represents the Penetration of Digital Inclusive Finance, DIF, which varies in provinces of the selected country, China.

The control variables include Urban residence, which is an indicator of individuals with urban or rural residency. Party is a variable indicating whether the responder is a member of the Chinese Communist Party or not. Marriage is a variable of individuals being married or single. Education refers to the number of years that the responder has spent studying. Health is the self-evaluation of an individual’s health condition, counted on a 5-point scale ranging from 1 (the worst level of health) to 5 (the best level of health & the highest level of health condition). Age is the number of years after being born; Gender is the sex, which only contains two choices: male or female (Wang, S., & Zhou, W., 2017). In addition, those variables are replied to using numbers and scale. Moreover, in the questionnaire, the respondents are given multiple choice questions to answer the survey. For some questions, such as place of residence and political status, they are given only two choices of 0 or 1 to answer the question, and the meaning of the choices varies depending on the different questions in the questionnaire, based on the different situations that the questionnaire focuses on. In addition, some questions require the respondents to answer with a numerical form, such as the years of education and the happiness level that the respondents self-evaluated.

The summary of all variables from the primary data set is reported in Table 1: Definition of Main Variables. And the explained variable and explanatory variable have been defined in the section on the baseline regression model.

Table 1. Definition of Main Variables

	Variables	Definitions	Source
Explained Variable	Happiness	Mentioned above	CFPS
Explanatory Variable	Digital	Mentioned above	Peking University DFII
Control Variables	Age	Age	CFPS
	Gender	Gender (Male=1, Female=0)	CFPS
	Marriage	Marriage (Married=1, Others=0)	CFPS
	Health	Self-rated (Unhealthy to Healthy: 1-5)	CFPS
	Education	Education years	CFPS
	Party	Political status (Party member=1, Others=0)	CFPS
	Urban	Place of residence (Urban=1, Rural=0)	CFPS

3.3 Data Selected & Changes

As we have conducted the analysis, we found out that some of the research formats do not match what we expected. Thus, we alternate some of them, which does not affect the accuracy of the data but makes the view and use of data more accessible and easier to understand.

For the question of happiness level (qm2016), we found that five responders refused to answer the level of happiness they sensed, and 15 people didn't know how they discerned it. Therefore, we deleted those responses to make the survey and data more comparable.

For the residence (Urban or not) (qa301), the questionnaire contains a total of 6 answer choices: don't know, not applicable, rural, non-rural, no identification, and N/A(non-Chinese). To make the comparison clearer, we categorized those responses into two categories which are urban and rural.

For the years of education (qc3), the questionnaire provides the specific level of education that an individual can attend; however, it appears in the word form instead of the numerous forms we expected. Thus, we changed the answer choices to a specific number: for example, we changed the elementary school degree to 6 years of education, the middle school degree to 9 years of education, etc.

For the self-evaluation of health, we found four respondents didn't answer. We, therefore, deleted those responses to prevent the data set from becoming messy.

The question of marriage condition (qea0), contains six different choices, and we only expect the answer to be married or unmarried. As a result, we categorized those data into two main categories: married and non-married.

3.4 Baseline Regression Model

We collected the panel data from the CFPS to analyze the connection between the development of DFI and individual happiness. Moreover, we construct the following baseline regression model (1):

$$Happiness_i = Constant + \beta * Digital_i + CVs_i + \mu_i \quad (1)$$

The explained variable *Happiness_i* represents the level of satisfaction that the individuals, *i*, rated in the year *X* based on their virtual situations. And β refers to the coefficient of the relationship between happiness and the condition of digitalization of the selected areas (positive values indicate that the perceived happiness of individuals would increase proportionally with the advancement of the digital economy in the areas where they live, and the negative values indicate the opposite). *Digital_i* explains the degree of development of the digital economy in the regions chosen, *i*. The CVs refer to the control variables in the panel studies, including demographic and age characteristics, which will alter with individuals who live in different regions. Moreover, admitting that there are some uncontrollable variables or unexpected results would happen, μ is used as the error term to account for the factors mentioned above. In addition, the *Constant* in the formula is a fixed value.

4. Empirical Results

This section explores the connection between financial inclusion and people's levels of satisfaction as well as potential explanations for how the digitalization of local communities might affect people's happiness.

4.1 Summary Statistic

To learn about the characteristics of samples, we did the summary statistics. And, we sum up the result in Table 2:

Table 2. Summary Statistics

Variable	Obs	Mean	Std. Dev.	Min	Max
happiness	27,628	7.543	2.111	0	10
index_aggregate	27,628	300.648	29.197	263.12	377.73
party	27,628	0.086	0.280	0	1
age	27,628	45.384	16.328	16	96
gender	27,628	0.506	0.500	0	1
health	27,628	2.992	1.207	1	5
marriage	27,628	0.853	0.354	0	1
urban	27,628	0.258	0.438	0	1
edu_year	27,628	0.840	3.288	0	23

Source: Drawn from STATA.

After the analysis, we noticed that the standard deviation of DFI is abnormally big, indicating that digital financial inclusion varies significantly depending on the different regions in China.

4.2 Correlation Analysis

To further understand the relationship between the variables that we applied, we did the correlation analysis, which is summed up in Table 3:

Table 3. Correlation Analysis

	happiness	index_aggregate	party	age	gender	health	marriage
happiness	1.000						
index_aggregate	0.011	1.000					
party	0.042	0.014	1.000				
age	0.011	0.048	0.106	1.000			
gender	-0.007	0.007	0.143	0.042	1.0000		

health	-0.194	0.020	0.007	0.328	-0.080	1.0000	
marriage	0.027	-0.008	0.058	0.549	-0.074	-0.185	1.000
urban	0.062	0.215	0.179	0.061	0.016	0.019	0.013
edu_year	0.033	-0.018	-0.049	-0.405	-0.012	-0.148	-0.594
	urban	edu_year					
urban	1.000						
edu_year	0.001	1.000					

Source: Drawn from STATA.

Based on the result, we found out that most of the control variables are below 0.5, demonstrating that the problem of multicollinearity is inconsequential.

4.3 Regression Analysis

To examine the connection between DFI and happiness, we did the regression analysis, which has been summed up in Table 4:

Table 4. Regression Analysis

happiness	Coef.	Std. Err.	t	P> t	[95% Conf.	Interval]
index_aggregate	0.001** (2.28)	0.000	2.28	0.023	0.000	0.002
party	0.298*** (6.63)	0.045	6.63	0.000	0.210	0.386
age	0.009*** (9.82)	0.001	9.82	0.000	0.008	0.011
gender	-0.115*** (-4.54)	0.025	-4.54	0.000	-0.165	-0.065
health	-0.389***	0.011	-35.61	0.000	-0.410	-0.367

	(-35.61)					
marriage	0.393*** (8.13)	0.048	8.13	0.000	0.298	0.487
edu_year	0.045*** (9.62)	0.005	9.62	0.000	0.036	0.055
_cons	7.647*** (55.15)	0.139	55.15	0.000	7.375	7.919
year fixed effect	✓	✓	✓	✓	✓	✓
province fixed effect	✓	✓	✓	✓	✓	✓
N	27,628	27,628	27,628	27,628	27,628	27,628
R-squared	0.0500	0.0500	0.0500	0.0500	0.0500	0.0500

Level of statistical significance: *** $p < 0.01$, ** $p < 0.05$, * $p < 0.1$

Source: Drawn from STATA.

In regression analysis, from the table, the P value is lower but close to 0.05, meaning that the index gradient is significantly positive, which signifies a positive effect of digital financial inclusion on people’s happiness. What’s more, according to the findings, financial inclusion is affected by three distinct types of factors: high sociodemographic and political factors absent economic and social development; enhanced public, technological, and economic factors absent political development; and political and economic factors absent social and technological development (Kabakova & Plaksenkov, 2018). Indeed, At the psychological level, financial inclusion and happiness are inextricably linked: financial inclusion can not only ease poverty, financial ostracization, and economic disparity, but it can also encourage social equity and boost community members' esteem in their future lives, resulting in increased happiness (Zhao, Li, & Yan, 2022).

5. Further Discussion

5.1 Moderate Effect Analysis

To investigate the connection between happiness and gender differences, we did the moderate effect analysis, summarized in Table 5. In this moderate effect analysis, we use gender or sex as the qualitative variables to moderate the strength of the effect of DFI on individuals’ happiness.

From the table, as we expected, the P value index gradient is close to 0.1, which suggests that it has a significantly positive effect on happiness. In addition, the value of P of gender_fintech is greater than 0.1, thereby indicating that the difference in gender does not affect the accuracy of data analysis. However, the factor of gender does affect the significance of the effect of happiness of individuals with digital financial inclusion.

Table 5. Moderate Effect Analysis

happiness	Coef.	Std. Err.	t	P> t	[95% Conf.	Interval]
index_aggregate	0.001 (1.40)	0.001	1.40	0.160	0.000	0.002
gender_fintech	0.000 (0.26)	0.001	0.26	0.796	-0.001	0.002
party	0.298*** (6.63)	0.045	6.63	0.000	0.210	0.386
age	0.009*** (9.83)	0.001	9.83	0.000	0.008	0.011
gender	-0.181 (-0.71)	0.256	-0.71	0.480	-0.684	0.322
health	-0.389*** (-35.61)	0.011	-35.61	0.000	-0.410	-0.367
marriage	0.393*** (8.12)	0.048	8.12	0.000	0.298	0.487
edu_year	0.045*** (9.62)	0.005	9.62	0.000	0.036	0.055
_cons	7.681*** (40.28)	0.191	40.28	0.000	7.307	8.055
year fixed effect	✓	✓	✓	✓	✓	✓
province fixed effect	✓	✓	✓	✓	✓	✓
N	27,628	27,628	27,628	27,628	27,628	27,628
R-squared	0.050	0.050	0.050	0.050	0.050	0.050

Level of statistical significance: *** $p < 0.01$, ** $p < 0.05$, * $p < 0.1$
Source: Drawn from STATA.

5.2 Heterogeneous Analysis

To further investigate the association between gender and happiness, we did a heterogeneous analysis to examine the differences in happiness in males and females.

Table 6. Regression analysis based on Male

If gender == 1

happiness	Coef.	Std. Err.	t	P> t	[95% Conf.	Interval]
index_aggregate	0.001** (2.08)	0.001	2.08	0.037	0.000	0.002
party	0.304*** (5.73)	0.053	5.73	0.000	0.200	0.408
age	0.005*** (3.77)	0.001	3.77	0.000	0.002	0.008
gender	0	(omitted)				
health	-0.392*** (-25.43)	0.015	-25.43	0.000	-0.422	-0.362
marriage	0.759*** (12.44)	0.061	12.44	0.000	0.639	0.878
edu_year	0.060*** (9.36)	0.006	9.36	0.000	0.048	0.073
_cons	7.351*** (38.85)	0.189	38.85	0.000	6.980	7.722
year fixed effect	✓	✓	✓	✓	✓	✓
province fixed effect	✓	✓	✓	✓	✓	✓
N	13,991	13,991	13,991	13,991	13,991	13,991
R-squared	0.060	0.060	0.060	0.060	0.060	0.060

Level of statistical significance: *** $p < 0.01$, ** $p < 0.05$, * $p < 0.1$
Source: Drawn from STATA.

Table 7. Regression analysis based on Female

If gender == 0

	Coef.	Std. Err.	t	P> t	[95% Conf.	Interval]
happiness						
index_aggregate	0.001 (0.93)	0.001	0.93	0.353	-0.001	0.002
party	0.269*** (3.15)	0.085	3.15	0.002	0.102	0.436
age	0.014*** (10.26)	0.001	10.26	0.000	0.011	0.017
gender	0	(omitted)				
health	-0.385*** (-25.00)	0.015	-25.00	0.000	-0.416	-0.355
marriage	-0.210*** (-2.64)	0.080	-2.64	0.008	-0.367	-0.054
edu_year	0.014** (1.99)	0.007	1.99	0.047	0.000	0.028
_cons	8.103*** (40.14)	0.202	40.14	0.000	7.708	8.499
year fixed effect	✓	✓	✓	✓	✓	✓
province fixed effect	✓	✓	✓	✓	✓	✓
N	13,637	13,637	13,637	13,637	13,637	13,637
R-squared	0.047	0.047	0.047	0.047	0.047	0.047

Level of statistical significance: *** $p < 0.01$, ** $p < 0.05$, * $p < 0.1$

Source: Drawn from STATA.

According to the result, in Tables 6 & 7, we noticed that the P value of gender, male, is smaller than the gender, female, indicating that the gender male has a relatively more positive impact on happiness than that of female. Thus, our results may be biased due to the gender difference. Therefore, the element of gender should be considered when measuring the impact of digital financial inclusion on individuals' happiness.

5.3 Robustness Test

Table 8. Robust test based on Male

If gender == 1

happiness	Coef.	Std. Err.	t	P> t	[95% Conf.	Interval]
index_aggregate	0.001** (2.08)	0.001	2.08	0.037	0.000	0.002
party	0.304*** (5.73)	0.053	5.73	0.000	0.200	0.408
age	0.005*** (3.77)	0.001	3.77	0.000	0.002	0.008
gender	0	(omitted)				
health	-0.392*** (-25.43)	0.015	-25.43	0.000	-0.422	-0.362
marriage	0.759*** (12.44)	0.061	12.44	0.000	0.639	0.878
edu_year	0.060*** (9.36)	0.006	9.36	0.000	0.048	0.073
_cons	7.351*** (38.85)	0.189	38.85	0.000	6.980	7.722
year fixed effect	✓	✓	✓	✓	✓	✓
province fixed effect	✓	✓	✓	✓	✓	✓
N	13,991	13,991	13,991	13,991	13,991	13,991
R-squared	0.060	0.060	0.060	0.060	0.060	0.060

Level of statistical significance: *** $p < 0.01$, ** $p < 0.05$, * $p < 0.1$

Source: Drawn from STATA.

To further assure the reliability and validity of the result, we did a robust test to reassure that the result we acquired from the tables above is accurate and that the assumption made in the previous analysis is true.

Table 9. Robust test based on Female

If gender == 0

happiness	Coef.	Std. Err.	t	P> t	[95% Conf.	Interval]
index_aggregate	0.001 (0.93)	0.001	0.93	0.353	-0.001	0.002
party	0.269*** (3.15)	0.085	3.15	0.002	0.102	0.436
age	0.014*** (10.26)	0.001	10.26	0.000	0.011	0.017
gender	0	(omitted)				
health	-0.385*** (-25.00)	0.015	-25.00	0.000	-0.416	-0.355
marriage	-0.210*** (-2.64)	0.080	-2.64	0.008	-0.367	-0.054
edu_year	0.014** (1.99)	0.007	1.99	0.047	0.000	0.028
_cons	8.103*** (40.14)	0.202	40.14	0.000	7.708	8.499
year fixed effect	✓	✓	✓	✓	✓	✓
province fixed effect	✓	✓	✓	✓	✓	✓
N	13,637	13,637	13,637	13,637	13,637	13,637
R-squared	0.047	0.047	0.047	0.047	0.047	0.047

Level of statistical significance: *** $p < 0.01$, ** $p < 0.05$, * $p < 0.1$

Source: Drawn from STATA.

Overall, from the outcome we got from the robust test, Table 8 & 9, we detected that the results are similar to the ones that we obtained from the heterogeneous test, which suggests that the happiness of individuals is positively correlated with the index digital financial inclusion and the relationship between those two factors may be more significant in the group of male as the P value obtained from the male group is smaller than that of female.

6. Conclusion and Implication

Since happiness is one of the most crucial factors in one country's development, governments or social organizations should spend more time and budget focusing on citizens' or individuals' happiness levels. In addition, contemporary society or a country cannot step forward without the accompanying digital financial inclusion. Indeed, those two elements are interconnected as one's improvement may significantly influence the other. However, few scholars have studied the association of happiness with digital financial inclusion, which is the primary goal we aimed to investigate in this paper.

To address this question, we have analyzed the effect of DFI on individuals' happiness by utilizing the CFPS dataset. Furthermore, this paper employs the fixed effect regression model to estimate the effect. According to the results, it found that DFI has a positive impact on individuals' happiness. Yet, the result varies depending on individual traits, such as gender. Based on the result, it suggests that governments or social organizations ought to care about the local digital economy as digital financial inclusion is incorporated with the driven force of happiness, which has an extensive impact on the local economy and individuals' overall satisfaction. In addition, individual traits, such as gender, should also be taken into account.

This paper not only deepens the understanding of the influencing factors of residents' happiness but also analyzes the multiple impacts of the development of the digital economy on people's real life, thus providing enlightenment for the formulation of corresponding policies. The government should further popularize e-commerce and bridge the digital divide. While using the digital economy to revitalize the countryside, it should actively develop supporting cold chain logistics and intelligent distribution of agricultural products between urban and rural areas. By this way, urban residents can feel the real improvement in the quality of life brought by the rural digital economy, and further promote the dual common prosperity of the material and spiritual life of urban and rural residents. In addition, in order to further strengthen the positive effect of the digital economy on happiness, it is necessary to improve the cross-border logistics and warehousing system, reduce compliance costs, encourage domestic and foreign enterprises to carry out multi-domain and multi-mode cooperation, and promote the iteration of the digital economy to global digital trade.

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