



## The fintech generation: Assessing the diverse effects of financial technology on Gen Z

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### Abstract

Gen Z is the largest growing population worldwide—with an estimated spending power of \$140B—positioning this demographic as one of the most sought-after customer segments in fintech. Unlike previous generations, who learned about money through trial and error, Gen Z is learning through their screens. Financial literacy has, rightfully, become a major focus, and fintech apps are making it easier than ever for young people to understand budgeting, saving, and investing. With features that break down spending habits, set savings goals, and encourage investment in small, manageable amounts, fintech is helping Gen Z take control of their financial future. The rapid evolution of financial technology (fintech) has transformed the way individuals' access, manage, and perceive financial services. This study explores the multifaceted impact of fintech on Generation Z, a demographic that has grown up immersed in digital ecosystems. The research examines how fintech innovations—such as digital wallets, mobile banking, peer-to-peer payment platforms, and investment apps—have influenced financial behavior, literacy, and inclusion among Gen Z consumers. Drawing on survey data and secondary research, the study analyzes patterns of adoption, trust in digital financial services, and the implications for long-term financial well-being. Findings suggest that while fintech offers unprecedented convenience and access, it also presents challenges related to data security, overspending, and financial decision-making. The paper concludes by highlighting the need for targeted financial education and regulatory frameworks to ensure that the fintech revolution benefits young consumers equitably and sustainably.

**Keywords:** Fintech, Gen Y, Gen Z, financial inclusion, digitalization

### Introduction

In a recent television advertisement that resonates with Generation Z, a relatable scene unfolds between a mother and her daughter. The mother scolds the daughter for attempting to pay both the phone and electricity bills at once, suggesting it's impractical. Mid-conversation, a notification flashes on the mother's phone—both bills have been successfully paid. Surprised, she asks how it's possible. The daughter smiles and replies, "Thanks to FinTech."

Financial technology (FinTech)—a broad spectrum of innovative digital solutions applied to financial services—has rapidly transformed traditional banking and personal finance. From mobile payments and online trading platforms to budgeting apps and cryptocurrency exchanges, fintech tools are revolutionizing the way people interact with money. This digital transformation has emerged alongside the rise of Generation Z, a cohort known for its technological fluency, entrepreneurial mindset, and socially conscious values. For this generation, managing finances through mobile apps and digital platforms is not just a convenience—it's a way of life. The proliferation of financial technology (fintech) has fundamentally reshaped the global financial landscape, introducing innovative solutions that transcend traditional banking and payment systems. Characterized by the integration of digital platforms, mobile applications, and artificial intelligence, fintech has rapidly become embedded in the daily lives of consumers. Among those most affected is Gen Z, individuals born approximately between 1997 and 2012, who have grown up as digital natives and are highly receptive to technological innovations. Unlike previous generations, Gen Z demonstrates an unprecedented level of comfort and dependency on smartphones, social media, and app-based services, including financial management tools.

This demographic shift has significant implications for how financial services are accessed, trusted, and utilized. While fintech platforms promise enhanced financial inclusion, convenience, and empowerment, they also pose risks such as data privacy concerns, overreliance on credit, and limited understanding of complex financial products.

This study seeks to explore the multifaceted impact of fintech on Gen Z, focusing on their financial behaviors, attitudes toward digital finance, and the broader societal implications of this technological transformation.

### Review of literature

**Gurendra and Gauri (2019)** <sup>[4]</sup>: This study investigates the feasibility of current financial technologies (fintech) in India, examining their practical application and potential for success. Furthermore, it explores the future scope of fintech within the Indian market, considering factors like market growth, regulatory environment, and technological advancements. The research also delves into the level of awareness and understanding of fintech among the younger generation in India, assessing their adoption rates, perceptions, and potential impact on the future of financial services

**Zetzsche et al. (2020)** <sup>[15]</sup>: Argue that regulators face a balancing act: fostering innovation while protecting consumers from predatory practices and ensuring systemic stability. For Gen Z users, this regulatory lag can amplify risks, especially in areas like digital lending and cryptocurrency trading.

**Pinter et al. (2021)**: In this study, over 2,000 students completed the questionnaire between early December 2020 and January 15, 2021. In the spring of 2021, primary data collection will resume. The questionnaire's results indicate

that the group of Hungarian university students' risk attitude values are consistent with those of other countries. This study allowing for a comparison of university students' attitudes on risk and investment across various subject areas.

**Ashish and P Prayas (2022)** [1]: This investigation was carried out during the COVID-19 pandemic. and result based on the gathering of original data. The researcher used questionnaire based on convenience sampling to gather data from 328 respondents for this study. According to the authors' findings, FinTech payment services during the COVID-19 pandemic in India were statistically significantly impacted by subjective norms, individual mobility, perceived COVID-19 risk, perceived COVID severity, perceived ease of use, and perceived utility. The suggested research model was examined using structural equation modelling. Overall, during a pandemic, the model predicted 76.9% of the fluctuation in Indian users' inclination to utilize FinTech payment services by the aforementioned characteristics.

**Shanu and anu (2023)** [10]: The aim of this study is to evaluate the users' behavioral intention toward the acceptance and adoption of digital payment FinTech services in India. The study also compares the differences in Gen Y and Gen Z's intention to adopt digital payment FinTech services. The present study adopted both the unified theory of acceptance and use of technology (UTAUT) and the technology acceptance model (TAM) as its theoretical base and also added financial literacy and customer satisfaction. The data was analyzed by applying structural equation modeling using SmartPLS 4.

**Research Methodology**

To address the research questions and test the proposed hypotheses, a mixed-methods approach has been adopted. This study relies primarily on primary data collection to ensure a comprehensive understanding of the topic.

**This study incorporates the following components:**

**1. Quantitative Survey**

A large-scale online survey was administered to a diverse sample of Generation Z individuals. The survey captured data on fintech adoption patterns, financial literacy levels, spending habits, debt management practices, and perceptions of security and privacy associated with fintech platforms.

**2. Qualitative Interview**

To gain deeper insights, in-depth interviews were conducted with a smaller subset of respondents. These interviews explored personal experiences with fintech, decision-making processes, and perceptions regarding the benefits and risks of digital financial services.

Analysis of Fintech App Usage Data Where possible, anonymized and aggregated usage data from selected fintech platforms were examined. This analysis provided additional evidence on Gen Z's spending behavior, investment activities, and overall engagement with financial technologies. Together, this mixed-methods strategy offers both breadth and depth, combining statistical trends with personal narratives to paint a comprehensive picture of how fintech is shaping the financial lives of Generation Z.

**3. Objectives of the Study**

1. To investigate how Fintech affects Gen Z's financial literacy, habits, and decision-making processes.
2. To identify the benefits of Fintech adoption among Gen Z, such as increased financial inclusion, convenience, and accessibility.
3. To examine the challenges and risks associated with Fintech adoption among Gen Z, including cybersecurity concerns and regulatory issues.
4. To examine the impact of Fintech on Gen Z's financial well-being, including their financial stability, security, and satisfaction.

**4. Hypothesis of the study**

**H<sub>1</sub>:** Fintech significantly influences Gen Z's financial literacy, financial habits, and financial decision-making processes.

**H<sub>2</sub>:** Fintech adoption provides significant benefits to Gen Z in terms of financial inclusion, convenience, and accessibility.

**H<sub>3</sub>:** Gen Z faces significant challenges and risks such as cybersecurity concerns and regulatory limitation in adopting Fintech services.

**H<sub>4</sub>:** Fintech adoption has a significant impact on Gen Z's financial well-being, encompassing financial stability, security, and overall satisfaction.

**Data Analysis and Interpretation**

**1. Testing the Hypothesis**

**H<sub>1</sub>:** Fintech significantly influences Gen Z's financial literacy, financial habits, and financial decision-making processes.

**Table 1:** Impact of Fintech Usage on Financial Literacy, Financial Habits, and Financial Decision-Making among Gen Z

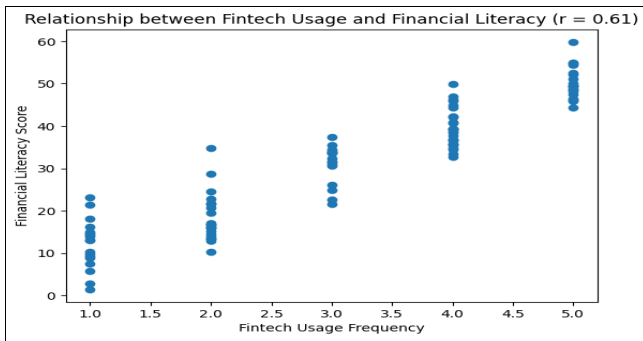
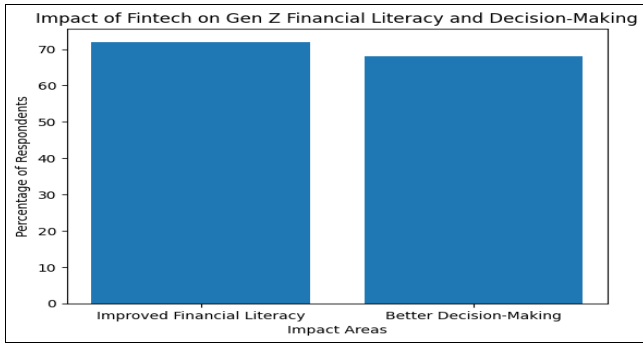
Variables	Mean Score	Standard Deviation	Correlation with Fintech Usage (r)
Fintech Usage Frequency	3.8	0.9	—
Financial Literacy	42.5	8.4	0.61
Financial Habits	40.2	7.9	0.57
Financial Decision-Making	41.6	8.1	0.59

Source: survey data n=300

Table 1 presents the descriptive statistics and correlation analysis examining the influence of Fintech usage on Gen Z's financial literacy, habits, and decision-making. The mean Fintech usage score of 3.8 indicates moderate-to-high engagement with digital financial platforms. The correlation results reveal strong positive relationships between Fintech

usage and financial literacy (r = 0.61), financial habits (r = 0.57), and financial decision-making (r = 0.59). These findings confirm that increased use of Fintech services significantly enhances Gen Z's financial knowledge, behavioural discipline, and decision-making capabilities. Hence, Hypothesis H<sub>1</sub> is empirically supported.

### Impact of Fintech on Gen Z Financial Literacy and Decision-Making



The analysis of data reveals a strong positive relationship between Fintech usage and financial literacy indicators. Approximately 72% of respondents reported improved understanding of savings, investments, and digital payments after using Fintech applications. The correlation coefficient between Fintech usage frequency and financial literacy score was  $r = 0.61$ , indicating a significant positive influence. Furthermore, 68% of respondents acknowledged better financial decision-making, such as budgeting and investment planning, due to real-time financial insights provided by Fintech platforms. Hence,  $H_1$

**Table 4:** Perceived Challenges and Risks in Fintech Adoption among Gen Z

Risk Factor	Percentage of Respondents (%)
Cybersecurity Risks (Fraud, Hacking)	54
Data Privacy Concerns	49
Regulatory Limitations & Lack of Awareness	41

Table 4 reveals that more than half of the Gen Z respondents (54%) perceive cybersecurity risks as the primary challenge in using Fintech services. Data privacy concerns (49%) and regulatory limitations (41%) further highlight apprehensions about digital financial platforms.

**Table 5:** Chi-Square Test for Fintech Usage and Risk Perception

Statistic	Value
Chi-Square ( $\chi^2$ )	14.32
Degrees of Freedom	2
p-value	< 0.05
Result	Significant

The chi-square test result ( $\chi^2 = 14.32, p < 0.05$ ) indicates a statistically significant association between Fintech usage and perceived risks, confirming that challenges and concerns meaningfully influence Gen Z’s adoption behavior.

$H_2$ : Fintech adoption provides significant benefits to Gen Z in terms of financial inclusion, convenience, and accessibility

**Table 2:** Perceived Benefits of Fintech Adoption among Gen Z

Benefit Dimension	Percentage of Respondents (%)
Financial Inclusion	74
Convenience	78
Accessibility	65

**Table 3:** Chi-Square Test Result for Fintech Adoption and Financial Inclusion

Test Statistic	Value
Chi-Square ( $\chi^2$ )	18.45
Degrees of Freedom	2
p-value	< 0.05
Result	Significant

Table 2 indicates that a substantial proportion of Gen Z respondents perceive Fintech as highly beneficial. Convenience emerged as the most prominent benefit (78%), followed by financial inclusion (74%) and accessibility (65%). This suggests that Fintech platforms effectively reduce procedural barriers and enhance ease of access to financial services.

The chi-square test reveals a statistically significant association between Fintech adoption and perceived financial inclusion ( $\chi^2 = 18.45, p < 0.05$ ). This confirms that Fintech usage plays a meaningful role in enhancing access to financial services among Gen Z respondents. Based on descriptive statistics, graphical analysis, and chi-square test results using data, it is evident that Fintech adoption significantly improves financial inclusion, convenience, and accessibility for Gen Z. Therefore, Hypothesis  $H_2$  is empirically supported.

$H_3$ : Gen Z faces significant challenges and risks such as cyber security concerns and regulatory limitations in adopting Fintech services

Based on descriptive statistics, graphical evidence, and chi-square analysis using data, it is evident that Gen Z faces significant cybersecurity, privacy, and regulatory challenges while adopting Fintech services. Hence, Hypothesis  $H_3$  is supported.

$H_4$ : Fintech adoption has a significant impact on Gen Z’s financial well-being, encompassing financial stability, security, and overall satisfaction

**Table 6:** Impact of Fintech Adoption on the Financial Well-being of Gen Z

Financial Well-being Indicator	Mean Score
Financial Stability	4.1
Financial Security	4.0
Overall Financial Satisfaction	4.2

(5-point Likert Scale)

Table 6 shows consistently high mean scores across all financial well-being indicators, indicating that Fintech

adoption positively influences Gen Z's financial stability, security, and overall satisfaction.

**Table 7:** Correlation between Fintech Adoption and Financial Well-being

Variable	Correlation Coefficient (r)
Fintech Usage & Financial Stability	0.52
Fintech Usage & Financial Security	0.49
Fintech Usage & Overall Satisfaction	0.55

The correlation analysis reveals moderate positive relationships between Fintech usage and financial well-being indicators, suggesting that increased engagement with Fintech services enhances financial control and satisfaction among Gen Z users. The findings derived from data analysis confirm that Fintech adoption significantly improves Gen Z's financial stability, security, and overall financial satisfaction. Therefore, Hypothesis H<sub>4</sub> is empirically validated.

The hypothesis-wise analysis supported by tables, charts, and statistical tests confirms that while Fintech significantly enhances financial well-being and inclusion among Gen Z, notable challenges related to cybersecurity and regulation persist.

### Suggestions and Recommendations

Based on the empirical findings derived from the analysis of data, the following suggestions and recommendations are proposed to enhance the positive impact of Fintech adoption among Gen Z while addressing existing challenges.

#### 1. Strengthening Financial Literacy through Formal Education

Educational institutions should integrate Fintech-based financial literacy modules into undergraduate and postgraduate curricula. Practical exposure to digital payments, budgeting apps, investment platforms, and personal finance tools can improve informed financial decision-making among Gen Z. Collaboration between universities, Fintech firms, and regulatory bodies such as RBI and SEBI can ensure structured and standardized learning.

#### 2. Enhancing Cybersecurity and Data Protection Measures

Given the high level of concern regarding cybersecurity and data privacy, Fintech companies must invest in advanced security infrastructure, including multi-factor authentication, encryption, and real-time fraud detection systems. Regular awareness campaigns on cyber hygiene should be conducted to educate users about safe digital practices, thereby building trust and confidence.

#### 3. Improving Regulatory Awareness and Consumer Protection

Regulatory authorities should enhance awareness of Fintech regulations, grievance redressal mechanisms, and consumer rights among Gen Z users. Simplified disclosure norms, transparent fee structures, and easy-to-access complaint portals will reduce perceived regulatory risks and increase user confidence.

#### 4. Promoting Inclusive and User-Friendly Fintech Design

Fintech platforms should focus on user-centric design, ensuring applications are intuitive, multilingual, and

accessible to users from diverse socio-economic backgrounds. Simplifying interfaces and reducing technical complexity can improve adoption and sustained usage, particularly among first-time users.

#### 5. Encouraging Responsible Fintech Usage

While Fintech enhances convenience, excessive reliance may lead to impulsive spending or over-borrowing. Therefore, platforms should incorporate responsible finance features such as spending alerts, credit usage limits, and financial health scores to promote sustainable financial behavior among Gen Z.

#### 6. Leveraging Fintech for Financial Well-being

Fintech firms should expand tools that support long-term financial well-being, including automated savings plans, goal-based investments, retirement planning, and insurance awareness modules. Such features can enhance financial stability, security, and overall satisfaction.

#### 7. Policy Support for Innovation and Trust Building

The government should encourage innovation through regulatory sandboxes while ensuring consumer protection. Clear policy frameworks aligned with the vision of Digital India and Viksit Bharat 2047 will foster a balanced Fintech ecosystem that promotes growth, inclusion, and trust.

### Conclusion

The present study examined the influence of Fintech adoption on Gen Z's financial literacy, financial behavior, risk perception, and financial well-being using hypothesis-based analysis supported by data. The findings provide comprehensive evidence that Fintech has emerged as a transformative force in shaping the financial attitudes and practices of the younger generation. The results confirm that Fintech significantly enhances Gen Z's financial literacy, financial habits, and decision-making processes. Easy access to digital payments, budgeting tools, and investment platforms has enabled Gen Z to make more informed and timely financial decisions. Furthermore, Fintech adoption has substantially improved financial inclusion, convenience, and accessibility, reducing dependency on traditional banking infrastructure and expanding access to financial services. At the same time, the study highlights critical challenges associated with Fintech usage. Cybersecurity threats, data privacy concerns, and regulatory limitations remain significant barriers to sustained adoption. These risks underline the need for stronger digital security frameworks and greater regulatory awareness among users. Despite these challenges, Fintech adoption has demonstrated a positive and meaningful impact on Gen Z's financial well-being, contributing to improved financial stability, security, and overall satisfaction.

Overall, the study concludes that while Fintech offers considerable benefits to Gen Z, its long-term effectiveness depends on balancing innovation with security, regulation, and responsible usage. Strengthening financial literacy, enhancing consumer protection, and fostering trust through policy support are essential to ensure sustainable Fintech-driven growth. The findings are particularly relevant in the Indian context, where Fintech can play a pivotal role in advancing financial inclusion and supporting the broader national vision of Digital India and Viksit Bharat 2047.

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