

Exploring the Role of FinTech in Enhancing Financial Inclusion among Generation Z in Ernakulam District

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ABSTRACT

Financial Technology (FinTech) has significantly transformed the financial services sector by providing innovative digital solutions that enhance accessibility, convenience, and efficiency in financial transactions. This study examines the role of FinTech in promoting financial inclusion among Generation Z in Ernakulam district, Kerala. Generation Z, being technologically proficient and highly engaged with digital platforms, represents a key segment in the adoption of FinTech services such as digital wallets, online banking applications, and investment platforms. The main objectives of the study are to assess the level of awareness of FinTech services among Generation Z, analyze their usage patterns, identify the challenges faced while using FinTech tools, and examine how FinTech contributes to financial literacy and financial stability. The study follows a descriptive research design and is based on both primary and secondary data. Primary data were collected through a structured questionnaire from 100 respondents belonging to Generation Z in Ernakulam district using a random sampling method, while secondary data were gathered from journals, books, and relevant online sources. The collected data were analyzed using descriptive statistical tools such as percentages and tables. The findings of the study reveal that most respondents are aware of FinTech services and frequently use digital wallets and online banking applications due to their convenience, ease of use, and lower transaction costs. However, certain challenges such as security concerns and digital literacy gaps still exist. The study concludes that FinTech plays a significant role in enhancing financial inclusion among Generation Z by improving access to financial services and encouraging the adoption of digital financial practices.

Keywords: FinTech, Financial Inclusion, Generation Z, Digital Payments, Financial Literacy, Digital Banking.

Introduction

Financial Technology also referred to as FinTech, is defined as the use and application of technology to financial services, thereby facilitating greater efficiency, accessibility and creation/delivery of financial services/products. The applicability of FinTech spans many dimensions of innovation; namely mobile banking (apps), digital wallets, peer to peer lending platforms, block chain technology, and online investment platforms allowing consumers to perform financial transactions via digitally-based methods. As elucidated by Arner Douglas W., Barberis Janos, and Buckley Ross P., (2016) "FinTech represents a distinct new evolution in the financial services sector whereby technology advances provide new delivery methods and reshape existing markets" to expand access to financial systems.

The term Financial Inclusion describes the set of circumstances that allow individuals and businesses access to appropriate and affordable financial Services, including all elements associated

with banking (facilities), funding (credit), savings (savings accounts), insurances & digital payment systems - enabling individuals to effectively manage their financial behaviours. According to the World Bank, "Financial Inclusion is defined as Access to Financial Services at a reasonable cost, being provided responsibly & sustainably" (2018; 5).

As FinTech continues to evolve, it has increasingly become a significant force to support Financial Inclusion through eliminating many of the barriers associated with traditional banking. By using Digital Platforms to connect individuals with Financial Services via their smart phones and on the internet provides opportunities for individuals to experience and benefit from Financial Services at any location and at any time. Due to the rapid growth of digital payment systems and mobile banking apps in India, financial service delivery is now significantly more accessible, particularly for younger generations.

This study seeks to identify barriers to the adoption of digital financial services by Generation Z (people born from the late 1990s to early 2000s) who have been raised in an environment where they have always had access to the internet and mobile devices. Given their heavy usage of digital technologies and familiarity with online platforms, members of Generation Z are more likely than previous generations to utilize FinTech (financial technology) services. Therefore, understanding the financial behaviour of Generation Z will help determine how FinTech can help improve financial inclusion for this demographic of Indians.

While digital financial services are becoming increasingly popular, barriers to using FinTech services such as cyber-security concerns, low levels of financial literacy and the perception of a lack of advanced usage of FinTech will continue to impact their adoption. Thus, this research proposes to assess the role of FinTech in fostering financial inclusion within the Generation Z population of Ernakulam by reviewing their use of FinTech services; their financial decision making processes; and their awareness of FinTech.

Statement of the Problem

The rapid expansion of FinTech services has transformed the financial landscape, yet it remains unclear whether these innovations have effectively improved financial inclusion among Generation Z in Ernakulam district. Although young adults are active users of digital technology, there are concerns regarding their level of awareness of FinTech solutions, the way they use these services, and the extent to which such usage influences their financial behaviour and decision-making.

Furthermore, despite increased access to digital financial tools, several barriers—such as limited financial literacy, security concerns, and technological challenges—may restrict their effective utilization. These issues raise questions about whether FinTech is truly facilitating meaningful financial inclusion or merely providing access without active participation.

Therefore, this study seeks to examine the awareness, usage patterns, and barriers associated with FinTech adoption among Generation Z in Ernakulam district, to evaluate its actual role in enhancing financial inclusion.

Review of Literature

FinTech has emerged as an important driver of financial inclusion in recent years, and several researchers have examined the relationship between FinTech development and access to financial services. Nicoletti Bernardo (2017) highlights that technological innovations in financial services have improved both efficiency and customer accessibility. Digital platforms such as mobile banking and digital wallets have simplified financial transactions, enabling more individuals to participate in the formal financial system.

Lee In and Shin Yong Jae (2018) examined the factors influencing FinTech adoption and found that convenience, perceived usefulness, and ease of use are major determinants of user acceptance. Their study also revealed that younger individuals are more likely to adopt FinTech services because of their familiarity with digital technologies.

Likewise, Ozili Peterson K. (2018) explored how digital finance relates to financial inclusion. Ozili concluded that FinTech innovations have dramatically improved individuals' access to financial products and services by reducing transaction costs and expanding digital payment services.

As new studies emerge regarding the role of FinTech in promoting financial inclusion, many authors are noting the substantial impact that digital financial services have had on improving access to finance and stimulating economic growth (Afjal, 2023-using bibliometric analysis). Similarly, Amnas,

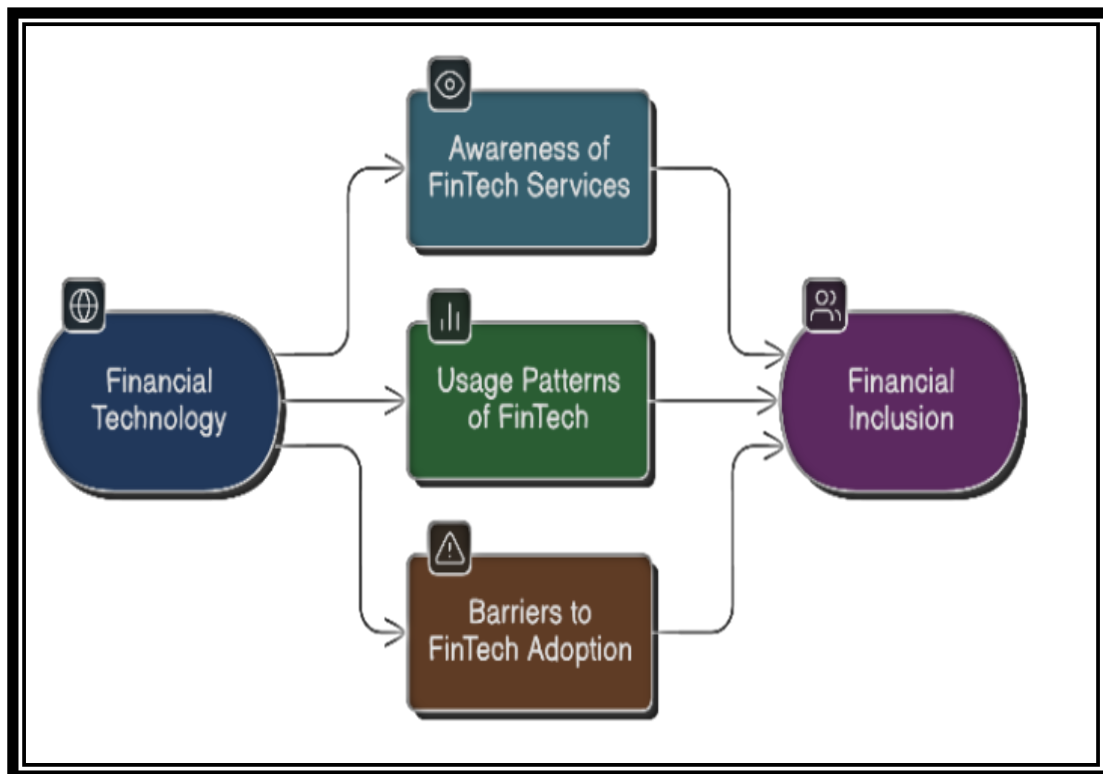
Selvam, and Parayitam (2024) found that individuals' digital financial literacy helps them to adopt and utilize FinTech platforms effectively.

The most recent research on FinTech in the context of financial inclusion also supports the finding that FinTech innovations (e.g., mobile payments and online banking) have improved financial inclusive through more convenient and easier access (Ha, Le, & Nguyen, 2025).

Although there has been an increasing amount of research on FinTech adoption and financial inclusion, much of the literature has focused on the global and national level. There has been a lack of attention to how FinTech innovations have been adopted and used for financial inclusion on a regional level, particularly within the districts of India, where there is a lack of empirical research investigating how Generation Z is aware of and uses FinTech services. To address this gap, the present study investigates the role of FinTech in promoting financial inclusion among Generation Z in the Ernakulam district of Kerala.

Conceptual Framework

The theoretical framework that guides this study illustrates that there is a relationship between Financial Technology (FinTech) and Gen Z Financial Inclusion; further, financial inclusion is the dependent variable and FinTech will represent the independent variable. The relationship between Fintech and financial inclusion is shaped by specific factors such as awareness of FinTech services, usage patterns of digital financial platforms and barriers to adoption.



Source: Primary Data

Objectives of the Study

- To examine the level of awareness of FinTech solutions among the Gen Z in relation to financial inclusion.
- To analyse the usage patterns of FinTech services among the Gen Z and their influence on financial behaviour and decision-making.
- To assess the barriers faced by the Gen Z in accessing and using FinTech tools for financial inclusion.

Hypotheses

H₀₁: There is no significant relationship between awareness of FinTech services and frequency of usage among Gen Z.

Research Methodology

The research will use a descriptive design to study the impact that financial technology has on financial inclusion for the Generation Z demographic. Because this design enables you to analyze the level of awareness, user patterns and behaviour, and factors that affect or influence behaviours of young people when using fintech, this will be the most effective design.

There are two sources of data that this research will use: primary data and secondary data. The primary data was collected through a survey completed by the respondents about their experience with Financial Technology through structured questionnaires asking about their awareness, behaviours and perceptions of FinTech. The secondary data will come from various academic resources (journals, books, research reports, other reputable online sources) about financial technology and its impact on financial inclusion.

A random sample technique was chosen to select the participants sampled in this study due largely to the availability of the participants and the exploratory nature of this research. The sample is made up of 250 respondents who are Generation Z (age group 13–28 years old), live in the Ernakulam district of Kerala, and are familiar with using digital platforms looking for potential users of FinTech solutions.

This research project will largely focus on the relationship between Financial Technology (FinTech) (the independent variable) and Financial Inclusion (the dependent variable).

Results and Discussions

- **Awareness of FinTech Solutions among the Gen Z**

The researchers found that the majority of respondents in the study were aware of these common fintech tools (mobile banking applications, UPI services, digital wallets and online payment platforms), with respondents living in urban areas generally exhibiting a higher level of awareness than those living in rural areas. This may be partly attributed to better access to the internet and more frequent usage of digital technologies in urban areas than in rural regions. The researchers found that young adults have a limited awareness of more advanced fintech tools, such as robo-advisors, peer-to-peer lending, and digital investment applications. In addition, they found that young adults become aware of fintech services from digital advertisements, social media, and peer groups.

- **Usage Patterns of FinTech Services and their Influence on Financial Behaviour**

The findings indicate that a **majority of Generation Z respondents** actively use FinTech services for electronic payments, digital banking, budgeting, and managing online transactions. Among these, **electronic payment platforms emerge as the most frequently used**, reflecting a significant shift from cash-based transactions to digital modes.

A **large proportion of respondents** reported that FinTech services enhance convenience, speed, and accessibility in financial transactions. Features such as instant transaction notifications, real-time expense tracking, and mobile accessibility have enabled users to monitor their financial activities more effectively. As a result, **most respondents demonstrated improved financial awareness and better decision-making practices**, particularly in managing day-to-day expenses.

However, the study also reveals that a **notable segment of respondents** experiences behavioural changes due to the ease of digital transactions. The availability of quick and seamless payment options has contributed to **impulsive spending tendencies among some users**. This suggests that while FinTech promotes efficiency and financial control, it may also negatively influence spending discipline in certain cases.

- **Barriers to Accessing and Using FinTech Tools**

The study identifies several barriers limiting the effective use of FinTech services among Generation Z despite their growing adoption. A **significant proportion of respondents** reported concerns about data security and privacy, which reduce trust in digital platforms. **Limited digital and financial literacy**, along with **infrastructure issues** such as poor internet connectivity and technical

problems, further restrict usage. Additionally, **complex application design** and **lack of awareness** about available FinTech services hinder full utilization.

These challenges are supported by discontinuation data, where **technical difficulties (40%)** emerged as the primary reason, followed by **security concerns (30%)** and **lack of trust (20%)**. **Poor customer service (10%)** had a minor impact, while **high fees (0%)** were not a concern.

Overall, **technical issues, security concerns, trust deficits, and literacy gaps** remain the key barriers, indicating that improved access alone is insufficient for achieving true financial inclusion among Generation Z.

Table 1: shows the Barriers to Accessing and Using FinTech Tools

Barriers to Accessing and Using FinTech Tools	Percentage
Security concerns	30
Technical difficulties	40
Lack of trust	20
Poor customer service	10
Total	100

Source: -primary data

Relationship between Awareness of FinTech Services and Usage Frequency

Table 2: Chi-Square Test Result

Test	Value
Chi-Square Value	12.45
Degree of Freedom	8
Significance Level	0.05

Source : Primary Data

Since the **calculated Chi-Square value is greater than the table value at 5% significance level**, the **Null Hypothesis (H₀) is rejected** and the **Alternative Hypothesis (H₁) is accepted**. The result indicates that **awareness of FinTech services significantly influences the frequency of usage among Generation Z**. Respondents who have higher awareness of FinTech tools tend to use them more frequently for financial transactions. This shows that **increasing awareness and financial literacy can directly improve FinTech adoption and financial inclusion**.

Suggestions

This study found that security is still an important factor in attracting Generation Z to purchase Fintech products and services. Many young people are reluctant to use digital financial options due to their concerns for their private information, and they worry about both cybersecurity breaches and online fraud. This has led to recommendations for Fintech companies to invest in improved security by upgrading security systems, upgrading existing systems periodically, implementing secure authentication systems/methods, and making clear what they are doing to provide security for the users of their financial tools, and ultimately for the overall success of the company. To build trust in their users, Fintech companies should create practices that improve the transparency of the transactions that occur when a user uses a digital or electronic method for completing a financial transaction, and/or form alliances or partnerships with other trusted financial companies that a given user may already have trust in. Financial literacy is essential for the long-term viability of Fintech companies, therefore, Fintech companies should work with educational organizations to help them develop educational programs, provide educational opportunities such as workshops, and provide students with online content or resources to assist them in learning about using various digital financial tools and helping them understand there is tremendous value associated with the use of these digital financial tools.

Furthermore, user-friendly and user-accessible applications should be the goals of FinTech Platforms. Adding features such as easy navigation, an option for the local language, and instructions in a user-friendly manner could help users feel more comfortable using the platform for the first time. Providing good customer service (e.g., use of AI-powered chatbots, quick help services) would allow users to resolve questions they may have and providing these kinds of services can additionally improve the user's experience. Offerings such as low transaction fees, low-cost fully digital accounts, and flexible services (e.g., micro-loans, small installment payment plans) could also promote increased utilization of FinTech Services. Finally, adding financial education tools to their applications and facilitating cash

deposits/withdrawals from local agents or partner retail outlets would help FinTech expand its reach while promoting improved financial inclusion.

Conclusion

Research was conducted into FinTech's effect on the financial inclusion; specifically Gen Z, and the research yielded positive results about the use of Digital Financial Tools. Many young adults share similar knowledge of/regard for Mobile Banking Apps, Digital Wallets, and Online Payment Software. Many of these digital tools have increased the speed, ease, and overall convenience of executing financial transactions as compared to executing a transaction in cash or using cheque(s). The evidence suggests that there is a gradual trend in shifting away from cash transactions towards more modern, technology-supported way to conduct financial transactions. Furthermore, FinTech Services affect how younger generations conduct their financial transactions by allowing for the more efficient manner in which they conduct financial transactions as well as gain access to financial data immediately and in real time. Younger generations are issued instant notifications after transacting; track of their spending; and have access to a variety of different types of FinTech Services. All of these features of various FinTech Services provide the younger generations with the opportunity to make better financial decisions. Regardless of the increasing presence of digital financial services, several barriers to digital financial services still exist which impede the younger generation from using digital financial services. Such as security concerns, fear of being a victim of online fraud, a lack of digital literacy, and poor internet connectivity were found to be the primary barriers to younger generations using digital financial services.

The fintech environment has indicated that ease of access and security in developing user-friendly digital interfaces and creating trust between banks and consumers through better security measures and transparency of transactions (i.e., protects personal information and does not allow fraud) increases the acceptance of the particular product among potential users. As banks lower fees for transactions (i.e., cost-effective), they stand to create a higher willingness to access services from these institutions, especially for inexperienced users. Collaboration is key to ensure that governmental agencies, financial institutions, and educational systems can work together to build out a digital infrastructure and access to the Internet (i.e., broadband access) within underserved communities so that these groups collectively support, through regulatory compliance, to allow banks, technology providers, and educational institutions to work together to further enhance the effort at financial inclusion of fintech. The findings suggest that fintech can be an effective tool to increase financial inclusion for younger adults. However, to maximise its usefulness and effectiveness, the obstacles that limit the effectiveness of the product must be identified and resolved.

Limitations of the Study

The research sample was limited to individuals living in Ernakulam district, which makes it impossible for us to generalize the results to other regions outside Ernakulam District when considering Generation Z's attitudes and behaviours. Thus, the research findings may not accurately represent the attitudes and behaviours of Generation Z in other geographical regions. The research was conducted through self-reported surveys, which may have some limitations associated with using a self-reported survey (e.g., personal biases, differing levels of understanding by participants). The research also focused on a limited number of characteristics of FinTech, and other characteristics impacting financial inclusion were not captured in this study.

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