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Exploring the Paradigm of Fintech Adoption Among Gen Z in Pakistan: An Empirical Examination

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Abstract

This study seeks to identify the drivers behind Generation Z's use and adoption of financial technology (Fintech) in Pakistan, understanding that this is critical to bridging the gap of financial illiteracy and promoting financial inclusion. Specifically, it examines the role of digital financial literacy, attitude, perceived usefulness, social influence, perceived ease of use, and status quo value in driving Fintech adoption by Gen Z, and explores whether there is any variation in these determinants and consumer actions between students with urban or rural origins. Data were collected from over 300 Generation Z university students and analyzed with Partial Least Squares Structural Equation Modeling (PLS-SEM), focusing on examining both the measurement model in terms of reliability and validity and the structural model in terms of hypothesized relationships. Findings show that digital financial literacy, perceived value, and status quo value are the strongest determinants of Fintech adoption, while attitude shows no significant impact. Interestingly, adoption among urban respondents is much higher

compared to rural respondents, in evidence of context of place playing a role. These findings suggest that stakeholders like policymakers, educators, and Fintech developers can encourage more inclusive and effective strategies by improving digital financial literacy and bearing sociocultural and contextual ones in mind, particularly the urban-rural dimension. Being one of the few studies purely on Generation Z in Pakistan and one of the first to compare urban and rural Fintech adoption differences, this study provides fresh and useful contributions to the literature on technology adoption within emerging economies and assists in contributing towards broader initiatives on financial inclusion. The study thus identifies the need for tailored Fintech initiatives that suit the individual preferences, challenges, and environments of young consumers to maximize gains from adoption and impact.

Keywords: *Fintech adoption, Generation Z, digital financial literacy, status quo, TAM model.*

1. Introduction

Technology in general, as well as Information and communication technologies (ICT) in particular, have influenced all aspects of an individual's life through changing dynamics of the economy and innovations in various sectors (Bermeo-Giraldo et al., 2023). In the case of the financial sector specifically, the transformative technologies like fintech are catalyzing a digital paradigm shift. Fintech is a compounded term comprising “financial” and “technology”; it refers to the industrial disruptions that emerged from the unification of financial services and information technology (Mittal, 2024).

The origin of fintech can be traced back to the early 21st century, when innovations in computing power, connectivity, and data analytics established the foundation of financial innovations. The advancement of cryptocurrencies, peer-to-peer lending, APIs, blockchain, and automated trading algorithms optimizes the broad spectrum of fintech services and applications that have emerged in recent years. These innovative technologies have not only modernized and simplified traditional financial processes but also equalized access to financial services, directly contributing to financial inclusion by allowing a diverse group of individuals, as well as businesses, to participate in the local as well as global economy (Mittal, 2024).

It is worth mentioning that the adoption of fintech platforms was greatly accelerated by COVID-19, rising from 33% in 2017 to 64% in 2019. It can be observed through the evolution of payment transactions powered by the breakthrough of information technology (Igamo et al., 2024).

Financial experts predict that the epidemic will expedite the acceptance of digital banking services by 3 to 10 years. The ascendancy of fintech has become increasingly apparent as many world economies recognize its transformative potential in steering financial inclusion and economic growth in the ever-evolving world of finance (Mittal, 2024).

As we delved deeper into the realm of fintech, it soon became evident that the adoption of fintech does not only rely on its practicality and accessibility, rather it also depends greatly on other socio-cultural factors as well. Prior research conducted on fintech adoption worldwide is based on the technology adoption model (TAM), in which there is a notable and tracked engagement of millennials and Gen Z with fintech, as these two generations are not only the primary catalysts for fintech innovation but also play a crucial role in driving banks to embrace digital transformation. The technology adoption model focuses on encapsulating the relationship between a user's active decision to transact and the online purchasing patterns, which is significant for gauging user acceptability. As mobile devices, specifically smartphones, became the central tools for financial interactions, banks need to adapt streamlined and inclusive digital services. It demonstrates that the finance professionals, financial intermediaries, and fintech firms are required to harness the fact to promote their fintech services through the electronic channels, for instance, e-banking and mobile banking (Daqar et al., 2020).

According to KPMG, the year 2024 witnessed $95.6 billion in global fintech investment. However, there is a disparity between the level of utilization of fintech services among developed and developing economies. This can be attributed to various factors ranging from demographic factors (age, gender, income, and education) to regulatory constraints and requisite formalities. Pakistan is a developing country with a population of 247 million (Igamo et al., 2024). With the population being doubtful to

use technology-based financial services as they fear risks associated with cybersecurity that follow new technology, the adoption of fintech is comparatively low, which can be further contributed to by limited knowledge about formal financial services. However, recent research shows that most of Pakistan's population uses social media, a high number of users of smart smartphones and the internet, and has a financial system that is ready to embrace new ideas, which makes Pakistan have great potential for fintech innovations and adoption (Huei et al., 2018). The societies and economies at large have undergone significant shifts from being a currency-driven system to a digital finance ecosystem due to the intervention and disruptions of financial technology (fintech), triggered by the advancement of digital financial services (Shaikh & Sharif, 2024). Hence, fintech holds the potential to be a transformative force in a developing South Asian economy like Pakistan, which has financial inclusion rates below the global average. As per various studies, Pakistan is expected to have a rise in the digital financial services business, reaching a value of $36 billion by the year 2025. Moreover, it is also expected to have a reduced unemployment rate as the integration of fintech services is anticipated to provide people with an estimated 4 million jobs and a boost of 7% in GDP (Dwivedi et al., 2021). Even though the fintech's trajectory has the potential to thrive and prosper in Pakistan, several impediments remain, for instance, inadequate infrastructure and digital illiteracy. In Pakistan the efforts to boost fintech integration are evident; however, the growth rate of Fintech remains slower than anticipated. Even though literature related to how fintech will boost the economy at large is readily available, there are still various hurdles obstructing the uplift of Fintech due to the scarcity of literature pertaining to Pakistan's context (Qaiser, 2024). Amidst the groundbreaking popularity of fintech among the youth, we found it significant to understand the extent of digital financial literacy among Gen Z and its association with the adoption and usage of fintech services (Shaikh & Sharif, 2024). Consequently, the current paper aims to explore the key factors influencing the adoption of Fintech services among Generation Z in Pakistan, using the Technology Acceptance Model (TAM) as a theoretical framework. Building on existing literature and empirical evidence, the study serves as an investigation into the attitudes and perceptions that shape Gen Z's intention to use Fintech solutions. It highlights the complex interaction

between technological innovation, financial behavior, and generational characteristics. By identifying the barriers to Fintech adoption within this demographic, the research seeks to inform strategies for businesses, policymakers, and academics to enhance the acceptance and effective use of Fintech among Gen Z in Pakistan.

Former studies of Pakistan include the emergence of financial technology, its importance, and its acceptance by the generations, particularly millennials. Despite that, there is a paucity observed in the investigation of the pivotal constraints to fintech adoption among the youth of emerging economies like Pakistan. No studies in Pakistan have simultaneously examined the amalgamation of fintech adoption and Gen Z behavior. Financial exclusion remains a persistent obstacle in developing nations, despite the widening access to fintech solutions (Khan et al., 2025). The primary constraint of fintech adoption is the limited infrastructural capacity of Pakistan. The vague regulatory system is also vague, as well as the scarcity of skilled professionals in Pakistan, which makes it challenging for the fintech companies to operate (Qaiser & Fahad, 2024). This paper is organized by employing a methodical framework, which starts with an introduction and background of fintech, followed by the literature review and hypothesis development in Section 2. Section 3 encompasses the methodology and data utilized in the research. Subsequently, Chapter 4 constitutes the results and discussion in Section 5. Later, sections 6 and 7 provide coverage of the conclusion, theoretical, and practical implications.

2. Literature Review

Fintech, a fusion of finance and technology, signifies a paradigm shift that has been noticed in the businesses that seek to revolutionize the business processes, the delivery mechanisms, and the utilization of financial products and services (Mention, 2019). The intricate relationship between finance and technology stretches back through the annals of history, characterized by a profound evolution of financial services and their operations. The modernization of financial services through technology integration can be understood through the lens of three distinct stages articulated, like Fintech 1.0, known as the first stage of fintech evolution dates to the era around 1866-1967, marked by the groundbreaking installation of the transatlantic telegraphic cable telegraph line connecting Europe and North America under the

Atlantic Ocean, designed to sustain the telecommunication system. The origin of Fintech 2.0 was stimulated by the escalation of digital technology and communication marked between 1967-2008. The advent of new technology, such as computers and the internet, began in the new era. In the current period, the Fintech sector has entered its phase 3, referred to as Fintech 3.0, marked by the vibrant ecosystem of the innovative start-ups that serve as a pivotal link between the cutting-edge technologies and the financial services to facilitate the provision of financial services for both individuals and businesses (Arner et al., 2016). The realm of Fintech or financial technology holds profound importance for multiple reasons, illustrating its pivotal role in the financial industry and the economy at large. As stakeholders, individuals to the policymakers grasp the potential for financial inclusion and the correlated issues through analyzing fintech as it acts as a disruptive factor in fostering financial inclusion by harnessing technology to vanquish the traditional obstacles. This technological revolution not only expands the reach of financial services but also enhances their efficiency and relevance, catering to a more diverse population (Feghali et al., 2024). The existing studies present a wide landscape of fintech, illustrating its transformation from primitive telecommunication-based fintech solutions to the cutting-edge techniques and platforms of today's era. According to (Shaikh & Sharif, 2024), multitude of studies have analyzed vital factors that influence fintech adoption, for instance, perceived usefulness, perceived ease of use, digital financial literacy, and trust of which elaborately shape users' behavior towards technological acceptance. The innate digital fluency and forward thinking of Generation Z characterize them as a crucial demographic in embracing fintech services. Prior research indicates that the financial attitudes of Gen Z are profoundly affected by various factors, such as social influence and attitude, in navigating the digital financial landscape. Moreover, researchers such as Rajpoot & Raffat (2024) emphasized the transformative role of AI-driven systems in enhancing compliance and threat detection within financial ecosystems, highlighting technological advancements that underpin trust and regulatory alignment, which is a critical factor influencing FinTech adoption among digitally native Gen Z users. The authors also emphasized how anti-money laundering systems are needed to combat and address threats and compliance detection.

Yet, a significant gap persists in the literature, primarily focused on the developing economies, especially Pakistan, where fintech adoption-assisted challenges remain constant. Simultaneously, several studies have examined the relationship between financial inclusion, behavioral attitudes, and frequency of fintech usage. Moreover, there are few empirical studies regarding the rural-urban split, socio-economic disparities, and the psychological factors that would enable or hinder the acceptance of fintech. Addressing these critical gaps is not only a concern for academic studies, but it is also essential for equipping policymakers, professionals, and fintech providers with the contextual information they require to delve into the development of an inclusive, sustainable, and user-centric digital financial ecosystem that addresses the needs and aspirations of all consumers.

2.1. Hypothesis Development

This study undertakes a holistic exploration of the various factors influencing the intention to adopt fintech solutions, with a particular focus on fostering fintech usage among Gen Z in Pakistan, a rapidly developing country. The research framework is depicted in Figure 1 below. In this study, we delved into various key independent variables, for instance, Perceived Usefulness (PU), Attitude (AT), Digital Financial Literacy (DFL), and Value of Status Quo (VSQ). Each of these factors plays a crucial role in shaping users' intentions and has a positive impact on the adoption of fintech services.

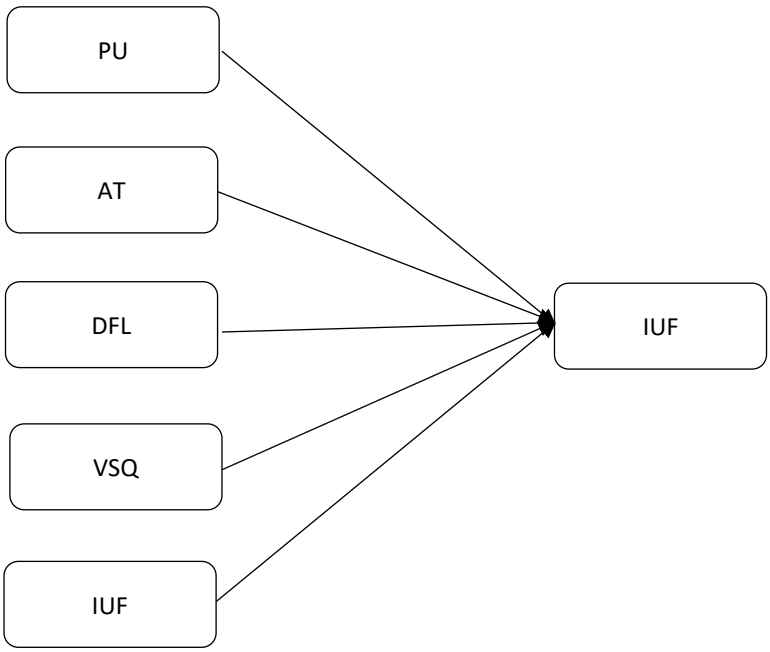

Figure 1. Research Framework

2.1.1. Perceived Usefulness (PU)

Perceived Usefulness (PU) is defined as the degree to which one assumes that the utilization of the technology will contribute to performance gains. This element is perceived as a crucial determinant in the TAM (Priyadarshini et al., 2025). Prior research revealed that the intention to utilize fintech or financial technology is greatly influenced by the user's perceptions related to a system's accessibility (Jena, 2025).

H1: PU has a positive influence on the user's intention to use fintech.

2.1.2. Attitude (AT)

Attitude (AT) indicated someone's personal feeling, either good or bad, about a specific action or object. According to the theory of TRA and the model of technology adoption, the intentions of the users towards the utilization of fintech depend on the users' attitudes (Priyadarshini et al., 2025). The previous studies demonstrated that there is a positive relationship between the individuals' behavioral intentions and attitudes, which indicates that a person's good experience with fintech products and services will enhance the person's eagerness to utilize them (Huei et al., 2018).

H2: AT has a positive influence on the user's intention to use fintech.

2.1.3. Digital Financial Literacy (DFL)

Digital Financial Literacy (DFL) refers to a versatile notion comprising a wide range of insights related to digital financial products and services (Igamo et al., 2024). It acts as a pivotal factor that impacts a person's ability to decipher knowledge about the products and services, alongside the essential information and skills, awareness of the financial and digital products and services, familiarity with their practical use and accessibility, financial choices, and personal security (Sumartini et al., 2024).

H3: DFL has a positive influence on the user's intention to use Fintech.

2.1.4. Value of Status Quo (VSQ)

Value of Status Quo (VSQ) indicates an individual's cognitive and emotional evaluation associated with the existing technology, keeping in view various aspects such as ambiguity and feasible substitutes (Igamo et al., 2024). The commitment of individuals with the prevailing digital financial services to stay persistent with the financial services depends on the comfort level of the individuals (Feghali et al., 2024). Previous studies cataloged a pivotal role of the value of the status quo on the user's intention to continue the use of technology in Hong Kong.

H4: VSQ has a significant positive influence on IUF.

2.1.5. Intention to use Fintech (IUF)

The term intention to use indicates a user's likelihood to utilize something in a specific circumstance. The intentions to embrace and exploit the technological advantages are highly controlled by the interpretation of its mechanisms, merits, aspects, and interpretations of people. The probability of positive utilization of technology influences its actual consumption (Hassan et al., 2024).

H5: **IUF has a significant positive influence on IUF.**

3. Methodology

3.1. Research design and approach:

A positivist research paradigm that focuses on testing theories and verifying hypotheses. It comprises a well-defined conceptual framework with unambiguous and straightforward linkages. This study aims to scrutinize the impact of various socio-cultural and technological variables, including perceived usefulness, attitude, digital financial literacy, and users' behavioral intention to use fintech services. The theoretical

model and hypothesis were developed based on the theory. This confirms that the study is a quantitative study. Due to it being a quantitative study, a survey design was employed to collect data, and SEM was used to analyze the data to achieve the objectives of the study.

3.2. Survey instrument:

A survey was conducted among Gen Z primarily residing in Islamabad, Lahore, Karachi, and Faisalabad via a Google Form that was circulated to achieve the objective of this study, which was developed since the review of substantial literature previously published. A well-structured questionnaire was formulated and distributed through an online mode as a primary data collection method. The survey consisted of two parts: demographic details (age, gender, employment status, background etc.) and measurement items that focused on perceived usefulness, attitude, value of status quo, digital financial literacy, intention to use fintech and fintech adoption, which were rated using a 5-point Likert scale ranging from 1 (strongly disagree) to 5 (strongly agree). these measurement items were inspired by established scales in previous literature, with slight changes in language to fit the study criteria. The scale of PU, consisting of 3 items, was adopted from (Igamo et al., 2024). The scale of VSQ, consisting of 6 items, was influenced by the previous literature of (Feghali et al., 2024). The scale for DFL, comprising 4 items, was adopted from (Igamo et al., 2024). The scale for attitude, consisting of 3 items, was adopted from (Priyadarshini et al., 2025). The scale for IUF, comprising 3 items, was adopted from (Hassan et al., 2024) The scale for FA, consisting of 3 items, was also developed based on (Hussain et al., 2023). The details of the constructs and the items are provided in Table No. 1.

Table 1. Constructs Details

Variable	Coding	Measurement Factors	Source
Perceived Usefulness	PU1	The usage of fintech services can meet my financial service needs	(Igamo et al., 2024)
	PU2	Fintech services can save time	
	PU3	Fintech services improve efficiency	

Attitude	AT1	I believe using fintech services is a good idea	(Igamo et al., 2024)
	AT2	Fintech service usage gives a pleasant experience	
	AT3	I am interested in fintech services	
Digital Financial Literacy	DFL1	I am aware of the digital payment methods such as Jazzcash, Easy Paisa, Pay Pak, Pioneer, Naya Pay, Sada Pay, Raast	(Igamo et al., 2024)
	DFL2	I know about online trading of financial securities	
	DFL3	I know about digital lending methods such as Peer-to-Peer lending, App-based lending, Supply Chain finance, and so on	
	DFL4	I know that insurance products can be purchased online	
Value of Status Quo	VSQ1	Fintech makes me feel comfortable	(Feghali et al., 2024)
	VSQ2	Fintech makes me feel free of uncertainty	
	VSQ3	Fintech is much beneficial to my routine activities	
	VSQ4	Fintech has much intangible treasure to my work and life	
	VSQ5	Fintech is the most economical choice compared to the alternative	
	VSQ6	Fintech is the safest and risk-free choice compared with switching to alternatives	
Intention to Use Fintech	IUF1	If I have access to Fintech, I intend to use it	(Hussain et al., 2023)
	IUF2	I haven't, but would like to use fintech services soon	
	IUF3	I will recommend Fintech services to my friends	
Fintech Adoption	FA1	I intend to adopt fintech services in the future	(Hussain et al., 2023)

	FA2	I expect to use the fintech service platforms regularly in the future
	FA3	I will strongly advise others to use the fintech services.

A pilot study was conducted with 10 respondents to ensure that the questionnaire was simple, unambiguous, and easy to understand. During the pilot survey, respondents were encouraged to provide feedback on the questionnaire and point out any points of contention.

3.3. Step-by-step methodology:

The research is carried out in the following steps:

Step 1: Questionnaire development based on a literature review and theoretical framework;

Step 2: Pilot testing;

Step 3: Sampling processes and data collection;

Step 4: Data pre-processing;

Step 5: Symmetric data analysis using PLS-SEM techniques;

3.4. Data Collection:

250 surveys were distributed using convenience sampling to collect data. However, only 210 responses were received, out of which 5 were considered invalid due to incomplete data. The respondents varied between the age range of 11 to 26 years.

3.5. Data analysis:

The data analysis process encompassed allocating data to the constructs and mapping the relationships among them. The data gathered from the surveys underwent a few processes, which included editing, coding, and classification using SPSS software to run the descriptive analysis. Then, Smart PLS software was used to estimate Partial Least Squares (PLS-SEM) models.

Specifically, the measurement model was used to assess the reliability and validity of the constructs, whereas the structural model was used to investigate the hypothesized

relationships of the study. Besides the exploratory nature of the research and the statistical power of the software being very high, one of the reasons for utilizing this method is the availability of the latent variables.

4. Result

4.1. Demographic Analysis

The demographic profile of the respondent provides valuable insights into the composition of the sample used in this research on Gen Z adoption of Fintech in Pakistan. Most of the respondents (92%) from various regions were aged between 19 and 26. Just 8% of the respondents were aged between 11 and 18. This percentage revealed the youth-eccentric nature of the sample.

The gender breakdown of the respondents was even, with 45.2% women and 54.8% men. The subsequent portion of the survey was about their educational background, 90.9% of the respondents having an undergraduate, bachelor's, or diploma. On the other hand, 5.3% of respondents have completed a secondary or higher secondary education, and 3.8% of respondents possess a postgraduate degree, indicating a high level of academic involvement.

Moreover, 78.8% a substantial majority of participants identified as students, followed by 15.4% respondents as employed and 4.3% unemployed, and only 1.4% entrepreneurs. This demonstrates mainly a student-based sample, which is crucial for examining the Fintech engagement patterns among youth.

Monthly income data indicates that 69.7% a vast majority of the respondents, are categorized under the PKR 50,000 and below income bracket. Additionally, 13.5% earn between PKR 50,000 and 100,000, whereas 16.8% exceed PKR 100,000 as their monthly income. The survey provided insights into the mix of lower-to mid-income users, and many of them are financially dependent or at the beginning of their professional careers.

The other important aspect of the survey was regarding residential background, and 76.9% of the respondents belong to urban areas, while 23.1% are from rural areas, indicating greater access to fintech solutions in urban regions. The Fintech platform usage frequency varies, with 37% of participants stated that they have never used any

fintech services. Meanwhile, 19.7% use it once a week, 30.3% use it twice or thrice a week, and 13% use it once a month.

Lastly, the survey helped us assess the purpose of Fintech usage, in which 66.8% of the respondents use Fintech for personal finance management. Additionally, 27.9% use it for both personal and business purposes, while 5.3% utilize it solely for their business finance. These figures emphasize the growing relevance of Fintech tools in daily financial activities among the youth, are mentioned in Table 2.

Table 2. Demographics

Demographics	Range	Frequency	Percentage (%)
Age	11-18 years	16	8
	19-26 years	185	92
Gender	Male	114	54.8
	Female	94	45.2
Education	Secondary/Higher Secondary School or Below	11	5.3
	Undergraduate/bachelor/diploma	189	90.9
	Postgraduate/master's/PhD	8	3.8
Employment Status	Student	164	78.8
	Employed	32	15.4
	Unemployed	9	4.3
	Entrepreneur	3	1.4
Monthly Income	PKR 50,000 and below	145	69.7
	PKR 50,000-100,000	28	13.5
	PKR 100,000 and above	35	16.8
Background	Rural	160	76.9
	Urban	48	23.1
Fintech Usage Frequency	Never	77	37
	Once a week	41	19.7
	Twice or thrice in a week	63	30
	Once a month	27	13
Fintech Usage Purpose	Personal Finance	139	66.8
	Business Finance	11	5.3
	Personal and Business Finance	58	27.9

4.2. Measurement Model

To evaluate the measurement model, this study followed well-established guidelines from previous research. (Henseler & Chin, 2010), focusing on checking the reliability and validity of each construct. This involved looking at internal consistency to confirm reliability, as well as assessing convergent and discriminant validity to ensure the model was sound overall. The analysis was carried out using the PLS algorithm in Smart PLS, which provided all the desired results. The output is well interpreted on the validity and reliability of the constructs. Major variables such as factor loadings, Cronbach's alpha, Composite Reliability (CR), and Average Variance Extracted (AVE) were also analyzed in depth during the research. It also tested the Heterotrait-Monotrait Ratio (HTMT) to assess discriminant validity. These stages were required in order to ascertain that each of the constructs met the established criteria for reliability and validity.

4.2.1. Construct Reliability

At the start of the measurement analysis, this study focused on checking reliability to make sure the constructs were internally consistent. This involved looking at how well each item performed (indicator loadings) and whether the items worked well together overall. As shown in Table 3, the outer loadings for all items range from 0.793 to 0.945, which shows strong individual item performance (Byrne, 2016). The table also reports Cronbach's alpha values for each construct, all falling between 0.855 and 0.944, well above the commonly accepted threshold of 0.7 (Hair et al., 2020), indicating strong reliability.

Internal consistency was evaluated using Cronbach's alpha and Composite Reliability to provide a better indication. While composite Reliability provides a more realistic estimate of how well the items represent each construct, Cronbach's alpha has been criticized for perhaps overestimating reliability. Hair et al. (2012) argues that CR values above 0.6 are considered acceptable. The composite reliability values in this case, also listed in Table 3, are well above the lowest stipulated requirement, between 0.912 and 0.959. Overall, these results confirm the validity of the measuring method and the reliability of the constructs.

Table 3. Reliability Results

Variables	Coding	Loadings	Alpha	CR
Perceived Usefulness	PU1	0.941	0.937	0.959
	PU2	0.945		
	PU3	0.940		
Attitude	AT1	0.911	0.898	0.936
	AT2	0.903		
	AT3	0.918		
Digital Financial Literacy	DFL1	0.825	0.903	0.932
	DFL2	0.904		
	DFL3	0.892		
	DFL4	0.897		
Value of Status Quo	VSQ1	0.896	0.944	0.956
	VSQ2	0.912		
	VSQ3	0.903		
	VSQ4	0.908		
	VSQ5	0.893		
	VSQ6	0.793		
Intention to Use Fintech	IUF1	0.909	0.855	0.912
	IUF2	0.827		
	IUF3	0.902		
Fintech Adoption	FA1	0.908	0.917	0.948
	FA2	0.934		
	FA3	0.936		

4.2.2. Convergent Validity

Rather than looking at the unrelated constructs, convergent validity assesses the extent to which each item is associated with the measuring construct (Urbach & Ahlemann, 2010).

Average Variance Extracted (AVE) values obtained through the use of the PLS technique were utilized in this study to confirm the convergent validity. As the construct accounts for at least half of the variance of its indicators, an AVE greater than 0.5 is generally considered good (Hair et al., 2017). Considering the results of Table 4, all the constructs had AVE values above 0.5. Digital financial literacy's AVE was the lowest (0.775), whereas perceived utility's AVE was the highest (0.887). However, the rest of the constructs, AVEs were 0.830 for attitude, 0.783 for status quo value, 0.776 for intention to use fintech, and 0.858 for adoption of fintech. These findings are in support of the measurement model's high convergent validity by validating that every construct is a good indicator of the variance in its respective terms.

Table 4. Convergent Validity

Variables	Average Variance Extracted (AVE)
Perceived Usefulness (PU)	0.887
Attitude (AT)	0.830
Digital Financial Literacy (DFL)	0.775
Value of Status Quo (VSQ)	0.783
Intention to Use Fintech (IUF)	0.776

4.2.3. Discriminant Validity

To ensure that each construct is distinctly different from the rest and that the questions are capturing what they were supposed to with minimal overlap, discriminant validity was tested in this research. Ensuring that every thought can exist independently is a very important step. Heterotrait-Monotrait Ratio (HTMT), which compares the relationships among numerous constructs with each other to the relationships within the same construct, was used to check for this. (Henseler, 2017) described that HTMT values greater than 0.85 may indicate a problem. As shown in Table 5, all of the model's values are comfortably below the threshold, indicating that the constructs are decently separated. The overall results confirm the validity and the reliability of the measurement

model, which renders it suitable for hypothesis testing in the structural model in the next step.

Table 5. HTMT Results

Items	1	2	3	4	5	6
AT						
DFL	0.772					
FA	0.813	0.577				
IUF	0.771	0.785	0.636			
PU	0.754	0.786	0.643	0.822		
VSQ	0.845	0.778	0.700	0.832	0.844	

4.3. Structural Model

The proposed relationships were tested in the structural model after it had been confirmed that the measurement model was valid and reliable. The scrutiny of path coefficients, their significance, and the proportion of variance explained in the dependent variables was all confined to this step. The bootstrapping technique was used to acquire the findings presented in Figure 3. For the purposes of estimating standard errors and determining the significance of hypotheses, this technique involves several resamples of data (Hair et al., 2012). As a more reliable analysis, this research employed 5,000 sample subsets in Smart-PLS, though (Chin, 1998) advised the use of 1,000 samples. The importance of each path was determined via t-statistics, based on the one-tailed test with the significance level 0.05. Standard benchmarks report that significance at the level of 5% ($p < 0.05$) is reported when t-values are larger than 1.645, although greater thresholds are employed for more stringent levels. As per standard PLS procedure, this research identified which model paths are statistically significant at the 5% level.

4.3.1. Coefficient of Determination

The analysis began with the coefficient of determination (R-squared), which reflects the percentage of the variance in the dependent variables that is explained by the model, to measure how well the model was able to predict outcomes. The closer the R-squared value is to 1, the better the model's predictive power (Hair et al., 2012). In this study, R-squared values were calculated using Smart-PLS. According to Cohen (2013) R-squared values can be considered weak at 0.02, moderate at 0.13, and strong at 0.26 or above. As presented in Table 6, the model explains 33.8% of the variance in Fintech Adoption, which falls into the "substantial" category. This means the model does a satisfactory job of predicting the outcome and meets the standard for strong predictive performance.

Table 6. R-Square

Variables	R Square
Intention to Use fintech	0.650
Fintech Adoption	0.338

4.3.2. Path Coefficients

Table 7 shows the direct relationships between variables based on the structural model, with standardized path coefficients ranging from 0.103 to 0.584. These values reflect how strongly the variables are connected; higher values mean a stronger relationship, while lower ones indicate a weaker link (Hair et al., 2016). The results reveal that attitude does not have a significant direct effect on intention to use fintech, as shown by the path coefficient ($\beta = 0.103$, $p = 0.142$). On the other hand, perceived usefulness ($\beta = 0.296$, $p = 0.000$), digital financial literacy ($\beta = 0.196$, $p = 0.001$), and value of status quo ($\beta = 0.296$, $p = 0.001$) have significant positive effects on intention to use fintech. Likewise, intention to use fintech also has a significant and positive effect on fintech adoption ($\beta = 0.584$, $p = 0.000$).

Table 7. Structural Model Results

Relationship	Beta	SE	5.0%	95%	T Values	P Values
PU -> IUF	0.296	0.066	0.179	0.399	4.478	0.000
AT -> IUF	0.103	0.096	-0.059	0.259	1.073	0.142
DFL -> IUF	0.196	0.062	0.088	0.293	3.156	0.001
VSQ -> IUF	0.296	0.091	0.156	0.458	3.238	0.001
IUF -> FA	0.584	0.076	0.442	0.689	7.724	0.000

4.3.3. Hypotheses Results

To conclude the evaluation of the proposed hypotheses, this study closely examined the path coefficients and their significance levels from the structural model, as discussed in Section 4.3.2. These results helped clarify how strong the relationships are between the variables and whether those relationships are statistically significant. Overall, the findings suggest that out of the five hypotheses tested, the hypothesis concerning attitude's impact on intention to use fintech is not supported, while the remaining four are accepted. Table 8 provides a clear summary of the conclusions for all five hypotheses based on this analysis.

Table 8. Hypotheses Results

No	Hypothesis Statement	Decision
H1.	PU has a positive influence on the user's intention to use fintech.	Supported
H2.	AT has a positive influence on the user's intention to use Fintech.	Not Supported
H3.	DFL has a positive influence on the user's intention to use Fintech.	Supported

H4.	VSQ has a significantly positive influence on IUF.	Supported
H5.	IUF has a significant positive influence on Fintech adoption.	Supported

5. Discussion

The current study illustrated that Intention to use Fintech has a significant positive impact on fintech adoption among Gen Z in Pakistan, a developing nation. It aligns with the prior research and suggests that the more the fintech platforms are user-centered in nature, the more they can contribute to enhanced adoption among young users (Mention, 2019). By leveraging fintech, the financial institutions and platforms can offer digital services that allure tech-savvy users, particularly Gen Z. Fintech Adoption is a strategic action for Fintech players in an effort to expand their user base, since the study also suggests that it can improve the users' overall experience and the instant interaction with financial services. This outcome is in accordance with previous studies indicating that improved adoption of fintech and financial empowerment may be the outcome of fintech integration into the financial landscape. The role played by Fintech in enhancing consumer engagement with financial goods and services (Hannoon et al., 2021). These findings are in accordance with the evidence provided by (Priyadarshini et al., 2025; Qaiser & Fahad, 2024; Rajpoot & Raffat, 2024), who established that digital financial literacy and attitude could drive the uptake of fintech by enhancing social network exposure as well as participation. This study also demonstrates that the technology-specific factors, such as perceived usefulness and digital financial literacy an integral part in understanding the user behavior, but they are not sufficient on their own to explain the Gen Z's engagement in detail. Socio-cultural and contextual dimensions, for instance, status quo, geographic background, and economic environment, also play a pivotal role. For instance, those who are from rural or less exposed areas to digital literacy are expected to act in a more traditional way with respect to their own finances. This means that a more holistic approach is required, which integrates both socioeconomic and cultural aspects, beyond the standard models of technology adoption such as the Technology Adoption Model

(TAM) or the Unified Theory of Acceptance and Use of Technology (UTAUT). In pursuit of encouraging inclusive and successful adoption of Fintech among Gen Z, policymakers, developers, and marketers need to possess a nuanced understanding of these integrated issues.

5.1 Limitations

Just like every study has its limitations, this one will rank as one of the few studies that examines the drivers of Gen Z's use of fintech empirically in a developing nation such as Pakistan. Even though the study aims to contribute extensively to the literature, due to constraints like time and funds, it has a few limitations. First, the sample size for the study only consisted of 200 voluntary participants, which may not be able to pertain to the entirety of Gen Z as well nor might it encompass cultural differences. Second, the Majority of the responses came from urban areas, which may not be able to represent individuals from underdeveloped regions, as they may not have access to the same technology as those residing in urban areas. Furthermore, the data was self-reported, which means that it has become victim to personal biases or certain misinterpretations. Lastly, the research was done at one point in time, so it does not reflect changes in behavior towards fintech adoption over time, and it does not represent any qualitative insights. Subsequent research can enhance the scope of the study by increasing the sample size, as well as integrating qualitative approaches and conducting a comparative study on those residing in urban and rural areas. Moreover, they can consider using perceived risk as another moderating variable.

5.2 Practical Implications

The results of this study offer practical implications for policymakers, fintech companies, educators, and prospective users of fintech on factors influencing and restricting the adoption of fintech services among Gen Z in a developing country like Pakistan. This study can also be used as a baseline to take measures to enhance financial inclusion in the country. Interestingly, the results of the study showed that attitude does not influence fintech adoption, whereas digital financial literacy and the value of the status quo have a significant impact on fintech adoption. This information can be used by policymakers to take initiatives in both rural and urban areas to increase digital

financial literacy, as the findings also indicated a disparity among those from urban and rural backgrounds. Fintech companies can also take these findings to design marketing campaigns tailored specifically for Gen Z. Noticing the significant impact of the value of status quo on intention to use fintech, fintech companies can also benefit from community-based engagement to enhance fintech adoption and reduce financial exclusion**.**

5.3 Conclusion

The convergence of finance and technology brought disruptions in the industry with its emergence. This study sheds light on the critical yet insufficiently studied area: the fintech adoption by Gen Z in an emerging economy like Pakistan. While globally, fintech trends indicate a rising trajectory in digital finance usage (Mittal, 2024). Pakistan represents a unique circumstance with untapped potential, which is hindered by various obstacles such as infrastructural limitations, digital illiteracy, and regulatory uncertainties (Priyadarshini et al., 2025). This research not only gathers the preferences of the Gen Z but also discloses the nuanced barriers hindering Fintech adoption in a context where a significant portion of the population is comprised of the youth. The findings of the research emphasize that Gen Z is inclined towards technology and digitization as well as financial innovation, but their decisions are highly influenced by the complex interplay of some variables, such as perceived usefulness, attitude, financial literacy, and social influence, and these elements require a strategic focus of government, policymakers, and industry specialists. As Pakistan is an emerging economy and prepares for the digital future, this research aims to provide valuable insights as a guide for fintech providers in creating inclusive, user-friendly, and secure solutions. Cure platforms as per the needs and requirements of the youth (Rajpoot & Raffat, 2024).

Moreover, according to Hussain et al. (2023) fintech has the potential to ignite economic inclusion, employment opportunities, as well as GDP growth, and can act as a disruptive factor in the Pakistani economy. Hence, this study not only aims to address a scholarly gap but also tends to pave the way for impactful interventions, acting as a bridge between technological innovation and financial empowerment among Pakistan's dynamic demographics (Hannoon et al., 2021; Shaikh & Sharif, 2024).

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