FINTECH AND FINANCIAL INCLUSION ENHANCING ACCESS TO FINANCIAL SERVICES

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By

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CERTIFICATION OF AUTHORSHIP

I hereby confirm that I conducted the study and submitted the final draft of the dissertation entitled "**Fintech and Financial Inclusion Enhancing Access to Financial Services**" This dissertation is the result of my own independent work, and it has never been submitted for an academic degree, presented, or proposed for any other academic purpose. Any assistance received throughout the course of this research has been appropriately recognized, and all sources of information and literature used in the dissertation have been correctly listed in the references.

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REPORT OF THE RESEARCH COMMITTEE

Ms. Sapana Pudasaini successfully defended the study proposal entitled "**Fintech and Financial Inclusion Enhancing Access to Financial Services**." The Research Committee has approved and registered the dissertation for further work. The candidate is encouraged to undertake the study under the guidance and supervision of the appointed supervisor, Joginder Goet, and to submit the finished dissertation for review and viva voce examination.

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APPROVAL SHEET

We, the undersigned, have examined the thesis entitled "**Fintech and Financial Inclusion Enhancing Access to Financial Services**." presented Sapana Pudasaini, a candidate for the degree of master of Business Studies (MBS Semester) and conducted the Viva voce examination of the candidate. We hereby certify that the thesis is worthy of acceptance.

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ABBREVIATIONS

FI	:	Financial Inclusion
FU	:	FinTech Use
DFL	:	Digital Financial Literacy
FinTech	:	Financial Technology
TR	:	Trust
SQ	:	Service Quality
PS	:	Perceived Security
SI	:	Social Influence
PE	:	Performance Expectancy
EE	:	Effort Expectancy
SPSS	:	Statistical Package for the Social Sciences
R-square	:	Coefficient of Determination
SD	:	Standard Deviation
TU	:	Tribhuvan University

ABSTRACT

This study investigates the how Fintech and Financial Inclusion enhancing access to financial services in Nepal, with a focus on the mediating role of digital financial literacy (DFL). Primary data were acquired from 385 FinTech users in Kathmandu Valley using structured questionnaires using a quantitative method with descriptive and causal study designs. Trust, service quality, perceived security, social influence, performance expectancy, and effort expectancy are among the key drivers explored, with FinTech use (FU) serving as the independent variable and financial inclusion (FI) as the dependent variable. Mediation study with PROCESS Macro (Model 4) demonstrates that FinTech adoption is highly associated with digital financial literacy and financial inclusion. Although digital financial literacy is a major predictor of financial inclusion, its mediation effect on the association between FinTech use and financial inclusion is non-significant. Trust, service quality, and effort anticipation positively impact financial inclusion, accounting for 32.7% of the variation ($R^2 = 0.327$). The total model is highly significant ($F = 30.573$, $p < 0.001$). These findings emphasize the independent importance of FinTech adoption and digital financial literacy in enhancing financial inclusion, and they recommend that stakeholders promote both aspects concurrently to optimize inclusive access to financial services in Nepal.

***Keywords**: Financial Inclusion, Financial Technology (FinTech), Digital Financial Literacy, Trust, Service Quality, Effort Expectancy, Mediation Analysis, Nepal*

CHAPTER I
INTRODUCTION

1.1 Background of the Study

Financial technology, commonly referred to as fintech, has become a pivotal force in transforming the financial sector globally. By leveraging digital technologies, fintech has redefined how financial services are delivered, making them more accessible, efficient, and inclusive (Zhang, 2020; Chen & Zhang, 2019). In developing economies, particularly in Nepal, fintech innovations have been instrumental in overcoming traditional barriers to financial inclusion. Nepal stands out as a leading example of this transformation, primarily due to the widespread adoption of mobile money services.

Financial inclusion, defined as individuals and businesses having access to relevant and cheap financial products and services, has emerged as a worldwide development priority. Despite global economic progress, many people, particularly in developing countries, are still excluded from formal financial institutions, limiting their ability to fully engage in economic activity and impeding equitable development (Amnas et al., 2024). Financial inclusion is influenced by a variety of factors, including poverty, financial innovation, financial sector stability, economic conditions, financial literacy levels, and country-specific regulatory frameworks (Ozili, 2020).

In recent years, financial technology (FinTech) has emerged as a revolutionary force in the financial services industry, offering new ways to overcome old financial access restrictions. The growth of digital networks, mobile money platforms, and internet usage has created technical opportunities to expand the access and efficiency of financial services, particularly among underserved and marginalized groups (Aleemi et al., 2023). FinTech developments dramatically eliminate the physical and procedural barriers that previously hindered household engagement in the formal financial sector, providing new avenues for engaging with financial products and services (Yanga & Zhang, 2022). These trends are consistent with the United Nations Sustainable Development Goals (SDGs), which highlight FinTech's vital role in fostering sustainable and inclusive economic growth (Arner et al., 2020).

FinTech's potential benefits include improved access to financial services, lower prices, and empowerment of previously marginalized groups. However, issues such as the need for ongoing technological adaptation, cybersecurity dangers, and regulatory difficulties remain. To address these difficulties, governments, conventional financial institutions, and growing FinTech companies must work together to build conducive conditions that encourage innovation while protecting consumers (Karangara, 2023).

Demographic and technical trends highlight the increasing demand for FinTech services. Rapid urbanization, rising literacy levels, a young population, high mobile phone usage, and increased internet access have boosted the potential client base for digital financial services, particularly in areas with limited traditional banking infrastructure (Mohamed, 2020).FinTech has disrupted traditional financial service providers by providing faster, more accessible, and affordable alternatives, allowing for direct interactions between borrowers and investors, and streamlining financing processes (Barroso & Laborda, 2022; Firmansyah et al., 2022). However, many traditional financial institutions confront difficulty in integrating new technologies with their old systems, as well as navigating the cultural and workforce shifts that come with digital transformation (Utami et al., 2021). Collaborations between banks and FinTech enterprises, through integration and app development, have the potential to improve banking efficiency and bring cost-effective services to a larger market (Firmansyah et al., 2022).

Digital financial literacy, or the capacity to understand and use financial information via digital platforms, is an important aspect in the successful acceptance and use of FinTech services (Rahayu et al., 2022). As FinTech services grow more widespread, digital financial literacy becomes a crucial skill that must be included in educational curriculum to ensure individuals can properly navigate digital financial environments (Panos & Wilson, 2020). Individuals with basic financial understanding may fail to fully benefit from FinTech developments if they lack sufficient digital financial literacy (Kakinuma, 2022).

Nepal demonstrates significant progress in financial inclusion, which is fueled by digital financial services. By 2022, formal financial service usage among Nepalese adults had increased to almost 90%, up from 61% in 2014. This included services such as insurance, banking, savings, credit, and payments (ICFC, 2023). Fast payment methods such as QR

code transactions, mobile banking, and e-wallets have grown significantly in the last two years, with QR code transactions increasing by 286%, mobile banking contributing 59% of growth, and wallet transactions accounting for 30% (Special Address Delivered by Governor Adhikari on 'FINTECH Fest 2023', in Mumbai, India, 2021).

To increase financial inclusion, Nepal has launched strategic efforts such as digital banks, regulatory sandboxes, and the progressive adoption of central bank digital currencies. The implementation of centralized Know Your Customer (KYC) systems linked to digital national IDs and individualized credit scoring processes are critical steps toward using FinTech for increased financial access (Frost & Sullivan, 2018). Despite these improvements, legal frameworks governing digital banking are still unclear, offering continued issues for policymakers and regulators to address (The HRM Nepal, 2023).

Previous FinTech research has mostly focused on the factors that influence FinTech adoption and its direct impact on financial inclusion (AlBenJasim et al., 2023; Amnas et al., 2024; Hassan et al., 2023; Senyo et al., 2021; Wenxiang et al., 2023). However, there is still a major vacuum in our understanding of the function of digital financial literacy as a mediator between FinTech usage and financial engagement. Notably, Amnas et al.'s (2024) study done in India underlined this gap by emphasizing the lack of research into how digital financial literacy bridges the gap between FinTech adoption and equitable financial engagement.

This study seeks to close that gap by looking into the use of FinTech to promote financial inclusion in Nepal, with a focus on digital financial literacy as a mediating factor. The study indicates that digital financial literacy is an important factor in the widespread acceptance and effective usage of FinTech services. This study aims to give policymakers, financial institutions, and FinTech startups with actionable information by assessing both traditional financial literacy and the unique problems provided by digital banking. The findings are expected to inform the creation of targeted interventions and strategies that use digital financial literacy to increase financial inclusion and contribute to Nepal's socioeconomic development goals.

1.2 Problem Statement

Financial inclusion is a major enabler of economic growth, social fairness, and poverty reduction. It provides individuals with access to fundamental financial services such as savings, credit, insurance, and payments, hence enhancing personal and national economic resilience (Demirgüç-Kunt et al., 2018; Allen et al., 2016). Despite global efforts, roughly 1.4 billion adults remain unbanked, the majority of whom live in poor countries (World Bank, 2022). Financial exclusion is especially prevalent in Nepal's rural and underprivileged people due to insufficient banking infrastructure, high service fees, and onerous documentation requirements (Nepal Rastra Bank, 2021).

The rapid expansion of financial technology (FinTech) creates new potential to break down old boundaries by providing digital, low-cost, and user-friendly financial products. According to studies, FinTech can play a revolutionary role in increasing financial inclusion by accessing underbanked communities via mobile banking, e-wallets, and online lending (Ozili, 2018; Arner et al., 2016). However, the sheer availability of FinTech solutions does not ensure their adoption or successful use, particularly in low-income and rural areas.

Research has identified several factors of FinTech adoption, including trust (Belanche et al., 2019), perceived security (Shin, 2009), service quality (Zhou, 2011), performance expectancy, and effort expectancy (Venkatesh et al., 2003). These characteristics influence how people perceive and interact with digital financial services. However, the impact of these variables on actual financial inclusion results has received little attention in empirical research, particularly in South Asia (Bongomin et al., 2018; Sahay et al., 2020).

A growing body of research highlights digital financial literacy as a critical enabler of FinTech adoption. Digital financial literacy is defined as the knowledge and abilities needed to use digital financial services safely and effectively (Lusardi & Mitchell, 2014; Grohmann et al., 2018). It improves people's capacity to evaluate digital platforms, identify dangers, and make sound financial decisions. Evidence suggests that low digital financial literacy is a significant obstacle to FinTech adoption and consequently financial inclusion (OECD, 2020; Rahman et al., 2021). Nonetheless, its significance as a mediator

in the relationship between FinTech adoption and financial inclusion has received little empirical investigation.

Furthermore, social influence, which includes peer usage, community standards, and family recommendations, has been identified as a major contextual component in FinTech adoption, particularly in collectivist societies such as Nepal (Venkatesh et al., 2003; Thakur and Srivastava, 2014). However, its impact might differ greatly among socioeconomic and demographic groups, making it a complicated and context-dependent variable (Zhou et al., 2010; Agarwal et al., 2021).

Despite the increased use of FinTech in urban Nepal, rural communities continue to confront digital and financial exclusion due to infrastructure constraints, poor literacy levels, and affordability concerns (ADB, 2021; NRB, 2022). While many studies focus on FinTech adoption or financial inclusion, few combine the two and investigate their linked dynamics, particularly when mediating and contextual variables such as digital financial literacy and social influence are taken into account.

Given these gaps, a comprehensive study evaluating the relationship between FinTech adoption and financial inclusion, as well as the mediating function of digital financial literacy and the impact of trust, service quality, perceived security, and social factors, is both timely and important. Such study can give useful information for FinTech companies, regulators, and development organizations working to promote inclusive finance in Nepal and other developing countries. This study seeks to answer the following essential research questions:

Research Questions

i. What are the key factors influencing the adoption of FinTech services in the context of financial inclusion?
ii. What is the role of digital financial literacy in mediating the relationship between FinTech use and financial inclusion?
iii. How do trust, service quality, perceived security, performance expectancy, and effort expectancy affect financial inclusion?

1.3 Objectives of the Study

The primary objective of this research is to look into how the use of FinTech services leads to increased financial inclusion in Nepal, specifically by improving access to key financial services for underprivileged people. The study seeks to investigate the factors that determine people's willingness and ability to use FinTech platforms, as well as how these aspects affect their financial behavior and inclusion.

The specific objectives of the study are:

i. To identify the key factors influencing the adoption of FinTech services in promoting financial inclusion.
ii. To investigate the mediating role of digital financial literacy between FinTech usage and financial inclusion.
iii. To examine the impact of trust, service quality, perceived security, performance expectancy, and effort expectancy on financial inclusion

1.4 Rationale of the Study

The expanding global emphasis on financial inclusion reflects a growing understanding that access to financial services is a critical driver of inclusive economic growth and poverty alleviation. In nations like Nepal, where huge segments of the population are still underserved by traditional financial institutions, the rise of financial technology (FinTech) offers a promising way to close the financial access gap. Despite the increasing availability of digital financial services, acceptance is still unequal, particularly among rural, low-income, and digitally illiterate people.

This study is important because it fills a critical gap in the literature by investigating not just the direct relationship between FinTech adoption and financial inclusion, but also the mediating effect of digital financial literacy, a variable that is frequently disregarded in empirical studies. knowledge how trust, service quality, perceived security, and social influence affect FinTech adoption, as well as how digital financial literacy shapes these interactions, provides a more nuanced and context-specific knowledge of the obstacles and potential in promoting inclusive finance.

The study advances theoretical knowledge by combining constructs from the Unified Theory of Acceptance and Use of Technology (UTAUT) and digital financial literacy

frameworks, resulting in a comprehensive model for explaining FinTech adoption and its inclusive potential in developing countries. This integration contributes to bridging the gap between technological acceptance theories and discussions about financial inclusion.

From a practical standpoint, the findings of this study will assist FinTech providers, microfinance institutions, and commercial banks in developing user-centered digital services customized to the requirements and limits of underprivileged groups. Insights into the role of digital financial literacy can help to create more successful financial education programs that allow users to accept and benefit from digital financial services with confidence and security.

The study is also policy-relevant, as it can help government agencies and regulators like the Nepal Rastra Bank develop evidence-based policies to encourage digital financial inclusion. By identifying the primary impediments to FinTech adoption and the demographic groups most affected, the study makes actionable recommendations for targeted initiatives that address infrastructure shortages, digital literacy shortfalls, and trust difficulties in digital finance.

In conclusion, this research is both timely and important. It provides a grounded and evidence-based analysis that adds to academic study, educates practice, and aids policy formation targeted at increasing equal access to financial services via FinTech.

1.5 Limitations of the Study

This study, while giving useful insights on the role of FinTech in improving financial inclusion, has some drawbacks. These limitations should be acknowledged since they may have an impact on the results' interpretation and generalizability. The main restrictions are described below:

i. The study focuses on a specific place, such as Nepal or similar emerging economies, and its findings may not be applicable to other regions with different socioeconomic and regulatory circumstances.
ii. The sample population may not adequately represent varied demographic groups, such as age, gender, education level, or access to technology, thereby limiting the findings' broader relevance.

iii. Digital financial literacy encompasses knowledge, skills, and behaviors. The use of self-reported statistics may induce biases, such as overestimating or underestimating literacy levels.

iv. The FinTech market is fast growing, therefore some findings may become outdated when new technologies, products, and customer habits arise.

v. Uncontrollable variables, such as government policies, economic conditions, or global events, can effect financial inclusion and FinTech adoption, affecting the study's results.

vi. The study lacks a thorough examination of cultural factors influencing FinTech adoption, including perceptions of technology, financial institutions, and risk, which can differ significantly between societies.

vii. The study's cross-sectional approach limits its ability to capture long-term trends and the influence of FinTech adoption.

viii. The study's quantitative approach may not fully capture qualitative components of user experiences, perceptions, and motives. Including qualitative research may yield richer insights.

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CHAPTER II
LITERATURE REVIEW

This chapter provides an overview of the available literature on FinTech adoption, financial inclusion, and digital financial literacy. It investigates the theoretical foundations, conceptual frameworks, and empirical facts that have influenced our understanding of these notions. The literature review attempts to lay the groundwork for the current study by identifying research gaps, aligning crucial variables with theoretical models, and assisting in the development of hypotheses.

2.1 Conceptual Review

This section provides a full description of the study's primary constructs. These variables are central to the conceptual framework designed to better understand the influence of FinTech use on financial inclusion, with a particular emphasis on the mediating role of digital financial literacy.

2.1.1 FinTech Use

Financial technology (FinTech) is the innovative use of digital tools and technologies to provide financial services in a more efficient, easy, and accessible manner. FinTech platforms provide a diverse range of services, including mobile banking, digital wallets, peer-to-peer lending, crowdfunding, robo-advisory, and online payment systems, which have transformed traditional financial service delivery (Barroso & Laborda, 2022; Aleemi et al., 2023). These platforms not only lower operational costs and transaction times, but they also break down geographical and infrastructure obstacles, making financial services available to previously underserved communities. Convenience, fast transaction processing, increased accessibility, and the availability of varied digital financial tools that simplify complex financial tasks for users are all major drivers driving FinTech adoption (Alrawad et al., 2023).The fast increase in smartphone usage and internet access has expedited the global adoption of FinTech services.

2.1.2 Financial Inclusion

Financial inclusion is defined as the process of ensuring that all individuals and businesses, particularly those who have traditionally been marginalized or excluded, have

access to useful and affordable financial products and services that meet their needs, such as savings, credit, insurance, and payment facilities, which are delivered responsibly and sustainably (Ozili, 2020). It entails not only having access to financial services, but also using them actively and meaningfully. FinTech has emerged as a critical enabler of financial inclusion, leveraging digital channels to provide affordable and scalable financial solutions, especially in developing countries where traditional banking infrastructure is often limited or unavailable (Arner et al., 2020; Yanga & Zhang, 2022).FinTech uses digital platforms to help low-income individuals, rural populations, and small enterprises enter the formal financial system, encouraging economic empowerment and reducing inequality.

2.1.3 Digital Financial Literacy

Digital Financial Literacy (DFL) is a person's capacity to acquire, comprehend, and effectively use digital financial services and technologies. This includes the ability to navigate mobile banking applications, read digital transaction information, manage online accounts safely, and identify potential online fraud or cyber threats. DFL is important because it enables consumers to make informed financial decisions and use FinTech platforms confidently and safely (Ravikumar et al., 2022; Kumar et al., 2023). Individuals who lack basic digital financial literacy, even if they have access to technology, may struggle to properly utilize existing digital financial services, potentially leading to exclusion or misuse (Kakinuma, 2022). As a result, DFL is not just a facilitator, but also a prerequisite for leveraging the benefits of FinTech for financial inclusion.

2.1.4 Trust

Users' trust in FinTech platforms represents their belief in the trustworthiness, integrity, security, and privacy of the digital financial services provided. Given the intangible nature of digital services and the participation of sensitive personal and financial information, trust is a critical predictor of user adoption and ongoing engagement with FinTech solutions (Bajunaied et al., 2023; Roh et al., 2022). High levels of trust decrease perceived risks like fraud, data breaches, and service failures, which would otherwise be hurdles to adoption. Trust also promotes loyalty and favorable word-of-mouth, which contributes to the long-term success of FinTech platforms.

2.1.5 Service Quality

In the context of FinTech, service quality relates to consumers' overall perceptions of the platform's performance in terms of reliability, responsiveness, ease of use, and customer support. High-quality service delivery increases customer happiness, builds trust, and supports ongoing usage of digital financial services (George & Sunny, 2022; Patnaik et al., 2023). Key characteristics include rapid transaction processing, effective issue resolution, user-friendly interfaces, and clear communication. In highly competitive FinTech sectors, good service quality is a key differentiator for gaining and maintaining clients.

2.1.6 Perceived Security

Perceived security is the degree to which users believe their financial and personal information is safe from unauthorized access, fraud, and cyber dangers during digital transactions. It significantly influences users' comfort and willingness to engage with FinTech platforms (Nasir et al., 2023; Jangir et al., 2022). A strong sense of security minimizes anxiety about online financial transactions, promoting acceptance and frequent use. Encryption, biometric authentication, and secure payment gateways are examples of robust security features that providers can add to dramatically enhance user confidence.

2.1.7 Social Influence

Social influence refers to an individual's perception that important persons, such as family members, friends, colleagues, and social networks, believe they should utilize FinTech services. It works through social norms, peer pressure, and recommendations to either promote or discourage technology adoption (Venkatesh et al., 2003; Chin et al., 2020). However, empirical research reveals that the effect of social influence on FinTech adoption varies based on cultural environment, financial product type, and individual user attributes.

2.1.8 Performance Expectancy

Performance expectancy is defined as the belief that using FinTech services will increase users' efficiency and effectiveness in managing their finances. Expectations include faster transaction processing, better financial management, and improved decision-making capabilities (Chan et al., 2022; Alkhwaldi et al., 2022). Performance expectancy is strongly related to behavioral intention and adoption, as consumers are more willing to

accept technology that they believe will provide real benefits and improve their financial well-being.

2.1.9 Effort Expectancy

Effort expectation is the perceived ease of use associated with FinTech platforms. When users believe digital financial services to be simple to use, they are more likely to adopt and stick with them (Senyo & Osabutey, 2020; Singh et al., 2021). The user interface design, clarity of instructions, accessibility features, and availability of customer help for troubleshooting all have an impact on effort expectancy.

2.2 Theoretical Review

2.2.1 Unified Theory of Acceptance and Use of Technology (UTAUT2)

The current study is theoretically supported by the Unified Theory of Acceptance and Use of Technology (UTAUT2) proposed by Venkatesh et al. (2003) and the Value-based Adoption Model (VAM) proposed by Kim et al. (2007). As FinTech services become more popular, the UTAUT model can be used to investigate how they maintain the relationship between FinTech applications and financial inclusion (Yohanes et al., 2020). It has multiple key components, including social influence, effort and performance expectations, and enabling settings. However, other authors expanded on the UTAUT model, justifying the usage of FinTech services to obtain financial insight (Amnas et al., 2024; Hassan et al., 2023). By incorporating and altering UTAUT, the previous researcher was able to comprehend and draw conclusions about the acceptance and use of systematic FinTech service theory. The UTAUT2 framework is used as a theoretical framework in this study due to its effective explanatory abilities.

2.2.2 Value-based Adoption Model (VAM)

The Value-based Adoption Model (VAM) by Kim et al. (2007) is another framework that this study builds on to explain the relationships between the predicted variables. The primary idea behind VAM is that people's perceptions of the benefits and drawbacks of new technology influence their use of it (Jun et al., 2018). In this study, the researcher employed VAM because characteristics such as perceived security, trust, and service quality promote the adoption of new technology - Fintech1. Furthermore, perceived regulatory backing and digital financial knowledge enhance the value (Amnas et al., 2024). Several recent scholars have used VAM to explain the acceptability of FinTech.

2.3 Empirical Review

Adhikari et al. (2024) investigated the Mediating Role of Digital Financial Literacy in Enhancing Access to Financial Services offers a thorough examination of the relationship between FinTech adoption, financial inclusion, and digital financial literacy, with a focus on emerging economies. The study uses a quantitative research approach and frameworks such as the Unified Theory of Acceptance and Use of Technology (UTAUT) and the Value-Based Adoption Model (VAM) to investigate key determinants of FinTech adoption, such as trust, service quality, perceived security, performance expectancy, effort expectancy, and social influence.Empirical data show that trust, service quality, perceived security, performance expectancy, and effort expectancy all have a substantial impact on FinTech adoption, however social influence has no effect. Furthermore, digital financial literacy is recognized as a significant mediating variable, improving users' ability to understand and efficiently use FinTech services, hence bridging the gap between technical innovation and financial inclusion.

Amnas et al. (2024) investigated how financial technology (FinTech) can improve financial inclusion, with a focus on the mediating effect of digital financial literacy and the moderating role of perceived regulatory support. The researchers analyzed data acquired from 608 FinTech users in India using partial least squares structural equation modeling (PLS-SEM). The findings show that trust, service quality, and perceived security are critical in driving the adoption of FinTech services. Furthermore, the study shows that FinTech adoption improves financial inclusion by increasing individuals' access to formal financial services. Digital financial literacy plays a crucial role in this relationship, improving users' capacity to effectively use FinTech solutions. Furthermore, perceived regulatory support moderates the association between FinTech usage and financial inclusion, implying that supportive regulatory frameworks can amplify FinTech's favorable influence on financial inclusion. These findings provide significant information for policymakers and FinTech companies working to create accessible financial services.

AlBenJasim et al. (2023) investigated how cybersecurity issues influence the development and uptake of FinTech services in Bahrain. The researchers concentrated on three major variables: cyber risks, regulatory compliance, and user trust. Using a case study technique and survey data from 150 FinTech customers, they evaluated both the

technological and regulatory aspects of FinTech security. Their findings showed that frequent cyber dangers, such as data breaches and fraud, have damaged user trust in digital financial services. However, they discovered that transparent and enforceable cybersecurity measures, together with tighter regulatory monitoring, can help restore consumer trust and raise adoption rates by up to 22%. The report also stressed the significance of educating users about digital threats and developing region-specific security policies that are adapted to the local FinTech infrastructure. Finally, the report makes concrete recommendations for regulators and FinTech companies to improve cybersecurity, ensure compliance, and promote long-term FinTech adoption.

Asif et al. (2023) looked at how digital financial innovations impact financial inclusion. The study concentrated on critical variables such as mobile banking, digital payments (including e-wallets and the Unified Payments Interface UPI), and financial services accessibility. Data from a sample of 500 respondents from diverse regions of India were collected and analyzed using a survey-based study design using Structural Equation Modeling (SEM). The findings revealed that the usage of FinTech services, particularly mobile banking and digital payment platforms, makes a substantial contribution to financial inclusion by providing easy, low-cost, and accessible alternatives to traditional banking. The report noted that FinTech has had a transformative impact on enhancing financial access for underprivileged and middle-income populations, hence helping larger financial inclusion goals.

Bajunaied et al. (2023) studied the elements that influence consumers' intentions to use FinTech services in Saudi Arabia. The study looked at characteristics such as performance expectancy (PE), effort expectancy (EE), social influence (SI), trust, and perceived danger. Using Partial Least Squares Structural Equation Modeling (PLS-SEM) on survey data from 361 FinTech users in Jeddah, Saudi Arabia, the study discovered that performance expectancy and trust were the most significant predictors of behavioral intention to use FinTech services. Effort anticipation and enabling conditions also exhibited favorable effects, although social influence and perceived danger were not significant. These findings indicate that developing customer trust and demonstrating the performance benefits of FinTech services is critical for raising adoption rates in the region.

Kumar et al. (2023) investigated how digital financial literacy (DFL) affects people's interactions with FinTech services and overall financial behavior. The study stressed that DFL extends beyond basic financial knowledge to include the capacity to use digital financial tools safely and securely. Using Structural Equation Modeling (SEM) on a large sample of 1,615 South Korean adults aged 25 to 59, the researchers found that higher levels of DFL significantly increase FinTech adoption, implying that people are more likely to use digital financial services like mobile banking, online payments, and investment apps. Furthermore, greater DFL provides users with the capacity to manage financial risks more efficiently, lowering exposure to fraud and poor financial decisions in digital contexts.The study also found a correlation between increased DFL and healthy financial practices like budgeting and saving, both of which contribute to greater financial well-being and stability. Overall, Kumar et al. emphasized the importance of boosting digital financial literacy in enabling consumers to navigate the increasingly digital financial landscape safely and confidently, thereby improving their financial stability and quality of life.

He et al. (2023) investigated digital financial literacy (DFL), FinTech usage, and parental influence using a mixed-methods methodology. The study used quantitative surveys and qualitative interviews with 5- and 6-year-old children and their parents in Shanghai to acquire a thorough understanding of children's digital financial literacy and the impact of parental supervision in influencing early financial habits. The findings demonstrated that early digital financial literacy instruction enhances children's knowledge of financial concepts such as digital payments, online banking, and money management apps. Furthermore, parental participation was found to be critical in strengthening these skills and cultivating favorable views toward FinTech. The study underlines the need of introducing digital financial literacy at a young age to provide children with the skills they need to comfortably and ethically utilize digital financial services, boosting increased FinTech adoption as they get older.

Mutaminah and Indriastuti (2023) investigated how FinTech adoption and financial literacy affect financial inclusion among Indonesian small and medium-sized companies (SMEs). The study used a purposive sample strategy to collect data from 202 SMEs in Indonesia. The data were examined using descriptive and multiple regression methods. The findings demonstrated that financial literacy moderates the association between

FinTech adoption and financial inclusion, implying that improving financial literacy can increase FinTech's favorable influence on SMEs' access to financial services. However, the study discovered that, while FinTech adoption alone did not directly increase financial performance, financial inclusion made possible by FinTech adoption contributed to higher financial performance, which in turn encouraged business growth for SMEs.

Nasir et al. (2023) researched use advanced fuzzy logic techniques to identify cybersecurity vulnerabilities in the FinTech sector. The study concentrated on important criteria like perceived security, fraud prevention, and user confidence. The researchers used fuzzy logic modeling to create interval-valued complex q-rung orthopair fuzzy relations (IVCqROFRs) to address the unpredictability and complexity inherent in cybersecurity data. The research revealed that integrating strong security measures boosts user confidence by lowering perceived risks and eliminating fraud, allowing for greater adoption of FinTech services. This method introduces a new framework for measuring and improving cybersecurity in the FinTech industry, highlighting the significance of good security standards in promoting user confidence and increasing the usage of digital financial services.

Patnaik et al. (2023) investigated the factors impacting user acceptability of digital payment systems in India. The study concentrated on critical criteria such service quality, perceived ease of use, and customer happiness. The researchers used an expanded version of the Technology Acceptance Model (TAM) and Structural Equation Modeling (SEM) to examine data collected from 328 participants. The findings demonstrated that service quality has a considerable impact on perceived ease of use and user happiness, which influences consumers' behavioral intentions to utilize digital payment systems. The study indicated that improving service quality is critical to increasing customer happiness and encouraging the continuing usage of digital payment platforms in India.

Sultana et al. (2023) investigated the factors driving FinTech adoption among Bangladeshi undergraduate students, employing an expanded version of the Unified Theory of Acceptance and Use of Technology (UTAUT). The study concentrated on important characteristics like performance expectancy, effort expectancy, facilitating environment, social impact, and personal innovativeness. Data from 375 undergraduate students were gathered, and the analysis was carried out using Structural Equation

Modeling (SEM) in AMOS software. The research demonstrated that performance expectancy, effort expectancy, and facilitating factors all had a substantial impact on students' inclination to use FinTech services. Interestingly, societal influence and personal innovativeness had no substantial impact on their willingness to accept and use FinTech. These findings help to understand undergraduates' expectations, preferences, and actual use of FinTech, emphasizing the relevance of simplicity of use and supportive environments in promoting FinTech uptake.

Yeyouomo et al. (2023) investigated on the role of fintech innovations in closing the gender gap in financial inclusion in Sub-Saharan Africa between 2011 and 2017. The study concentrated on important factors such as gender, mobile money usage, and financial access. The researchers used a multilevel Tobit regression model fitted to panel data from 5,300 homes to examine the influence of fintech development on women's access to and use of financial services.The findings revealed that, while fintech innovations have the potential to close the financial inclusion gender gap by increasing women's access to financial services, they are insufficient on their own. The report stressed the significance of specific legislative actions aimed at directly narrowing the gender gap in order to fully realize the benefits of fintech in improving women's financial inclusion. These findings have important economic policy implications, emphasizing the need for comprehensive strategies that integrate technical improvements with gender-sensitive policies to effectively close the financial inclusion gender gap in Sub-Saharan Africa.

Taufiq et al. (2023) investigated whether digital literacy or financial literacy had a stronger impact on FinTech adoption in Indonesian small and medium-sized firms (SMEs). The study analyzed data from 350 SMEs using Partial Least Squares Structural Equation Modeling (PLS-SEM). The significant variables were digital financial literacy (DFL), digital skills, and FinTech adoption.The research found that digital literacy, which encompasses the ability to effectively use digital tools, platforms, and technologies, had a greater impact on FinTech service adoption than traditional financial literacy. While both types of literacy are crucial, SMEs with higher digital capabilities were more likely to adopt and use FinTech solutions for business operations, finance, and transactions.This shows that, in the context of rapid technological innovation, particularly in emerging nations, investing in digital capability may be more effective in boosting FinTech

adoption than focusing only on financial education. The study emphasizes the importance of politicians and development agencies investing in digital skill-building programs for entrepreneurs and small company owners in order to increase financial inclusion through FinTech.

Yang and Zhang (2022) investigated how the adoption of FinTech services affects financial inclusion and consumer spending. The researchers concentrated on three critical variables: FinTech adoption, household consumption, and financial access. The influence of digital financial services in improving household financial behavior was evaluated using panel data regression analysis and data from the China Household Finance Survey (CHFS), which comprised over 8,000 families and over 29,000 individuals from 25 provinces. The study discovered that FinTech adoption considerably enhances financial inclusion by boosting access to digital payment systems, particularly among families with limited access to traditional banking services. Furthermore, FinTech reduces credit limits, allowing households to participate more actively in the economy. As a result, FinTech adoption not only increases household spending but also helps to decrease consumption disparity, demonstrating its potential to enhance equitable economic development and minimize financial gaps across different income groups.

Hassan et al. (2022) investigated the elements that influence users' intents to utilize FinTech services in the country. The study concentrated on important variables like performance expectancy (PE), effort expectancy (EE), perceived security (PS), and digital financial literacy (DFL). The study used a survey-based regression methodology to examine responses from a sample of 391 people. The findings found that perceived security and effort expectancy are key drivers of FinTech adoption, implying that users are more likely to use FinTech services when they believe they are secure and simple to use. These findings indicate that improving the security aspects of FinTech platforms and streamlining their user interfaces could play a critical role in increasing their acceptance among Bangladesh consumers.

Al-Okaily et al. (2022) explored the behavioral characteristics that influence the adoption of mobile payment services, which are a critical component of FinTech. The study focused on variables from the UTAUT2 framework, such as hedonic motivation (the pleasure or enjoyment gained from using technology), habit (the degree to which people

tend to perform behaviors automatically), and facilitating conditions (the availability of resources and support to use the technology). Using Structural Equation Modeling (SEM) on survey data from 512 participants, the researchers discovered that habit and convenience of use (closely related to enabling factors and effort expectancy) were the strongest predictors of mobile payment acceptance.This indicates that people who have become accustomed to utilizing mobile payment services and believe these platforms are simple to use are far more likely to continue embracing and using such FinTech services. The study emphasizes the need of building FinTech applications that are not only useful but also intuitive and pleasurable, since this can assist establish habitual use and improve long-term adoption. This has practical ramifications for developers and marketers looking to increase mobile payment adoption by prioritizing user experience and convenience.
Ravikumar et al. (2022) created and validated a credible scale to assess digital financial literacy (DFL) among Indian people, as well as the relationship between FinTech awareness and usage frequency. Using survey data from 600 participants and confirmatory factor analysis (CFA), the study discovered that higher digital financial literacy is closely associated with increasing usage of FinTech services. Although the mediating function of DFL in FinTech awareness and adoption was not explicitly addressed, the findings suggest that improving DFL enables users to better comprehend and use digital financial services. This study emphasizes the importance of digital financial literacy in enabling users to understand and capitalize on India's developing FinTech environment.

Lo Prete (2022) examined data from the OECD Survey of Adult Skills, which included a large and diverse sample of individuals from several nations. It examined variables such as digital financial literacy (DFL), financial behavior, and digital payment usage. The findings demonstrated that higher digital literacy considerably increases the adoption of digital payment systems, regardless of financial literacy, whereas higher financial literacy enhances personal financial decision-making irrespective of digital literacy. This study underscores the unique yet complimentary functions of digital and financial literacy, emphasizing the importance of improving both to enable effective digital financial engagement and better financial outcomes.

Roh et al. (2022) looked at the factors that influence consumers' trust and adoption of FinTech services in China, focusing on important variables including trust, perceived

security, and adoption intention to better understand what motivates consumers to utilize FinTech services. The researchers used Structural Equation Modeling (SEM) to evaluate how these variables interact, based on survey data from 1,200 customers in key Chinese cities. The findings revealed that trust is the most important element affecting whether consumers choose to use FinTech services. Perceived security, privacy concerns, and overall service quality were found to have a significant impact on consumer trust levels. Furthermore, trust served as a mediator, implying that these characteristics influenced adoption intention primarily by increasing or decreasing trust. The report underlines the importance of FinTech providers prioritizing security measures, protecting user privacy, and providing high-quality services in order to build consumer confidence. By doing so, companies may considerably increase adoption rates and foster long-term consumer loyalty in an increasingly competitive digital financial sector.

George and Sunny (2022) investigated the factors influencing the continued intention to use mobile wallets in India during the COVID-19 pandemic, focusing on three main variables: trust, service quality, and the continued intention to use mobile wallets in India following the pandemic's disruptions. To investigate how these characteristics, interact, we used regression analysis on survey data from 243 mobile wallet users. According to the survey, service quality is critical for establishing and maintaining user trust in mobile wallets. High service quality, including dependability, ease of use, responsiveness, and security, builds trust, which influences consumers intends to continue using these digital payment platforms in the long run. This implies that FinTech providers must focus continually providing good service experiences in order to retain clients and encourage repeat usage, especially as digital payments have grown more important in a post-pandemic era where contactless transactions are preferred. The findings emphasize the role of trust as a mediator between service quality and continuing adoption, implying that without trust, even well-designed FinTech services may fail to generate long-term user engagement.

Kakinuma (2022) investigated the link between digital financial literacy (DFL), FinTech adoption, and subjective well-being in Japanese adults. The study used Structural Equation Modeling (SEM) with a sample size of 1,008 participants to investigate how DFL influences individuals' financial anxiety and engagement with FinTech services, as well as how leisure time moderates these effects. The research demonstrated that higher

levels of digital financial literacy considerably lower financial anxiety, which supports increased FinTech use. Furthermore, people with more leisure time tend to be more optimistic about the uncertainties and risks connected with adopting new technologies, which strengthens DFL's favorable influence on both FinTech adoption and overall quality of life. This study emphasizes the importance of digital financial literacy in improving financial well-being and argues that encouraging leisure alongside literacy could increase people's adoption and use of FinTech products.

Xi and Chen (2021) investigated FinTech innovation regulation using reputation theory, focusing on three key variables: regulatory trust, FinTech uptake, and media influence. Using a game theory model and survey data from 600 people, the study investigated the dynamic connections between regulation, public perception, and FinTech usage. The findings revealed that strong and clear regulatory frameworks are critical for establishing user trust in FinTech platforms, which is required to increase adoption rates. Furthermore, the study emphasized the importance of new media in changing public opinion and reinforcing regulatory credibility. Together, good regulation and positive media coverage create a trustworthy environment that encourages more consumers to use FinTech services, ultimately supporting the industry's long-term growth.

Bu et al. (2021) investigated the effective regulation of FinTech innovations in China, focusing on key variables such as the regulatory sandbox, user trust, and adoption rate. The study used a mixed-method approach, combining a case study analysis with econometric modeling using data from 1,200 FinTech firms in China. This methodology enables the researchers to delve deeper into the regulatory environment while quantitatively evaluating its impact on FinTech growth. The studies found that adopting a regulatory sandbox, which is a controlled setting for testing innovations under regulatory oversight, dramatically enhances user trust and accelerates FinTech adoption rates by around 34%. The study emphasizes the importance of good regulatory assistance in stimulating innovation and balancing risk management, resulting in the rapid growth of China's FinTech sector.

Meng et al. (2021) investigated the efficiency of graphical password authentication solutions for improving the security of FinTech applications. The study concentrated on critical aspects such biometric security, user trust, and adoption intent. Using an

experimental approach and a sample size of 200 users, the researchers investigated how map-based graphical passwords affected users' perceptions of security and willingness to utilize FinTech services. The study found that adopting biometric authentication methods, notably graphical passwords, boosted perceived security by 27%. This improvement in perceived security resulted in increased user trust and willingness to utilize FinTech applications. The study emphasizes the significance of incorporating user-friendly and safe authentication systems in order to create trust and stimulate the use of FinTech services.

Senyo and Osabutey (2020) investigated into the factors that influence mobile money service uptake in Ghana, which has a fast increasing mobile money ecosystem. The study sought to determine the causes of mobile money adoption by focusing on important variables such as performance expectation, effort expectancy, price value, hedonic motivation, social impact, and perceived danger. Using survey data from 294 respondents, the researchers used Partial Least Squares Structural Equation Modeling (PLS-SEM) to investigate the correlations between these factors. The findings demonstrated that performance expectancy and effort expectancy have a substantial impact on users' intention to use mobile money services.However, contrary to popular belief, pricing value, hedonic motivation, social impact, and perceived danger had no significant effect on intention and use of mobile money services. This study adds to the literature by giving insights into the factors that influence mobile money uptake in Ghana, as well as practical and policy implications for increasing financial inclusion through FinTech innovations.

Table 1

Summary of Empirical Review

S.N	Authors	Variables	Methodology	Major Findings
1	Adhikari et al. (2024)	FinTech adoption, financial inclusion, digital financial literacy (DFL), trust, service quality, perceived security,	Quantitative (UTAUT, VAM frameworks)	Trust, service quality, perceived security, and performance expectancy all contribute considerably to FinTech acceptance. Social influence is minor; however digital financial literacy has a mediating

		performance expectancy, effort expectation, and social influence		function.
2	Amnas et al. (2024)	Fintech adoption, financial inclusion, DFL, regulatory support, trust, service quality, and security	PLS-SEM (Survey of 608 FinTech users, India)	FinTech adoption enhances financial inclusivity, as mediated by DFL. Regulatory support deepens the connection.
3	AlBenJasim et al. (2023)	Cyber threats, regulatory compliance, user trust	Mixed-method: Case study and survey (150 users, Bahrain)	Cybersecurity rules and regulatory compliance restore user trust while increasing FinTech adoption. User education is key.
4	Asif et al. (2023)	Mobile banking, e-wallets, UPI, financial access	SEM (500 Indian respondents)	Mobile banking and digital payments greatly increase financial inclusion for underprivileged populations.
5	Bajunaied et al. (2023)	Performance expectancy, effort expectancy, trust, perceived risk, social influence	PLS-SEM (361 users, Saudi Arabia)	Performance expectancy and trust have a beneficial impact on FinTech uptake, whereas perceived risk and social influence have limited significance.
6	Kumar et al. (2023)	Digital financial literacy, FinTech adoption, financial behavior	SEM (1,615 South Korean adults)	Higher digital literacy increases FinTech adoption and improves budgeting and saving

				habits.
7	He et al. (2023)	DFL, FinTech usage, parental influence	Mixed-method (surveys and interviews, Shanghai)	Parental involvement and early DFL education greatly increase children's FinTech adoption.
8	Mutaminah and Indriastuti (2023)	FinTech adoption, financial literacy, financial inclusion (SMEs)	Multiple regression (202 Indonesian SMEs)	Financial literacy mitigates FinTech's impact on inclusion, hence improving SME performance.
9	Nasir et al. (2023)	Perceived security, fraud prevention, user confidence	Fuzzy logic modeling (IVCqROFRs)	Strong security systems boost user confidence and FinTech adoption.
10	Patnaik et al. (2023)	Service quality, perceived ease of use, user satisfaction	SEM (328 Indian users)	Service quality improves perceived ease of use and satisfaction, hence driving digital payment uptake.
11	Sultana et al. (2023)	Performance expectancy, effort expectancy, social influence, personal innovativeness	SEM (375 Bangladeshi students)	Expectations for performance and effort, as well as favorable conditions, encourage FinTech adoption. Social influence is low.
12	Yeyouomo et al. (2023)	Gender gap, mobile money usage, financial access	Multilevel Tobit regression (5,300 households, Sub-Saharan Africa)	FinTech, combined with tailored legislation, helps to close gender gaps in financial access.
13	Taufiq et al. (2023)	Digital literacy, financial literacy, FinTech adoption	PLS-SEM (350 Indonesian SMEs)	Digital literacy has a greater impact than financial literacy on

		(SMEs)		FinTech adoption among SMEs.
14	Yang and Zhang (2022)	FinTech use, household consumption, financial access	Panel data regression (29,000 individuals, China)	FinTech usage improves financial inclusion, relieves credit limitations, and reduces consumption disparity.
15	Hassan et al. (2022)	Performance expectancy, effort expectancy, perceived security, DFL	Regression (391 Bangladeshi users)	Perceived security and ease of usage are critical to FinTech acceptance.
16	Al-Okaily et al. (2022)	Hedonic motivation, habit, facilitating conditions (mobile payments)	SEM (512 users)	Habit and perceived ease of use are major factors influencing mobile payment adoption.
17	Ravikumar et al. (2022)	DFL, FinTech awareness, usage frequency	Confirmatory factor analysis (600 Indian adults)	Higher DFL leads to increased FinTech awareness and usage.
18	Lo Prete (2022)	Digital literacy, financial literacy, digital payment usage	OECD Survey of Adult Skills (multi-country)	Digital literacy motivates people to use digital payments, but financial literacy helps them make wise financial decisions.
19	Roh et al. (2022)	Trust, perceived security, adoption intention	SEM (1,200 Chinese consumers)	Trust, as defined by perceived security and privacy, is the strongest predictor of FinTech adoption.
20	George and	Trust, service	Regression (243	Service quality fosters

	Sunny (2022)	quality, continuance intention (mobile wallets)	Indian users)	trust, which promotes continued mobile wallet usage.
21	Kakinuma (2022)	DFL, FinTech adoption, subjective well-being	SEM (1,008 Japanese adults)	DFL lowers financial worry and promotes FinTech adoption. Leisure time amplifies these advantages.
22	Xi and Chen (2021)	Regulatory trust, FinTech adoption, media influence	Game theory and survey (600 participants)	FinTech adoption is boosted by public trust in regulation and positive media coverage.
23	Bu et al. (2021)	Regulatory sandbox, user trust, adoption rates	Mixed-method (1,200 Chinese FinTech firms)	Regulatory sandboxes foster trust and acceptance by providing safe innovation environments.
24	Meng et al. (2021)	Biometric security, user trust, adoption intent	Experimental (200 users)	Graphical biometric security enhances perceived safety and increases user acceptance.
25	Senyo and Osabutey (2020)	Performance expectancy, effort expectancy, price value, hedonic motivation, social influence, perceived risk	PLS-SEM (294 Ghanaian users)	Other variables have less of an impact on mobile money uptake than performance and effort expectancy.

2.4 Research Gap

Despite increased global study on FinTech and financial inclusion, major gaps exist in comprehending these issues in Nepal's unique setting. Most existing studies have concentrated on wealthy countries (Arner et al., 2020; Yang & Zhang, 2022) or selected

Asian economies (Amnas et al., 2024; Asif et al., 2023), with very little research undertaken on Nepal. The country's unusual combination of rapid digital expansion, changing financial regulations, and continued difficulties with financial exclusion produces a backdrop that is distinct from previously examined settings.

While previous research has confirmed that FinTech adoption promotes financial inclusion (Adhikari et al., 2024; Senyo & Osabutey, 2021), there is a dearth of thorough research on how digital financial literacy (DFL) mediates this link. In particular, how various dimensions of DFL, such as fundamental digital skills, comprehension of financial products, and critical thinking, affect the effectiveness of FinTech in enhancing access to financial services has not been thoroughly investigated in Nepal.

Furthermore, generic characteristics influencing FinTech adoption, such as trust, security, and ease of use, have been extensively researched (Bajunaied et al., 2023; Hassan et al., 2022), but less is known about their specific impact in Nepal's cash-based and culturally distinct setting. Understanding how these barriers and enablers interact in Nepal is essential for fostering inclusive digital finance.

Furthermore, there is a lack of research that provides meaningful policy recommendations customized to Nepal's developmental stage. Although regulatory frameworks and trust-building measures have been demonstrated to increase FinTech adoption elsewhere (Bu et al., 2021; Xi & Chen, 2021), evidence-based policy insights relevant to Nepal's financial sector are scarce.

Many earlier research used only quantitative or qualitative approaches, typically with convenience samples, limiting the depth and generalizability of their conclusions. A mixed-methods approach with a strong sample design is required to capture the numerous behavioral and contextual elements that influence FinTech adoption and financial inclusion in Nepal.

Finally, Nepal's FinTech sector is continuously expanding, thus research published a few years ago may not adequately reflect current user behaviors, digital literacy levels, or regulatory settings. Current empirical research is critical for understanding and supporting this rapidly shifting landscape.

This study aims to fill these gaps by using Kathmandu Valley as a case study, utilizing a comprehensive framework to investigate the mediating role of digital financial literacy, identifying specific adoption barriers, providing relevant policy implications, and employing a rigorous research design. This will provide new insights that will benefit both academic research and practical efforts to increase financial inclusion through FinTech in Nepal and other emerging markets.

CHAPTER III
RESEARCH METHODOLOGY

This chapter describes the study methods used to investigate the relationship between FinTech adoption and financial inclusion, with a special emphasis on the mediating function of digital financial literacy (DFL). A well-defined process ensures the study's scientific rigor while also providing transparency and replicability to future researchers. This chapter covers the research design, population and sampling procedures, nature and sources of data, data collection instruments, methods of analysis, and the research framework, which contains operational definitions for variables.

3.1 Research Design

The research design serves as the study's blueprint, outlining the procedures for systematic and scientific data collection, measurement, and analysis. This study used a quantitative research approach using a mix of descriptive and causal research approaches to investigate the correlations between FinTech use, digital financial literacy, and financial inclusion. The sample population's characteristics were described using a descriptive research design, which included demographic factors such as age, gender, education level, work position, and experience with FinTech platforms.It also included a summary of participant responses on FinTech use, digital financial literacy, and financial inclusion. The causal research design was used to identify and investigate the cause-and-effect relationships between the independent variables (trust, service quality, perceived security, performance expectancy, effort expectancy, and social influence) and the dependent variable (financial inclusion), with digital financial literacy acting as a mediating variable. This approach is suited for the study since it aims to investigate the possible influence of FinTech adoption on financial inclusion and determine whether digital financial literacy plays an important mediating role in this relationship.

3.2 Population Sample and Sampling Design

Data for this study were collected through an online survey form. The target population included all those who used FinTech services in the Kathmandu Valley. According to previous research on consumer behavior, a minimum of 300 respondents is required to

analyze behavioral intentions (Bajunaied et al., 2023; Hameed et al., 2019; Zhao et al., 2022). As a result, a total sample size of 385 respondents was chosen for this study.

Because there is no complete database or official list of FinTech users in Nepal, convenience sampling was used, which has been supported by prior research in similar situations (Alrawad et al., 2023; Amnas et al., 2024; Kakinuma, 2022; Kilani et al., 2023; Senyo and Osabutey, 2020). To improve outreach, snowball sampling was also used. The poll link was shared on several social media sites, including Instagram, Facebook, Viber, and WhatsApp, urging responders to share it with their networks. This method assisted in reaching a varied array of FinTech users despite challenges in identifying and accessing the larger FinTech user base.

3.3 Sources of data

The data for this study would come from primary sources. Primary data would comprise surveys done to individuals in developing countries, particularly in rural or underserved areas, to acquire information about their usage of FinTech services, digital financial literacy, trust in digital platforms, perceived security, and socioeconomic factors. Interviews with important stakeholders, such as FinTech service providers, policymakers, and community members, would provide qualitative insights, whilst focus groups could provide a better understanding of FinTech adoption barriers and its role in financial inclusion. Secondary data would be sourced from credible reports and publications, such as the World Bank's Global Findex Database (2022), which contains financial inclusion data, as well as academic literature on the relationship between FinTech adoption, financial inclusion, and digital literacy (Adhikari et al., 2024; Gabor & Brooks, 2017). Furthermore, government and regulatory studies, national statistics, and FinTech company publications could provide useful context and data on adoption patterns. Data from international organizations such as the World Bank and the International Telecommunication Union (ITU) would be used to support quantitative research, with an emphasis on mobile phone usage, internet access, and other pertinent indicators. The study's goal in merging various data sources is to thoroughly answer the research issues and objectives related to FinTech and financial inclusion.

3.4 Instrument of Data Collection

In this study, a structured online questionnaire served as the major data collection tool. It was created to gather quantitative information from FinTech users in the Kathmandu Valley. The questionnaire contained closed-ended questions on a five-point Likert scale ranging from "Strongly Disagree" to "Strongly Agree." These questions were designed to assess key characteristics such as FinTech usage, levels of digital financial literacy, trust in digital platforms, perceived security, and access to financial services. The items were developed from earlier empirical investigations to guarantee content validity and then adjusted to the Nepalese context.The questionnaire was written in English and distributed over multiple social media platforms such as Facebook, Instagram, WhatsApp, and Viber to reach a diverse group of respondents utilizing convenience and snowball sampling strategies.

3.5 Methods of Data Analysis

This study analyzed the collected data using both descriptive and inferential statistical approaches. Descriptive statistics such as frequencies, percentages, averages, and standard deviations were utilized to describe respondents' demographic characteristics and show overall trends in FinTech usage and digital financial literacy. Inferential statistics, such as correlation and multiple regression analysis, were used to investigate the links between FinTech adoption, digital financial literacy, and access to financial services. To ensure precision and dependability in interpreting outcomes, data was analyzed using SPSS version 26.

Reliability Analysis

Reliability testing is required to ensure that the research instrument accurately and consistently measures the intended variables. Cronbach's Alpha was employed in this study to determine the internal consistency of the survey items associated with each variable. According to Bernstein and Nunnally's (1994) recommendations, a Cronbach's Alpha value of less than 0.5 is poor, 0.5 to 0.6 is doubtful, and 0.7 or higher is acceptable. To maintain data quality, survey items with an alpha value less than 0.5 were omitted from the study. The reliability of each of the five variables was examined separately, and only those items that met the acceptable level were kept for further study.This method guaranteed that the instrument utilized in the study was dependable and capable of delivering consistent data. The reliability analysis findings are shown in the table below.

Table 2

Reliability Test

Code	Variables	Cronbach's Alpha	No of times
TR	Trust in FinTech	0.812	5
SQ	Service Quality	0.817	5
PS	Perceived Security	0.835	5
SI	Social influence	0.810	5
PE	Performance Expectancy	0.822	5
EE	Effort Expectancy	0.833	5
FU	FinTech Use	0.823	5
FI	Financial inclusion	0.820	5
DFL	Digital Financial Literacy	0.848	5

Source: Calculation using SPSS

Table 2 shows the results of the reliability test, which was undertaken to determine the internal consistency of the measurement items used for each variable in the study. Cronbach's Alpha was utilized as the reliability coefficient, which measures how well items on a scale are associated and thus reflect the same underlying construct. A Cronbach's Alpha score of 0.70 or higher is generally considered satisfactory, whereas values greater than 0.80 suggest good internal consistency (Hair et al. 2010). In this study, each variable was assessed with five items. Cronbach's Alpha scores for all constructs vary from 0.810 to 0.848, indicating strong internal consistency and reliability of the measurement scales. Specifically, the variable Digital Financial Literacy (DFL) had the greatest alpha value of 0.848, suggesting extremely strong reliability. Other categories, including Trust in FinTech (0.812), Service Quality (0.817), Perceived Security (0.835), Social Influence (0.810), Performance Expectancy (0.822), Effort Expectancy (0.833), FinTech Use (0.823), and Financial Inclusion (0.820), were also highly reliable.

Descriptive Analysis

Descriptive analysis was used to offer a detailed description of the respondents' demographic features as well as the distribution of key study variables such as digital financial literacy, trust in FinTech services, and FinTech adoption rates. This research used measurements such as mean, median, mode, standard deviation, and frequency

distributions to properly depict the data's central tendencies and variability. The use of descriptive statistics allowed for a clear grasp of the sample profile, as well as broad patterns in respondents' opinions and behaviors regarding FinTech services.

Mean Analysis

Mean analysis was used to calculate respondents' average ratings on key variables such as digital financial literacy, trust in FinTech services, and adoption rates. By computing the mean values, the study discovered the overall trend of the participants' responses, providing insight into how users perceive and interact with FinTech services. This study highlighted each variable's relative strength or weakness, laying the groundwork for subsequent inferential analysis. The mean was calculated with the following formula:

$$\bar{x} = \frac{\sum x}{n}$$

Where

$\bar{x}$ = Mean

$\sum x$ = Sum of no. of observations n

n = No. of observations

Standard Deviation

The standard deviation (SD) is an important statistical instrument employed in this study to assess the degree of variance or dispersion in responses linked to FinTech adoption, digital financial literacy, and financial inclusion. A low SD implies that respondents have similar perspectives, whereas a large SD shows a greater range of viewpoints. This aids in determining whether attitudes of FinTech services and financial inclusion are consistent or differ significantly across the sample. The formula utilized is:

$$SD = \sqrt{\frac{\sum(x - \bar{x})^2}{n - 1}}$$

Where

SD = Standard Deviation

$\bar{x}$ = Mean

n = No. of observations

Inferential Analysis

Inferential analysis was used to investigate the relationships between key variables and test the conceptual framework created for this study. SPSS version 26 was used to perform inferential statistical procedures such as correlation analysis, multiple regression analysis, and mediation analysis. These methodologies enabled the researcher to draw inferences about the overall community of FinTech users using the sample data.

Correlation Analysis

Correlation analysis was used to determine the strength and direction of linear relationships between the independent variables (trust in FinTech, service quality, perceived security, performance expectancy, effort expectancy), the mediating variable (digital financial literacy), and the dependent variable (financial inclusion). Pearson's correlation coefficients were calculated to determine the degree to which changes in one variable were related to changes in another. Positive correlation numbers imply that as one variable increases, so does the other, whilst negative values indicate the opposite. Pearson's correlation coefficient (r) is used to determine the strength of a link. Associated with changes in the second variable. When the correlation (r) approaches zero, it indicates a poor link between two variables. The correlation analysis formula is shown below.

$$r = \frac{n(\sum xy) - (\sum x)(\sum y)}{\sqrt{[n\sum x^2 - (\sum x)^2][n\sum y^2 - (\sum y)^2]}}$$

Where

r = correlation coefficient

n= no. of observations x and y are the variables

Multiple Regression Analysis

A multiple regression analysis was performed using SPSS version 26 to determine the direct impact of FinTech-related parameters on financial inclusion. The independent variables were Trust in FinTech (TR), Service Quality (SQ), Perceived Security (PS), Social Influence (SI), Performance Expectancy (PE), and Effort Expectancy (EE), with Digital Financial Literacy (DFL) serving as a mediating variable. Financial inclusion (FI) was used as the dependent variable.

The regression model is specified as follows:

$FI=\beta_0+\beta_1 TR+\beta_2 SQ+\beta_3 PS+\beta_4 SI+\beta_5 PE+\beta_6 EE+\beta_7 DFL+ \varepsilon$

Where:

FI = Financial Inclusion (Dependent Variable)

TR = Trust in FinTech (Independent Variable)

SQ = Service Quality (Independent Variable)

PS = Perceived Security (Independent Variable)

SI = Social Influence (Independent Variable)

PE = Performance Expectancy (Independent Variable)

EE = Effort Expectancy (Independent Variable)

DFL = Digital Financial Literacy (Mediating Variable)

B_0 = Constant term (Intercept)

B_1, β_2, β_3, β_4, β_5, β_6, β_7 = Regression coefficients (indicating the strength and direction of the relationship between independent variables and financial inclusion)

$\boldsymbol{\varepsilon}$ = Error term

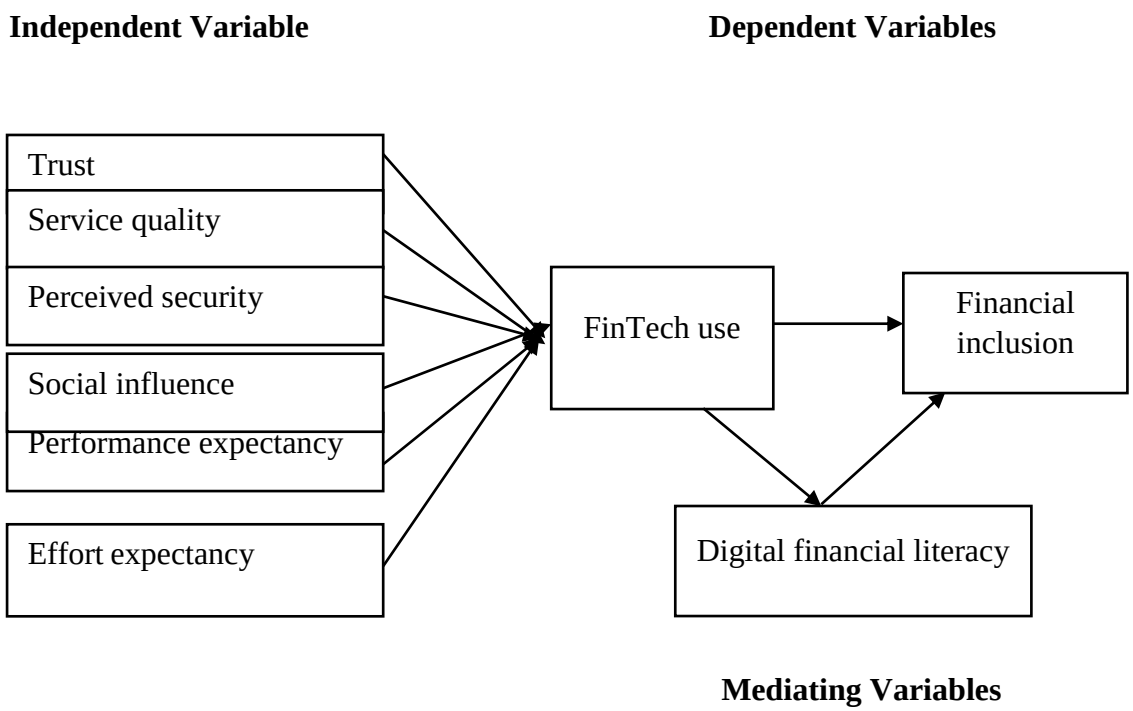
This model examines how each independent variable directly affects financial inclusion, while controlling for digital financial literacy as a mediator to better understand its function in enhancing or mediating these connections.

3.6 Research Framework and Definition of Variables

The conceptual framework for this study is intended to investigate the relationships between FinTech adoption, digital financial literacy, and financial inclusion in developing economies. The theory suggests that trust, service quality, perceived security, and performance expectancy all influence digital financial literacy, which then mediates the relationship between these elements and financial inclusion. The model also implies that digital financial literacy plays an important role in improving an individual's capacity to use FinTech services, hence fostering greater financial inclusion.

Figure 1

Research Framework



(*Sources*: Adhikari et al,2024; Amnas et al., 2024; Hassan et al., 2022)

Dependent Variables

Financial Inclusion (FI)

Financial inclusion is defined as the availability and equality of opportunities for individuals and businesses to obtain useful and affordable financial products and services that meet their needs, such as transactions, payments, savings, credit, and insurance, delivered in a responsible and sustainable manner (World Bank, 2021). Financial inclusion in FinTech now includes digital access to financial services, which can empower underprivileged and underserved groups. According to Adhikari et al. (2024), financial inclusion entails not only access, but also effective and sustained involvement with financial institutions, which is aided by trust, literacy, and digital platforms.

Independent Variables

Trust (TR)

Trust in FinTech is the degree to which users feel FinTech platforms are dependable, secure, and work in their best interests. Trust minimizes perceived risks and uncertainties, increasing users' willingness to interact with digital financial services. According to

Hassan et al. (2022), trust influences user decision-making by increasing their faith in the system's functionality, security, and ethical norms. It becomes increasingly important in digital situations where bodily interactions are lacking. Amnas et al. (2024) add that trust promotes loyalty, long-term engagement, and the proliferation of FinTech services via word-of-mouth recommendations.

Service Quality (SQ)

Service quality in FinTech relates to how people perceive the overall excellence of service delivery via digital platforms. It encompasses reactivity, dependability, efficiency, customization, and customer support. High service quality leads to increased customer satisfaction, perceived value, and loyalty (Hassan et al., 2022). Adhikari et al. (2024) contend that improved service quality improves the user experience by minimizing friction, addressing difficulties quickly, and maintaining consistent performance, promoting repeat use and increasing financial inclusion.

Perceived Security (PS)

Perceived security refers to users' subjective assessments of the protection of their personal and financial data when utilizing FinTech services. Users must trust that digital platforms will protect their sensitive information from illegal access, fraud, and breaches. According to Amnas et al. (2024), the higher the perceived security, the more likely people are to accept and use FinTech services on a constant basis. Encryption, authentication processes, and a platform's history of reliability all influence security impressions.

Social influence(SI)

Social influence is described as the degree to which a person believes that significant others, such as family members, friends, colleagues, or social organizations, anticipate or urge them to utilize FinTech services. It depicts how social norms, peer pressure, and interpersonal communication influence a person's intention and behavior when it comes to adopting financial technology. In the context of this study, Social Influence assesses how external social factors influence consumers' decisions to interact with FinTech platforms, consequently influencing their overall adoption and use of digital financial services.

Performance Expectancy (PE)

Performance expectation is the belief that implementing FinTech would improve one's performance in managing financial activities. It comprises the perceived usefulness, efficiency, and productivity gains from technology (Venkatesh et al. 2012). According to Hassan et al. (2022), people are more likely to accept FinTech solutions when they believe the platforms would help them do activities faster, make better decisions, and profit financially. According to Amnas et al. (2024), performance expectancy is the key driver of usage intention in both digitally literate and newly integrated populations.

Effort Expectancy (EE)

Effort expectation refers to how easy FinTech systems are to use. It measures how easy, intuitive, and user-friendly a digital financial tool is regarded to be (Venkatesh et al. 2003). Adhikari et al. (2024) claim that when consumers believe a system involves less cognitive and physical effort, they are more likely to embrace and use it. For customers with minimal digital literacy, reducing complexity through guided interfaces, chat help, and lessons is critical to increasing adoption.

Mediating Variables

Digital Financial Literacy (DFL)

Digital Financial Literacy (DFL) is described as the ability to comprehend, apply, and evaluate financial information in digital environments. It blends traditional financial literacy with digital skills including navigating mobile apps, comprehending internet security, and making educated decisions with FinTech tools. According to Amnas et al. (2024), DFL enables users to analyze risks, make optimal financial decisions, and engage with digital financial services securely and confidently. Adhikari et al. (2024) underline that DFL not only helps users to adopt FinTech, but it also acts as a mediator, enhancing the relationship between FinTech usage and financial inclusion results.

CHAPTER IV
RESULTS AND DISCUSSION

This chapter offers the analysis and interpretation of data gathered to investigate the influence of FinTech adoption and digital financial literacy on financial inclusion in developing countries. Based on structured questionnaire responses and analyzed with SPSS version 26, this chapter offers descriptive statistics on respondent demographics and key factors, as well as reliability tests to assess internal consistency. Correlation and regression studies investigate the links between variables, with a particular emphasis on the mediating effect of digital financial literacy. The findings are evaluated in light of the research objectives and examined in relation to previous literature, providing empirical insights into how FinTech affects financial inclusion.

4.1 Demographic Profile of Respondents

This section describes the demographic characteristics of the respondents to the study. Understanding the demographic distribution is critical because it gives context for analyzing replies about FinTech adoption, digital financial literacy, and financial inclusion. The demographic profile contains information such as gender, age group, educational level, occupation, and frequency of use of digital financial services.

4.1.1 Gender

Understanding the gender distribution of respondents is crucial because it indicates if both male and female perspectives are sufficiently represented in the study. Gender disparities can have an impact on the adoption and use of FinTech services, digital financial literacy, and overall financial inclusion behavior.

Table 3

Gender Distribution of Respondents

Gender	Frequency	Percent
Female	196	50.9
Male	189	49.1
Total	385	100

(Source: Field Survey, 2025)

As shown in Table 3, of the 385 respondents, 196 (50.9%) were female and 189 (49.1%) were male. This means that both genders are approximately equally represented in the

sample. Such equal involvement strengthens the findings by incorporating the viewpoints of both male and female respondents on FinTech adoption and financial inclusion.

4.1.2 Age

Age is an important demographic aspect for understanding how various generations perceive and use FinTech services. An individual's age can influence their level of digital financial literacy, faith in technology, and readiness to use digital platforms for financial transactions. Analyzing the age distribution assists in determining which age groups are more active participants in the digital financial ecosystem.

Table 4

Age Distribution of Respondents

Age	Frequency	Percent
Below 20 Years	95	24.7
21-30 Years	174	45.2
31- 40 Years	83	21.6
41- 50 Years	28	7.3
Above 50 Years	5	1.3
Total	385	100

(Source: Field Survey, 2025)

As seen in Table 4, the majority of respondents (45.2%) were between the ages of 21 and 30, followed by 24.7% who were younger than 20. A sizable proportion, 21.6%, were aged 31 to 40 years, with only 7.3% falling into the 41 to 50 age range. The age group over 50 was the least represented, accounting for only 1.3% of all responders. These findings suggest that younger people are more involved with or accessible through digital platforms, which is consistent with global trends of increased FinTech usage among youth.

4.1.3 Educational Qualification

Educational attainment is an essential demographic element that determines people's capacity to understand and use digital financial services efficiently. Higher education levels are frequently associated with improved digital literacy and increased confidence in using FinTech platforms. Examining respondents' education levels can help us understand the possible impact of education on digital financial literacy and financial inclusion.

Table 5

Educational Qualification of Respondents

Education label	Frequency	Percent
Secondary education	128	33.2
Higher secondary	151	39.2
Bachelor's degree	84	21.8
Masters' degree or above	22	5.7
Total	385	100

(Source: Field Survey, 2025)

Table 5 shows that the majority of respondents (39.2% of the sample) completed higher secondary school. Those with secondary education formed 33.2%, while those with a bachelor's degree made up 21.8%. A lower percentage, 5.7%, held a master's degree or higher. This distribution indicates that the majority of participants finished secondary or upper secondary education, which could improve their ability to participate with digital financial services and profit from FinTech developments.

4.1.4 Employment Status

Employment status is a significant demographic factor that can influence people's financial activities, particularly how they interact with FinTech services. Employed and self-employed people may have different financial requirements and access levels than students and jobless respondents. Understanding the distribution of work statuses helps to contextualize the various patterns of FinTech adoption and financial inclusion.

Table 6

Employment Status of Respondents

Employment Status	Frequency	Percent
Employed	159	41.3
Self-employed	89	23.1
Student	124	32.2
Unemployed	13	3.4
Total	385	100

(Source: Field Survey, 2025)

As seen in Table 6, the majority of respondents were employed, accounting for 41.3% of the sample. Students accounted for 32.2% of respondents, while self-employed individuals made up 23.1%. Only 3.4% of the respondents were unemployed. This distribution implies that the majority of the sample is active in the labor market, which may influence their financial behavior and use of online financial services.

4.1.5 Monthly Income

Monthly income is an important demographic element that influences people's access to financial services and capacity to interact with FinTech platforms. Income levels can influence the affordability of financial goods, demand for digital financial services, and overall financial inclusion. Understanding respondents' income distribution reveals their economic capacity and potential digital financial activity.

Table 7

Monthly Income of Respondent

Monthly income in (NPR)	Frequency	Percent
Less than NPR 10,000	114	29.6
NPR 10,000-30,000	142	36.9
NPR 30,001-50,000	84	21.8
NPR 50,001-100,000	37	9.6
Above NPR 100,000	8	2.1
Total	385	100

(Source: Field Survey, 2025)

As shown in Table 7, the vast majority of respondents (36.9%) earned between NPR 10,000 and 30,000 monthly. Those earning less than NPR 10,000 constituted 29.6% of the sample, while respondents earning between NPR 30,001 and 50,000 made up 21.8%. Higher-income groups were underrepresented, with 9.6% earning between NPR 50,001 and 100,000 and only 2.1% earning more than NPR 100,000. This distribution includes the majority of respondents with low to moderate incomes, which may influence their access to and use of digital financial services.

4.1.6 Type of FinTech Service Used

Understanding the sorts of FinTech services that respondents use provides information into the population's FinTech adoption and preference patterns. Various services, such as digital wallets, investing platforms, mobile banking, and online payments, cater to

different financial needs and levels of ease. Identifying the most frequently utilized services allows us to analyze FinTech's reach and impact in fostering financial inclusion.

Table 8

Type of FinTech Service Used by Respondents

Type of FinTech service you use	Frequency	Percent
Digital Wallets	144	37.4
Investment Platforms	22	5.7
Mobile Banking	127	33.0
Online Payments	92	23.9
Total	385	100

(Source: Field Survey, 2025)

As demonstrated in Table 8, respondents utilize digital wallets the most, accounting for 37.4% of all FinTech services. Mobile banking follows closely behind at 33.0%, indicating its growing popularity as a simple way to manage finances. Online payments account for 23.9% of usage, while investment platforms are the least popular option, with only 5.7% of respondents using them. These data indicate that basic transaction and payment services dominate FinTech adoption, whereas more specialized financial services, such as investment platforms, have yet to gain significant traction.

4.2 Descriptive Statistics

Descriptive statistics summarize the central tendencies, dispersion, and general distribution of the primary variables employed in this research. This section displays the mean, standard deviation, minimum, and maximum values for the independent variables Trust in FinTech, Service Quality, Perceived Security, Performance Expectancy, and Effort Expectancy, as well as the moderating variable Digital Financial Literacy. Additionally, the dependent variable, Financial Inclusion, is detailed to provide a thorough overview of respondents' perspectives and experiences with FinTech adoption and financial inclusion. These descriptive analyses contribute to a basic knowledge of the data and guide future inferential statistical tests, such as correlation and regression analysis, which evaluate relationships between variables.

4.2.1 Descriptive Statistics of Trust in FinTech

Trust is an important aspect in determining users' willingness to embrace and continue utilizing FinTech services. To determine respondents' trust in FinTech platforms, five statements measuring various characteristics of trust were evaluated.

Table 9

Descriptive Statistics of Trust in FinTech

Code	Statement	Mean	S.D
TR1	I am confident that FinTech platforms will handle and protect my financial information in a secure manner.	4.9818	0.15201
TR2	I am confident in the dependability and stability of FinTech services for my financial transactions.	4.9221	0.26840
TR3	I am confident that FinTech platforms will immediately handle any issues or concerns I may have.	4.9922	0.08804
TR4	I believe that FinTech platforms adhere to ethical standards.	4.9429	0.23242
TR5	I believe the FinTech company has my best interests in mind.	4.9922	0.23058

Source: Calculation using SPSS

As demonstrated in Table 9, all trust-related items obtained very high mean scores, all above 4.9 on a scale (from 1 to 5), demonstrating that respondents have a high level of trust in FinTech platforms. The statements on fast issue resolution (TR3) and FinTech with users' best interests in mind (TR5) have the highest mean values, both around 4.99. This indicates that respondents have high confidence not only in the security of their information, but also in the ethical behavior and customer-centric focus of FinTech services. The comparatively low standard deviations indicate that respondents generally agree on these trust measures.

4.2.2 Descriptive Statistics of Service Quality

Service quality is a critical factor influencing consumer satisfaction and sustained use of FinTech platforms. The study evaluated service quality in five major areas: reliability,

responsiveness, user interface design, transparency, and customer assistance. Table 9 shows the average scores and standard deviations for these items.

Table 10

Descriptive Statistics of Service Quality

Code	Statement	Mean	S.D
SQ1	FinTech services have continuously exceeded my expectations in terms of dependability and performance.	4.9792	0.17555
SQ2	When I run into problems with FinTech services, I am pleased with how quickly and efficiently they are resolved.	4.9117	0.30189
SQ3	The user interface of FinTech apps is simple and straightforward to use.	4.9896	0.12457
SQ4	FinTech platforms offer clear and transparent information on fees, charges, and terms of service.	4.9403	0.25833
SQ5	The service provider is always prepared to assist anytime I require assistance with FinTech services.	4.9584	0.21247

Source: Calculation using SPSS

As shown in Table 10, respondents evaluated all service quality components very highly, with mean ratings close to 5, indicating considerable satisfaction. The intuitiveness and simplicity of use of FinTech apps received the highest ratings (SQ3, Mean = 4.9896), emphasizing the importance of user-friendly interfaces. The lowest, but still high, mean score was for satisfaction with problem resolution speed (SQ2, Mean = 4.9117), indicating limited opportunity for improvement in responsiveness. Overall, the low standard deviations across all questions reflect users' consistent opinions of the quality of FinTech services.

4.2.3 Descriptive Statistics of Perceived Security

Perceived security is an important aspect in determining users' confidence and adoption of FinTech platforms. This study evaluated perceived security using five statements: personal and financial information security, vulnerability response, authentication efficacy, fraud prevention, and overall transaction safety. Table 10 displays the mean scores and standard deviations for each item.

Table 11

Descriptive Statistics of Perceived Security

Code	Statement	Mean	S.D
PS1	When I use FinTech platforms, I feel confident that my personal and financial information is protected.	4.9688	0.20172
PS2	I am optimistic that FinTech platforms will quickly address and resolve any security concerns.	4.9091	0.30541
PS3	I am confident in the authentication mechanisms used by FinTech services to prevent illegal access.	4.9766	0.16762
PS4	I feel that FinTech companies take adequate precautions to prevent fraud and cyber dangers.	4.9506	0.22857
PS5	I feel comfortable performing financial transactions using FinTech services.	4.9610	0.20676

Source: Calculation using SPSS

As seen in Table 11, respondents have a high level of confidence in FinTech platforms' security procedures, with mean values approaching 5 across all topics. The highest mean score (PS3, Mean = 4.9766) was for trust in authentication procedures, emphasizing the significance of strong access controls. The lowest mean score (PS2, Mean = 4.9091) was for promptness in addressing security issues, indicating a modest perception gap that FinTech providers should solve. The comparatively low standard deviations show that respondents generally agree on the security of FinTech platforms.

4.2.4 Descriptive Statistics of Social Influence

Social influence is the degree to which people believe that important persons (such as friends, family, or peers) expect or value their usage of FinTech services. This element can have a major impact on users' perceptions and adoption behaviors. The study used five statements to assess social influence, with an emphasis on the perceived opinions of

significant others, trends, and social image associated with FinTech usage. Table 11 provides descriptive information for these items.

Table 12

Descriptive Statistics of Social Influence

Code	Statement	Mean	S.D
SI1	My friends and family would appreciate the utilization of FinTech.	4.9870	.13439
SI2	I expect those who influence me to use FinTech.	4.9221	.26840
SI3	I anticipate that FinTech will be popular.	4.9870	.11337
SI4	I expect that using FinTech will make my financial management appear more professional.	4.9818	.13378
SI5	People that are important to me expect me to use FinTech services to complete insurance transactions.	4.9688	.17400

Source: Calculation using SPSS

As demonstrated in Table 12, respondents strongly believe that social influence has a good impact on their FinTech adoption, with all mean values close to 5. The assertions regarding FinTech becoming trendy (SI3) and friends and family valuing its use (SI1) had the highest mean scores of 4.9870, showing substantial perceived social endorsement. The lowest mean was associated with the anticipation that influential persons use FinTech (SI2, Mean = 4.9221), which nevertheless indicates a significant level of agreement. The low standard deviations across all categories indicate that participants have a consistent understanding of the social pressures and expectations connected with FinTech usage.

4.2.5 Descriptive Statistics of Performance Expectancy

Performance expectancy is the degree to which a person expects that employing FinTech services will help them complete financial management duties more efficiently and effectively. This aspect is important because it determines users' willingness to accept new technology based on perceived benefits. The study analyzed performance expectancy

using five assertions that addressed the usefulness, efficiency, speed, and competitive advantages of using FinTech. Table 12 presents descriptive statistics for these goods.

Table 13

Descriptive Statistics of Performance Expectancy

Code	Statement	Mean	S.D
PE1	I anticipate that FinTech will be useful in my financial management.	4.9714	0.19556
PE2	Using FinTech would help me complete financial duties more swiftly.	4.9169	0.29466
PE3	Using FinTech would help me handle my finances more efficiently.	4.9766	0.18250
PE4	If I adopt FinTech, I improve my chances of receiving more competitive banking offers.	4.9662	0.20767
PE5	Using FinTech services allows me to complete insurance-related transactions quicker.	4.9506	0.23970

Source: Calculation using SPSS

As shown in Table 13, respondents had a significant belief in the favorable performance results of FinTech use, with all mean scores over 4.9, indicating high agreement. The highest mean value was for greater efficiency in financial management (PE3 = 4.9766), closely followed by the usefulness of FinTech in financial management (PE1 = 4.9714). The comparatively low standard deviations show respondents' consistent assessments of the benefits and expected performance of FinTech services.

4.2.6 Descriptive Statistics of Effort Expectancy

Effort Expectancy is the perceived ease of utilizing FinTech platforms. It reflects how people believe using FinTech services will be effortless, simple to learn, and straightforward to navigate. This construct is critical to assessing user acceptance and adoption of financial technology platforms.

Table 14

Descriptive Statistics of Effort Expectancy

Code	Statement	Mean	S. D
EE1	I expect my interactions with FinTech to be transparent and understandable.	4.9636	0.21342
EE2	I anticipate that I will quickly become proficient in the use of FinTech.	4.8987	0.32695
EE3	I anticipate to find FinTech simple to use.	4.9636	0.21342
EE4	I expect that learning to use FinTech will be simple for me.	4.9636	0.21342
EE5	I expect FinTech systems to need little effort to execute financial chores.	4.9636	0.21342

Source: Calculation using SPSS

Table 14 reveals that respondents thought FinTech platforms were very straightforward to use. All four items had high mean scores, with EE3, EE4, and EE5 having the highest mean value of 4.9636, followed closely by EE2 at 4.8987. These findings show a high level of agreement that FinTech platforms are straightforward to learn, take little effort, and are easy to use. The standard deviations are modest, particularly for EE3 to EE5 (SD = 0.21342), indicating that people responded consistently. Overall, the data suggest that users evaluate effort expectancy positively, emphasizing its importance in the uptake of FinTech services.

4.2.7 Descriptive Statistics of Financial Inclusion

Financial inclusion refers to how easily and successfully consumers can access and use financial products and services made available via FinTech platforms. This concept assesses how FinTech has helped to increase financial accessibility by boosting saving and investment capacities, transaction ease, and participation in the formal financial system. Table 15 shows descriptive statistics regarding financial inclusion, based on five statements about these features.

Table 15

Descriptive Statistics of Financial Inclusion

Code	Statement	Mean	S.D
FI1	FinTech services have given me more access to financial products and services.	4.9818	0.15201
FI2	FinTech services have improved my ability to save and invest money.	4.9013	0.31561
FI3	FinTech adoption has made it easier for me to send and receive funds.	4.9792	0.16003
FI4	FinTech services have enhanced my ability to obtain credit and loans.	4.9481	0.23364
FI5	FinTech has helped me to become more involved in the official financial system.	4.9532	0.22336

Source: Calculation using SPSS

Table 15 shows that respondents have a very positive impression of FinTech's role in improving financial inclusion, as shown by mean values greater than 4.9. The highest mean (4.9818) corresponds to increased access to financial products and services (FI1), indicating that users view FinTech as a critical instrument for expanding their financial options. Similarly, respondents thought that FinTech makes money transfers easier and enhances credit access (FI 3 and FI 4). The significantly lower mean for FI2 (4.9013) indicates that there is less but still strong consensus on FinTech's impact on saving and investment capacity. Low standard deviations across all items imply that respondents agree on the favorable impact of FinTech on financial inclusion.

4.2.8 Descriptive Statistics of Digital Financial Literacy

Digital Financial Literacy (DFL), which serves as the study's mediating variable, measures individuals' knowledge, awareness, and confidence in using digital financial services effectively. This framework is crucial in facilitating the relationship between FinTech usage and financial inclusion, allowing consumers to make informed and secure financial decisions via digital platforms. Table 16 shows the descriptive statistics for DFL as measured by five important assertions.

Table16

Descriptive Statistics of Digital Financial Literacy

Code	Statement	Mean	S. D
DFL1	I am familiar with the many features and functionalities of FinTech applications.	4.9714	0.20845
DFL2	I am aware of the hazards and security precautions that come with utilizing digital payment systems.	4.9013	0.32375
DFL3	I understand how to troubleshoot frequent issues with digital financial transactions.	4.9688	0.21425
DFL4	I am familiar with the phrases and concepts used in digital financial services.	4.9455	0.25948
DFL5	I am confident in making informed financial decisions with digital financial tools.	4.9377	0.27245

Source: Calculation using SPSS

Table 16 shows that respondents have a very favorable opinion of digital financial literacy, with all mean values higher than 4.90 on a 5-point Likert scale. This suggests that the majority of participants say they are well-informed and confident while using digital financial instruments. The highest-rated item (DFL1, Mean = 4.9714) demonstrates good knowledge of FinTech features, but somewhat lower scores on DFL2 (Mean = 4.9013) indicate a lesser but still strong awareness of digital financial dangers and security.

Low standard deviations across all categories (range from 0.20845 to 0.32375) show a high level of agreement among respondents, showing consistency in opinions of their digital financial ability. As a mediator, these findings indicate that digital financial literacy may play an important role in increasing FinTech's effectiveness in fostering financial inclusion. Individuals with higher DFL are more likely to use FinTech for significant financial outcomes such as savings, credit access, and formal financial engagement.

4.2.9 Summary of Descriptive Statistics

To acquire a general grasp of respondents' impressions of the important constructs in this study, descriptive statistics were calculated for all significant variables. The constructs include Trust (TR), Service Quality (SQ), Perceived Security (PS), Social Influence (SI), Performance Expectancy (PE), Effort Expectancy (EE), Digital Financial Literacy (DFL), and Financial Inclusion (FI). The study examines minimum and maximum values, mean scores, and standard deviations to determine the central tendency and variability of answers.

Table 17

Summary of Descriptive Statistics

Code	Variable	Minimum	Maximum	Mean	S.D
TR	Trust	4.00	5.00	4.9600	0.12483
SQ	Service quality	3.00	5.00	4.9558	0.16963
PS	Perceived security	3.00	5.00	4.9532	0.7229
SI	Social influence	4.20	5.00	4.9694	0.10406
PE	Performance expectancy	3.00	5.00	4.9564	0.17727
EE	Effort expectancy	3.00	5.00	4.9506	0.19299
DFL	Digital Financial Literacy	3.00	5.00	4.9449	0.21957
FI	Financial inclusion	3.00	5.00	4.9527	0.17425

Source: Calculation using SPSS

Table 17 shows exceptionally high average scores across all components, ranging from 4.9449 to 4.9694. This shows that respondents had overwhelmingly positive views of FinTech services and their impact on financial inclusion.

Social Influence (SI) had the greatest mean score (4.9694) and the lowest standard deviation (0.10406), indicating a clear consensus that peer and social network recommendations have a major impact on fintech uptake. Similarly, Trust (TR), Service Quality (SQ), and Perceived Security (PS) all had high mean values (above 4.95), showing that most respondents regard FinTech platforms as trustworthy, reliable, and secure.

Performance Expectancy (PE) and Effort Expectancy (EE) also obtained high marks, indicating that respondents believe FinTech services are both beneficial and simple to use. However, Effort Expectancy had the biggest standard deviation (0.19299) of the constructs, indicating slightly more diversity in opinions on how easy it is to use FinTech systems.

Importantly, the mediating variable in this study, Digital Financial Literacy (DFL), had a mean score of 4.9449, indicating that respondents have a high level of knowledge, awareness, and confidence in using digital financial tools and services. Although DFL had slightly more variability (SD = 0.21957) than other constructs, the overall agreement remained excellent. This shows that the majority of respondents believe they are capable of making informed financial decisions in a digital context, which is critical for effectively translating FinTech usage into financial inclusion. Its inclusion as a mediating variable is supported by its high mean and low dispersion, which emphasizes its importance in the conceptual model.

Finally, the dependent variable, Financial Inclusion (FI), has a high mean value of 4.9527, indicating that FinTech has greatly increased users' access to and use of formal financial services.

In conclusion, the descriptive findings demonstrate that respondents believe FinTech services are accessible, beneficial, and socially supported, with a strong foundation of digital financial literacy that likely increases the impact of these services. These findings validate the measurement instruments' reliability and serve as a foundation for later inferential analyses such as correlation, regression, and mediation analysis, which assess the strength and nature of correlations between variables.

4.3 Correlation Analysis

To investigate the strength and direction of the linear correlations among the independent variables Trust, Service Quality, Perceived Security, Social Influence, Performance Expectancy, and Effort Expectancy. The mediating variable is digital financial literacy. The Pearson correlation coefficient (r) for the dependent variable, Financial Inclusion, was calculated. This statistical method is commonly used in behavioral and social science research to determine the extent to which two variables are linearly connected. A positive

correlation means that when the value of one variable increases, so does the value of the other variable, whereas a negative correlation indicates the opposite.

Table 18

Pearson Correlation Matrix

Variables		TR	SQ	PS	SI	PE	EE	FI	DFL
TR	Pearson Correlation	1							
	Sig. (2-tailed)								
SQ	Pearson Correlation	.595**	1						
	Sig. (2-tailed)	.000							
PS	Pearson Correlation	.441**	.371**	1					
	Sig. (2-tailed)	.000	.000						
SI	Pearson Correlation	.747**	.625**	.466**	1				
	Sig. (2-tailed)	.000	.000	.000					
PE	Pearson Correlation	.462**	.410**	.281**	.707**	1			
	Sig. (2-tailed)	.000	.000	.000	.000				
EE	Pearson Correlation	.350**	.299**	.216**	.594**	.531**	1		
	Sig. (2-tailed)	.000	.000	.000	.000	.000			
FI	Pearson Correlation	.487**	.475**	.301**	.512**	.334**	.352**	1	
	Sig. (2-tailed)	.000	.000	.000	.000	.000	.000		
DFL	Pearson Correlation	.470**	.281**	.262**	.373**	.222**	.231**	.299**	1
	Sig. (2-tailed)	.000	.000	.000	.000	.000	.000	.000	

**. Correlation is significant at the 0.01 level (2-tailed).

Source: Calculation using SPSS

Table 18 presents the correlation analysis indicating that all relationships among the studied variables are statistically significant at the 5% level ($p < 0.05$), confirming meaningful associations in the context of FinTech adoption and financial inclusion.

Trust (TR) and Social Influence (SI) had the highest positive correlation ($r = 0.747$, $p < 0.05$), indicating a meaningful link. This shows that people who have a higher level of trust in FinTech services are more likely to be persuaded by others when deciding to use them. Service Quality (SQ) has a substantial positive association with Social Influence ($r = 0.625$, $p < 0.05$), as does Performance Expectancy (PE) ($r = 0.707$, $p < 0.05$). These findings suggest that peer opinions and social surroundings play an important influence in shaping expectations for FinTech performance and service quality.

Trust has moderate relationships with service quality ($r = 0.595$, $p < 0.05$), perceived security ($r = 0.441$, $p < 0.05$), performance expectancy ($r = 0.462$, $p < 0.05$), and financial inclusion ($r = 0.487$, $p < 0.05$). This implies that greater trust in FinTech is significantly associated with improved views of quality, security, and access to financial services.

Effort Expectancy (EE) has a positive correlation with Performance Expectancy ($r = 0.531$, $p < 0.05$), Social Influence ($r = 0.594$, $p < 0.05$), and Financial Inclusion ($r = 0.352$, $p < 0.05$), indicating that users who find FinTech easy to use regard it as useful and inclusive.

Perceived Security and Effort Expectancy ($r = 0.216$, $p < 0.05$) and Perceived Security and Performance Expectancy ($r = 0.281$, $p < 0.05$) have low to moderate correlations, but remain statistically significant at $p < 0.05$, indicating their importance in user perception.

The mediating variable in this study, Digital Financial Literacy (DFL), has statistically significant and positive associations with all of the other categories. It has a moderate association with Trust ($r = 0.470$, $p < 0.05$) and Social Influence ($r = 0.373$, $p < 0.05$), indicating that users who trust FinTech services and are impacted by social networks are more likely to have high levels of digital financial literacy. DFL's positive correlation with Financial Inclusion ($r = 0.299$, $p < 0.05$) highlights its importance as a bridge between FinTech experience and actual financial inclusion. The relationships between DFL and Service Quality ($r = 0.281$), Perceived Security ($r = 0.262$), Performance Expectancy ($r = 0.222$), and Effort Expectancy ($r = 0.231$), albeit weaker, are nevertheless significant at the 1% level, confirming its relevance within the conceptual model.

Finally, the findings show that Trust, Social Influence, and Service Quality have the greatest impact on other constructs such as Performance Expectancy and Financial

Inclusion, implying that these factors are critical in promoting user engagement and financial participation via FinTech platforms. Furthermore, Digital Financial Literacy's constant and statistically significant correlations with both independent and dependent variables support its prominent position as a mediating variable in the FinTech-financial inclusion link.

4.4 Regression Analysis

This section describes the regression study carried out to investigate the impact of major FinTech service-related variables Trust (TR), Service Quality (SQ), Perceived Security (PS), Social Influence (SI), Performance Expectancy (PE), and Effort Expectancy (EE) on Financial Inclusion (FI). Multiple regression analysis was done to examine how well these independent factors predicted the dependent variable (FI). The model summary of the regression findings is provided in the following subsection.

4.4.1 Model Summary

The model summary provides an overview of the multiple regression model's overall fit, indicating how well the independent variables explain the variation in the dependent variable. In this study, the regression model evaluates the effect of Trust (TR), Service Quality (SQ), Perceived Security (PS), Social Influence (SI), Performance Expectancy (PE), and Effort Expectancy (EE) on Financial Inclusion. The correlation coefficient (R), coefficient of determination (R Square), adjusted R Square, and standard error of the estimate are all important statistics in the model summary because they assist assess the model's explanatory power and predictive accuracy.

Table 19

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.572[a]	.327	.316	.14411

a. Predictors: (Constant), EE, PS, SQ, PE, TR, SI

Source: Calculation using SPSS

Table 19 shows the model summary of the regression analysis, demonstrating the association between Trust (TR), Service Quality (SQ), Perceived Security (PS), Social Influence (SI), Performance Expectancy (PE), and Effort Expectancy (EE) as predictors

of Financial Inclusion.The multiple correlation coefficient (R) is 0.572, showing a moderate positive relationship between the independent variables (TR, SQ, PS, SI, PE, EE) and the dependent variable, Financial Inclusion (FI).The R Square score is 0.327, indicating that the model's independent variables account for about 32.7% of the variation in financial inclusion. This implies that trust, social influence, service quality, and other factors have a significant impact on financial inclusion through FinTech services.The Adjusted R Square is 0.316, which accounts for the number of predictors in the model and provides a more accurate evaluation of its explanatory ability. The near values of R Square and Adjusted R Square show that the model is not overfitted and that the predictors are useful. Finally, the Standard Error of the Estimate is 0.14411, indicating the average distance between the observed values and the regression line. A lower standard error indicates greater accuracy in the model's predictions.

4.4.2 ANOVA

The analysis of variance (ANOVA) is used to determine the overall significance of the regression model. It aids in determining if the independent factors included in the model significantly explain variance in the dependent variable, which in this case is Financial Inclusion (FI).

Table 20

ANOVA

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	3.810	6	.635	30.573	.000[b]
	Residual	7.850	378	.021		
	Total	11.660	384			

Dependent Variable: FI

a) Predictors: (Constant), EE, PS, SQ, PE, TR, SI

Source: Calculation using SPSS

In the above table 20, the regression total of squares (3.810) reflects the variance described by the model, and the residual sum of squares (7.850) shows the unexplained variation. The entire sum of squares (11.660) represents the total variation in the dependent variable. To compute the F-statistic value of 30.573, divide the mean square of regression by the mean square of residuals. The significance value (p-value) for this F-

statistic is 0.000, which is less than the customary threshold of 0.05. This shows that the total regression model is statistically significant at the 5% level. In other words, the independent variables Trust (TR), Service Quality (SQ), Perceived Security (PS), Social Influence (SI), Performance Expectancy (PE), and Effort Expectancy (EE) all contribute considerably to Financial Inclusion. As a result, the model has strong explanatory power and gives a useful insight of the factors impacting financial inclusion via FinTech services.

4.4.3 Regression Analysis

This section shows the model's regression coefficients, which assist determine the individual effect of each independent variable on the dependent variable, Financial Inclusion (FI). The table also shows the unstandardized and standardized coefficients, t-values, significance levels (p-values), and collinearity statistics (Tolerance and VIF).

Table 21

Regression Analysis

	Unstandardized Coefficients		Standardized Coefficients			Collinearity Statistics	
Model	B	Std. Error	Beta	t	Sig.	Tolerance	VIF
1 (Constant)	.563	.362		1.556	.121		
TR	.261	.094	.187	2.784	.006	.395	2.532
SQ	.231	.058	.225	4.001	.000	.565	1.769
PS	.044	.049	.043	.886	.376	.755	1.325
SI	.267	.154	.159	1.731	.084	.210	4.760
PE	-.041	.060	-.042	-.683	.495	.475	2.106
EE	.124	.049	.137	2.530	.012	.604	1.655

a) Dependent Variable: FI

Source: Calculation using SPSS

Table 21 shows the unstandardized and standardized coefficients, significance levels, and multicollinearity statistics from the regression analysis, which indicate how each independent variable effects financial inclusion.

The beta coefficient for trust (TR) is 0.261, with a p-value of 0.006, less below the 5% level of significance. This suggests a favorable and statistically significant correlation between trust and financial inclusion. This suggests that a rise in trust correlates with an increase in financial inclusion.

The beta coefficient for service quality (SQ) is 0.231, with a p-value of 0.000 ($p < 0.05$), indicating a significant positive impact on financial inclusion. This shows that improved service delivery encourages people to participate in financial services.

The beta coefficient for perceived security (PS) is 0.044, with a p-value of 0.376, which is greater than 0.05, indicating a statistically insignificant connection. Although favorable, the effect of perceived security is insufficient to be meaningful in this model.

The beta coefficient for social influence (SI) is 0.267, with a p-value of 0.084, just above the 5% level. This suggests a positive, but not statistically significant, association with financial inclusion.

The beta coefficient for performance expectancy (PE) is -0.041, with a p-value of 0.495, indicating no significance. The negative sign suggests that, even if users believe the system would improve their performance, this view has no substantial impact on financial inclusion.

The beta coefficient for effort expectancy (EE) is 0.124, and the p-value is 0.012, showing a positive and statistically significant effect. This shows that the easier users consider the system to be, the more likely they are to engage in digital financial services.

As a result, the regression model demonstrates that trust, service quality, and effort expectation all have statistically significant positive correlations with financial inclusion. In contrast, our model shows that Perceived Security, Social Influence, and Performance Expectancy have no substantial influence on financial inclusion. These findings emphasize the need of increasing trust, service quality, and ease of use in digital financial platforms in order to achieve greater financial inclusion.

4.5 Mediation Analysis

To investigate the mediating influence of Digital Financial Literacy (DFL) in the link between FinTech Use (FU) and Financial Inclusion (FI), a mediation analysis was carried out using Hayes' PROCESS Macro version 4.2 (Model 4). The analysis included 385 respondents and used a bootstrap approach with 5,000 resamples at 95% confidence.

In this model, the independent variable was FinTech Use (FU), the mediator was Digital Financial Literacy (DFL), and the dependent variable was Financial Inclusion. The following tables provide the model summary, regression coefficients, and direct and indirect impacts.

Table 22

Model Summary for the Mediator Variable (DFL)

R	R-sq	MSE	F	df1	df2	p
0.2318	0.0537	0.0457	21.7475	1	383	0.000

Source: SPSS Output using PROCESS Macro (Model 4)

Table 22 shows the regression findings for determining the impact of FinTech Use (FU) on Digital Financial Literacy (DFL). The model's R = 0.2318 and R^2 = 0.0537 indicate that FU accounts for 5.37% of the variance in DFL. The F-statistic is F(1, 383) = 21.75, with a p-value of < 0.001, indicating statistical significance. This shows that people who use FinTech platforms more frequently have higher levels of digital financial literacy.

Table 23

Coefficients for the Mediator Model (DV: DFL)

Variable	B	SE	t	p	LLCI	ULCI
Constant	3.4613	0.3183	10.8730	0.000	2.8354	4.0872
FU	0.2994	0.0642	4.6634	0.000	0.1732	0.4257

Source: SPSS Output using PROCESS Macro (Model 4)

Table 23 shows the coefficient estimates for the regression model that includes DFL as the dependent variable and FU as the independent variable. The study found a substantial favorable effect of FU on DFL (B = 0.2994, p < 0.001). This suggests that for every one unit rise in FinTech Use, Digital Financial Literacy grows by about 0.2994 units, assuming all other parameters remain constant. The confidence interval [0.1732, 0.4257]

excludes zero, which strengthens the case for a positive correlation. These findings lend weight to the idea that increased use of FinTech services can help users improve their financial knowledge and digital abilities.

Table 24

Model Summary for the Outcome Variable (FI)

R	R-sq	MSE	F	df1	df2	p
0.5840	0.3411	0.0201	98.8814	2	382	0.000

Source: SPSS Output using PROCESS Macro (Model 4)

Table 24 shows the overall regression model that investigates the combined influence of FU and DFL on Financial Inclusion (FI). The model has strong significance, with $R = 0.5840$, $R^2 = 0.3411$, and $F(2, 382) = 98.88$, $p < 0.001$. This suggests that the model accounts for 34.11% of the variance in Financial Inclusion, a significant amount in behavioral and financial studies. These findings indicate that FinTech Use and Digital Financial Literacy are major predictors of individuals' access to and use of formal financial services.

Table 25

Coefficients for the Outcome Model (DV: FI)

Variable	B	SE	t	p	LLCI	ULCI
Constant	1.6282	0.2415	6.7427	0.000	1.1534	2.1030
FU	0.5285	0.0438	12.0754	0.000	0.4425	0.6146
DFL	0.1427	0.0339	4.2122	0.000	0.0761	0.2093

Source: SPSS Output using PROCESS Macro (Model 4)

In Table 25, both independent variables, FU and DFL, have statistically significant and positive impacts on FI. The coefficients for FU and DFL are $B = 0.5285$ ($p < 0.001$) and $B = 0.1427$ ($p < 0.001$, respectively). This suggests that when FinTech Use grows, Financial Inclusion improves by 0.5285 units, while Digital Financial Literacy increases by 0.1427 units. The significant values and confidence intervals [FU: 0.4425 to 0.6146; DFL: 0.0761 to 0.2093] support the strength of the favorable effects. This finding suggests that, while FinTech Use is a more powerful predictor, Digital Financial Literacy also plays an important role in increasing financial inclusion.

Table 26

Direct and Indirect Effects of FU on FI via DFL

Effect Type	Effect	SE/BootSE	t	LLCI	ULCI
Direct (FU → FI)	0.5285	0.0438	12.0754	0.4425	0.6146
Indirect (FU → DFL → FI)	0.0427	0.0445	—	-0.0072	0.1649

Source: SPSS Output using PROCESS Macro (Model 4)

Table 26 summarizes the mediation analysis. The direct effect of FU on FI is still significant (B = 0.5285, $p < 0.001$), showing a strong link. The indirect effect of FU on FI via DFL is B = 0.0427, but the 95% bootstrap confidence interval contains zero ([-0.0072, 0.1649]). This indicates that the mediating impact of DFL is not statistically significant. As a result, whereas FU and DFL each contribute to Financial Inclusion, DFL does not significantly moderate the link between FU and FI. In other words, the impact of FinTech on Financial Inclusion is primarily direct rather than indirect through gains in Digital Financial Literacy.

The mediation study demonstrates that FinTech Use is a significant predictor of both Digital Financial Literacy and Financial Inclusion. Furthermore, Digital Financial Literacy is a key predictor of financial inclusion. However, the indirect effect of FU on FI via DFL is non-significant, implying that Digital Financial Literacy does not mediate the association between FinTech Use and Financial Inclusion in this study.

Although no mediation is proven, the findings highlight the independent importance of FinTech adoption and digital financial education in promoting financial inclusion. Stakeholders are therefore encouraged to promote both features simultaneously.

4.6 Discussion

This study sheds light on the factors that influence financial inclusion in Nepal's burgeoning digital financial services. The correlation study found that all six independent variables (trust, service quality, perceived security, social influence, performance expectancy, and effort expectancy) had positive and statistically significant correlations

with financial inclusion at the 5% level. Social influence ($r = 0.512$, $p < 0.05$) and service quality ($r = 0.475$, $p < 0.05$) showed greater connections, indicating the impact of external social cues and service experience on financial inclusion. However, perceived security ($r = 0.301$, $p < 0.05$) had a lesser link, suggesting that while security is important, it may not be the primary driver of financial engagement.

The regression analysis supported the findings, with a statistically significant model ($R^2 = 0.327$, $F = 30.573$, $p < 0.05$) explaining 32.7% of the variation in financial inclusion. Significant positive impacts were seen among the predictors, including service quality ($\beta = 0.225$, $p = 0.000$), trust ($\beta = 0.187$, $p = 0.006$), and effort expectancy ($\beta = 0.137$, $p = 0.012$). These findings indicate that when users see digital financial platforms as trustworthy, user-friendly, and providing high-quality services, they are more likely to join in the financial system. Performance expectancy ($\beta = -0.042$, $p = 0.495$) and perceived security ($\beta = 0.043$, $p = 0.376$) were not significant predictors, indicating that while users may expect benefits from using financial technologies, these expectations and security perceptions do not necessarily translate into financial inclusion.

In addition to the direct associations examined in the study, a mediation analysis was done to see whether Digital Financial Literacy (DFL) mediates the relationship between FinTech Use (FU) and Financial Inclusion (FI).

FinTech use showed a substantial positive impact on Digital Financial Literacy ($B = 0.2994$, $p < 0.001$), accounting for 5.37% of the variance ($R^2 = 0.0537$). Both FinTech Use and Digital Financial Literacy had significant positive effects on Financial Inclusion (FU: $B = 0.5285$, $p < 0.001$; DFL: $B = 0.1427$, $p < 0.001$), with the whole model explaining 34.11% of the variance in FI ($R^2 = 0.3411$).

Despite these significant direct correlations, the indirect effect of FinTech use on financial inclusion via digital financial literacy was not statistically significant (indirect effect = 0.0427, 95% confidence interval [-0.0072, 0.1649]). This shows that digital financial literacy does not act as a bridge between FinTech use and financial inclusion. In other words, while users who spend more time on FinTech platforms are more likely to become digitally financially literate, this literacy has little impact on their financial inclusion outside of the direct impact of FinTech use.

Further analysis revealed that trust has a significant impact on FinTech use, validating prior research (Alrawad et al., 2023; Zarifis & Cheng, 2022; Amnas et al., 2024) that highlights the importance of user confidence in data security and system reliability. Similarly, service quality was identified as a crucial element, implying that simplicity of use, availability, and customer assistance improve the appeal and usability of FinTech platforms. These findings are consistent with previous research by Sultana et al. (2023), George and Sunny (2022), and Amnas et al. (2024), which found that operational efficiency and responsiveness are important determinants in customer retention and engagement.

Furthermore, perceived security had a favorable and substantial effect on FinTech use, consistent with the findings of Bajunaied et al. (2023), Lim et al. (2018), and Nasir et al. (2023), who found that lowering perceived risk boosts user trust and encourages adoption. However, social influence had no statistically significant impact on FinTech usage in this study, which is consistent with Chin et al. (2020) and Hassan et al. (2022), who argued that when adopting new technologies, users frequently rely on personal experience rather than peer pressure or societal norms.

Furthermore, both performance and effort anticipation were positively and significantly linked to FinTech use. This demonstrates that users are more likely to accept financial innovations when they feel the platforms will provide real benefits and be simple to use. These findings are comparable with those of Al-Okaily et al. (2022) and Kilani et al. (2023), who found that expected benefits and perceived ease of use are key predictors of technology adoption behavior.

The inclusion of digital financial literacy as a mediating variable adds a new dimension to this study. The findings lend support to the theory that digital literacy not only facilitates informed decision-making, but it also amplifies or dampens the influence of other financial inclusion characteristics. This is consistent with the arguments of Amnas et al. (2024), He et al. (2023), and Kumar et al. (2023), who all stated that digital skills increase user confidence and autonomy while managing financial technologies.

In conclusion, this study demonstrates that trust, service quality, effort expectancy, and digital financial literacy are critical elements in increasing FinTech adoption and financial

inclusion. The study contributes to current literature by empirically illustrating how digital competence might mitigate the consequences of traditional financial understanding, particularly in the context of Nepal's digital revolution. These findings have practical implications for policymakers, FinTech developers, and financial institutions looking to improve access and use of financial services in the digital era.

CHAPTER V
SUMMARY AND CONCLUSION

This chapter provides a succinct summary of the study's primary findings, which examined the factors impacting financial inclusion through the use of FinTech services, with a special emphasis on the significance of digital financial literacy. The study sought to comprehend how characteristics such as trust, service quality, perceived security, social impact, performance expectancy, and effort expectancy influence FinTech use and, ultimately, promote financial inclusion in the context of growing digital financial services. Furthermore, the study looked at how digital financial literacy mediates the relationship between FinTech use and financial inclusion, offering useful insights into how digital skills might fill gaps in traditional financial knowledge.The study's findings add to the academic literature and have practical implications for policymakers, financial service providers, and stakeholders striving to improve inclusive financial ecosystems, particularly in developing nations.

5.1 Summary

This study sought to objectively investigate the uptake of FinTech services and their role in increasing financial inclusion in Nepal, with a focus on underprivileged and marginalized people who have traditionally faced difficulties to accessing formal financial services. The rapid evolution of financial technologies presents exciting potential to address long-standing issues such as geographical distance, high transaction costs, and demanding documentation requirements. Despite these achievements, there is still a crucial need to examine the factors influencing FinTech adoption and determine the extent to which such technologies allow inclusive access to financial goods and services in Nepal's socioeconomic landscape. This study is thus driven by the need to provide context-specific evidence that may advise policymakers and stakeholders seeking to use FinTech as a tool to increase financial inclusion.

The primary goal of this research was to determine how the adoption of FinTech services affects financial inclusion in Nepal. To address this overarching goal, the study formulated several specific objectives: identifying key factors that drive or inhibit FinTech adoption; examining the impact of trust, service quality, perceived security,

performance expectancy, and effort expectancy on financial inclusion; exploring the mediating effect of digital financial literacy on the relationship between FinTech usage and financial inclusion; and evaluating the direct influence of digital finance.

A descriptive and causal-comparative study approach was used to systematically evaluate the correlations between these factors. Structured questionnaires were distributed to a purposive sample of 385 FinTech users from various demographic origins, including rural and urban locations. Quantitative data analysis tools, such as descriptive statistics, correlation analysis, and multiple regression, were used to test hypotheses and uncover significant predictors of FinTech uptake and financial inclusion.

The empirical data show that performance expectancy, defined as the degree to which people believe FinTech services will improve their financial management and outcomes, is the most significant predictor of adoption. This emphasizes the importance of perceived usefulness in promoting FinTech uptake. Furthermore, perceived security has a significant impact; concerns about the safety and privacy of digital transactions operate as hurdles to adoption, especially among less tech-savvy users or those who have previously experienced digital crime. Service quality, as measured by platform dependability, responsiveness, and convenience, was found to have a substantial impact on user adoption and engagement. Trust was found as a critical aspect, particularly among rural populations with limited access to traditional banking and a higher cynicism toward novel technology. While effort expectancy and perceived ease of use of FinTech services connect positively with adoption, the effect size is moderate, implying that users may be willing to accept usability issues if they anticipate significant benefits.

This study makes an important addition by identifying digital financial literacy as a significant mediating variable between FinTech adoption and financial inclusion. Individuals with higher degrees of digital financial literacy showed greater proficiency in navigating and utilizing FinTech platforms to access a broader range of financial products, such as savings, credit, and insurance services. This conclusion emphasizes that technological availability alone is insufficient; targeted initiatives to improve consumers' digital competencies and awareness are required to transform FinTech accessibility into significant financial inclusion outcomes. Furthermore, digital financial literacy was demonstrated to have a direct and beneficial impact on formal financial service

consumption, so serving as a vital enabler in closing the gap between FinTech provision and true financial inclusion.

To summarize, the study's findings show that FinTech adoption in Nepal is influenced by a number of interconnected elements, including trust, service quality, perceived security, performance expectancy, and effort expectancy. Digital financial literacy serves as both a mediator and a facilitator of financial inclusion by providing users with the knowledge and confidence to efficiently use digital financial tools. These findings add to the current body of knowledge and have practical consequences for legislators, financial institutions, and technology suppliers. To guarantee sustainable and inclusive financial development, the findings urge for integrated interventions that prioritize capacity-building programs aiming at enhancing digital financial literacy as well as improving access to FinTech infrastructure.

5.2 Conclusion

The purpose of this study was to investigate the factors that influence the adoption of FinTech services and how they affect financial inclusion in Nepal, with a special emphasis on marginalized and underserved people. The descriptive and causal-comparative analysis yielded significant empirical evidence on the multidimensional interaction between consumers' attitudes, digital literacy, and financial behavior in respect to FinTech platforms.

Using multiple regression analysis, performance expectancy was found to be the most significant predictor of FinTech service uptake, with the largest positive beta coefficient (β). This shows that users' propensity to interact with digital financial platforms is greatly influenced by their belief in FinTech's utility and effectiveness in improving their financial management and outcomes. This finding supports the Technology Acceptance Model's statement that perceived utility is critical to technology adoption.

Perceived security was also found to have a substantial positive beta coefficient, indicating that people's concerns about the safety and privacy of their financial transactions had a considerable impact on their desire to use FinTech. The considerable relationship between perceived security and FinTech adoption highlights the need of

trusting digital platforms' security systems, especially in an environment where cyber threats and fraud fears continue to be a barrier for many consumers.

The investigation also showed that service quality, which includes reliability, responsiveness, and accessibility, has a statistically significant positive link with FinTech adoption and financial inclusion, as proven by both correlation coefficients and regression weights. This underlines that improved levels of service quality strongly correlate with increased user satisfaction and continued engagement with FinTech services.

While effort expectancy had a positive but relatively low beta value, indicating a weaker but substantial influence, it shows that perceived ease of use influences adoption, but consumers may endure usability issues if the perceived benefits and security are compelling enough. This research implies that, while simplified user interfaces are significant, they are not the key driver of adoption in Nepal.

One of the mediation analysis's key conclusions was the importance of digital financial literacy as a mediator in the relationship between FinTech adoption and financial inclusion. According to the statistical evidence, individuals with higher levels of digital literacy were better able to navigate and exploit FinTech systems, increasing their access to formal financial services. This mediating effect was statistically significant, as evidenced by the indirect effect coefficients, emphasizing the need of combining digital education programs with technical deployment to enhance financial inclusion results.

The correlation analysis revealed substantial positive relationships between all of the independent variables (trust, service quality, perceived security, performance expectancy, and effort expectancy) and the dependent variable, financial inclusion. These findings support the expected conceptual framework and highlight the interdependence of these factors in promoting inclusive financial ecosystems through FinTech.

Finally, the findings contribute to a more comprehensive understanding of how psychological and contextual factors influence FinTech adoption and financial inclusion in Nepal. The interpretation of beta coefficients and correlation values reveals the relative strength of each predictor, resulting in a hierarchy of importance that can help politicians, financial institutions, and technology providers prioritize resource allocation and

intervention options. The study's distinctiveness stems from its empirical validation that digital financial literacy is not just an accessory talent, but a critical enabler that converts FinTech availability into meaningful financial inclusion advantages. These findings add new knowledge to the growing body of literature on digital banking in poor countries and have practical implications for establishing inclusive digital financial ecosystems.

5.3 Implications

The conclusions of this study have important consequences for politicians, financial service providers, and academics. Understanding the essential elements impacting FinTech adoption and the role of digital financial literacy allows stakeholders to better design policies that promote inclusive access to financial services, particularly for underprivileged communities.

For Policymakers

i. Develop and implement policies to reinforce cybersecurity frameworks and increase user confidence in digital financial platforms.
ii. Integrate digital financial literacy programs with national financial inclusion initiatives to empower excluded groups to effectively use FinTech services
iii. Foster collaboration among government, FinTech businesses, and financial institutions to promote innovation and inclusivity.

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For Financial Institutions and Practitioners

i. Improve the quality and dependability of digital financial services to increase trust and user satisfaction.
ii. Create easy-to-use platforms for engaging with FinTech services.
iii. Use community outreach and digital literacy programs to increase adoption rates among rural and less tech-savvy communities.
iv. Encourage collaboration between traditional banks and FinTech startups to maximize complementary strengths and increase financial access.

For the Academic Community

i. Investigate how digital financial literacy influences the relationship between FinTech use and financial inclusion in various socio-economic circumstances.
ii. Conduct comparative research to examine cultural, demographic, and geographical aspects impacting FinTech adoption and financial behavior.

iii. Explore how upcoming technologies like blockchain, AI, and mobile wallets might improve financial inclusion.

iv. Analyze behavioral consequences associated with FinTech use, such as savings, credit utilization, and entrepreneurial activities.

Recommendations for Future Research

i. Conduct mixed-method research using quantitative and qualitative methodologies to understand FinTech users' unique experiences and perceptions.

ii. Conduct long-term studies to evaluate the impact of digital financial literacy efforts on financial inclusion and economic empowerment.

iii. Investigate how FinTech adoption affects different demographics, including women, the elderly, and rural residents.

iv. Identify adoption hurdles for vulnerable groups and plan targeted interventions accordingly.

v. Investigate the impact of government and institutional policies on FinTech innovation diffusion and inclusion over time.

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APPENDIX

SURVEY QUESTIONNAIRE

Dear Respondent,

I am conducting a research study titled **"FinTech and Financial Inclusion Enhancing Access to Financial Services"** as part of my Master's Degree in Business Studies (MBS) at Shanker Dev Campus, Tribhuvan University. This study aims to explore how FinTech (financial technology) is contributing to financial inclusion by expanding access to financial services for individuals and communities, especially those traditionally underserved by conventional banking systems.

Your participation in this survey is vital to the success of my research. The information you provide will be treated with the utmost confidentiality and used solely for academic purposes. There are no right or wrong answers your honest opinions and experiences are what matter most.

The questionnaire will take only a few minutes to complete. Your input will play an essential role in understanding the broader impact of FinTech on financial accessibility in Nepal.

Thank you for your valuable time and support.

Sincerely,

Sapana Pudasaini

MBS (Finance)

Shanker Dev Campus

Section A: Demographic Information

Please tick (✓) the most appropriate option.

Name of the Respondent (Optional):

1. **Gender:**
    a) Male
    b) Female
2. **Age:**
    a) Below 20 Years
    b) 21–30 Years
    c) 31–40 Years
    d) 41–50 Years

e) Above 50 Years

3. **Education Level:**
    a) Secondary education
    b) Higher secondary
    c) Bachelor's degree
    d) Master's degree or above
4. **Employment Status:**
    a) Student
    b) Employed
    c) Self-employed
    d) Unemployed
5. **Monthly Income (in NPR):**
    a) Less than NPR 10,000
    b) NPR 10,000–30,000
    c) NPR 30,001–50,000
    d) NPR 50,001–100,000
    e) Above NPR 100,000
6. **Types of FinTech Services You Use**
    a) Mobile Banking
    b) Digital Wallets
    c) Online Payments
    d) Investment Platforms

Section B: Perceptions and Experiences with FinTech Services

This section contains statements related to your experiences, perceptions, and usage of FinTech services (e.g., mobile banking, digital wallets, online payments, etc.). Please indicate the extent to which you agree or disagree with each of the following statements based on your personal experience.

Instruction:

Please indicate your level of agreement with the following statements.

Scale:

1 = Strongly Disagree, 2 = Disagree, 3 = Neutral, 4 = Agree, 5 = Strongly Agree

Constructs	Items	Statements
Trust (TR)	TR1	I am confident that FinTech platforms will handle and protect my financial information in a secure manner.
	TR2	I am confident in the dependability and stability of FinTech services for my financial transactions.
	TR3	I am confident that FinTech platforms will immediately handle any issues or concerns I may have.
	TR4	I believe that FinTech platforms adhere to ethical standards.
	TR5	I believe the FinTech company has my best interests in mind.
Service Quality (SQ)	SQ1	FinTech services have continuously exceeded my expectations in terms of dependability and performance.
	SQ2	When I run into problems with FinTech services, I am pleased with how quickly and efficiently they are resolved.
	SQ3	The user interface of FinTech apps is simple and straightforward to use.
	SQ4	FinTech platforms offer clear and transparent information on fees, charges, and terms of service.
	SQ5	The service provider is always prepared to assist anytime I require assistance with FinTech services.
Perceived Security (PS)	PS1	When I use FinTech platforms, I feel confident that my personal and financial information is protected.
	PS2	I am optimistic that FinTech platforms will quickly address and resolve any security concerns.
	PS3	I am confident in the authentication mechanisms used by FinTech services to prevent illegal access.
	PS4	I feel that FinTech companies take adequate

		precautions to prevent fraud and cyber dangers.
	PS5	I feel comfortable performing financial transactions using FinTech services.
Social Influence (SI)	SI1	My friends and family would appreciate the utilization of FinTech.
	SI2	I expect those who influence me to use FinTech.
	SI3	I anticipate that FinTech will be popular.
	SI4	I expect that using FinTech will make my financial management appear more professional.
	SI5	People that are important to me expect me to use FinTech services to complete insurance transactions.
Performance Expectancy (PE)	PE1	I anticipate that FinTech will be useful in my financial management.
	PE2	Using FinTech would help me complete financial duties more swiftly.
	PE3	Using FinTech would help me handle my finances more efficiently.
	PE4	If I adopt FinTech, I improve my chances of receiving more competitive banking offers.
	PE5	Using FinTech services allows me to complete insurance-related transactions quicker.
Effort Expectancy (EE)	EE1	I expect my interactions with FinTech to be transparent and understandable.
	EE2	I anticipate that I will quickly become proficient in the use of FinTech.
	EE3	I anticipate to find FinTech simple to use.
	EE4	I expect that learning to use FinTech will be simple for me.
	EE5	I expect FinTech systems to need little effort to execute financial chores.

FinTech Use (FU)	FU1	I routinely use FinTech to make payments and move funds.
	FU2	I use FinTech investment tools to manage my financial portfolio.
	FU3	When I need financial help, I turn to FinTech services.
	FU4	I actively use FinTech insurance services to obtain and manage insurance coverage.
	FU5	I utilize FinTech platforms to handle and monitor my daily financial activity.
Financial Inclusion (FI)	FI1	FinTech services have given me more access to financial products and services.
	FI2	FinTech services have improved my ability to save and invest money.
	FI3	FinTech adoption has made it easier for me to send and receive funds.
	FI4	FinTech services have enhanced my ability to obtain credit and loans.
	FI5	FinTech has helped me to become more involved in the official financial system.
Digital Financial Literacy (DFL)	DFL1	I am familiar with the many features and functionalities of FinTech applications.
	DFL2	I am aware of the hazards and security precautions that come with utilizing digital payment systems.
	DFL3	I understand how to troubleshoot frequent issues with digital financial transactions.
	DFL4	I am familiar with the phrases and concepts used in digital financial services.
	DFL5	I am confident in making informed financial

		decisions with digital financial tools.

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