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The Influence of Digital Financial Literacy and E-Payment Adoption on Financial Inclusion with Financial Behavior as a Mediating Variable in Generation Z

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Abstract: The increasing development of digital financial technology has transformed financial access and behavior, particularly among younger generations who are highly engaged with digital financial services. In Indonesia, this transformation is also accompanied by efforts to expand financial inclusion however, challenges remain due to uneven levels of financial literacy across society. This research intends to explore how Digital Financial Literacy and the use of E-Payment systems impact Financial Inclusion, with Financial Behavior acting as a mediating factor for Generation Z. The motivation for this study arises from the noticeable disparity betweens the high rate of financial inclusion (85. 10%) and the low level of financial literacy (49. 68%) observed in Indonesia. A quantitative methodology is employed, using an associative-causal framework and Structural Equations Models (SEM) based on Partial Least Squares (PLS), analyzed through SmartPLS with data from 422 respondents from Generation Z. Findings indicate that Digital Financial Literacy positively and significantly influences both Financial Behavior and Financial Inclusion. While E-Payment Adoption also positively and significantly impacts Financial Inclusion, it does not significantly affect Financial Behavior. Additionally, Financial Behavior does not significantly influence Financial Inclusion, meaning it does not mediate the effectss of the two independent variables on Financial Inclusion. Overall, the findings reveal that digital financial literacy and the adoption of electronic payments play a significant role in enhancing financial inclusion, yet financial behavior does not significantly mediate this connection.

Keyword: Digital Financial Literacy, E-Payment Adoption, Financial Behavior, Financial Inclusion, Generation Z.

INTRODUCTION

Currently, the world is experiencing an acceleration in the digital revolution, which affects how people interact, communicate, and conduct transactions. This transformation also has a significant impact on the financial sector, particularly with the emergence of financial

technology (FinTech) and the digitalization of payment systems. Cashless transaction tools such as digital wallets (e-wallets), mobile banking services, and QR codes (QRIS) have now become part of everyday life for modern society. According to Bank Indonesia BI, (2023), the values a electronic money transactions in 2023 reached more than IDR 835.84 trillion, a significant increase compared to the previous year's IDR 399.6 trillion. This figure reflects a shift in financial behavior from conventional systems toward digital systems, where cashless transactions have become the primary choice in various daily economic activities.

However, the increased use of digital services does not always align with adequate digital financial literacy. Based on the National Survey on Financial Literacy and Inclusion (SNLIK) by the Financial Services Authority OJK, (2022) Indonesia's financial inclusion level reached 85.10%, far exceeding the financial literacy level, which only reached 49.68%. This nearly 35% gap indicates that the population, including young generations, has high access to digital products but lacks sufficient understanding to utilize them optimally, particularly in the context of healthy financial planning.

The shift in financial behavior from conventional to digital systems is primarily driven by the demographic of users, predominantly Generation Z (aged 17–28). This generation, known as digital natives, is the fastest to adapt and serves as the main driver in adopting financial technology advancements. Although Gen Z is highly active in using e-payment for daily transactions, this situations creates a paradox of inclusion, where high access to digital services is not accompanied by aligned quality financial behavior. The use of e-wallets is dominant for daily transactions but has not been matched by the use of other financial features such as digital savings, emergency funds, investments, or long-term financial planning. This condition shows that access to and use of digital services among Gen Z does not automatically result in healthy financial behavior, potentially leaving them unprepared for long-term economic challenges.

This situations is important in the context of national economic development. Financial inclusion is a crucial pillar in promoting economic growth and strengthening the stability of the financial system. The Indonesian government, through Bank Indonesia (BI) and the Financial Services Authority (OJK), targets 90% financial inclusion by 2024. If Generation Z, as the largest productive age group, tends to use e-payment for consumption rather than capital accumulation (investment), it may hinder the achievement of national savings targets and capital market deepening. Therefore, the gap betweens digital access and productive financial utilization among Generation Z needs to be analyzed as it affects national economic strengthening.

International and national research findings indicate that digital payment technology plays an important role in promoting financial inclusion. Patil et al., (2025) found that digital payments increase transaction efficiency and expand access to formal services.Avom et al., (2023) also concluded that mobile money can significantly improve financial inclusion in several African countries. Meanwhile, Al-Smadi's study in the MENA region shows a positive relationship betweens digital finance and the expansion of access to financial services.

On the other hand, literature on digital financial literacy (DFL) also shows a strong influence on financial inclusion. Adel, (2024) demonstrated that digital literacy plays an important role in supporting equitable financial inclusion, and Rahayu et al., (2022) emphasized that digital financial literacy shapes young generations' ability to transact, save, and manage financial risks.

Previous studies still leave an important research gap. Most studies position digital financial literacy and e-payment adoption as factors that directly affect financial inclusion, but few have examined how financial behavior acts as a mechanism linking the two. Moreover, most studies were conducted at the macro level or on the general population,

rather than specifically on Generation Z, who are the primary users of digital financial services.

Based on the phenomena, empirical data, national policy context, and existing research gaps, there is a need for research to provide new empirical evidence and strengthen understanding of the factors driving financial inclusion in the digital era.

METHOD

This study uses a quantitative approach with an associative-causal design to examine the influence of Digital Financial Literacy and E-Payment Adoption on Financial Inclusion, with Financial Behavior as a mediating variable among Generation Z in Cirebon Regency. The quantitative approach was chosen because this study aims to test the causal relationship between variables and measure the magnitude of the effect statistically through Structural Equation Modeling (SEM).

The study population consists of Generation Z individuals in Cirebon Regency who have experience using digital financial services and e-payment systems. Because the exact population size is unknown, the sample size was determined using the Lemeshow formula with a 5% margin of error, resulting in a minimum requirement of 384 respondents.

To strengthen the robustness and stability of the SEM-PLS estimation model, the number of respondents was increased to 422. According to Hair et al., (2021), a larger sample size in PLS-SEM improves statistical power, parameter accuracy, and model predictive ability, particularly in studies involving mediation analysis and multiple latent variables.

The sampling technique used was purposive sampling because respondents had to meet specific criteria relevant to the research objectives. These criteria included: (1) being a member of Generation Z aged 17–27, (2) actively using electronic payment applications such as e-wallets, mobile banking, or QRIS, and (3) having experience using formal financial services.

Data were collected through an online questionnaire distributed via Google Forms and social media platforms. The questionnaire used a five-point Likert scale ranging from 1 (strongly disagree) to 5 (strongly agree). Measurement indicators were adapted from previous empirical studies and tailored to the context of digital financial services among Generation Z.

This study used Partial Least Squares Structural Equation Modeling (PLS-SEM) with SmartPLS version 4.1.1.6 as the analysis tool. PLS-SEM was chosen because it is suitable for predictive research models, mediation analysis, and complex relationships between latent constructs. Furthermore, PLS-SEM is considered effective for exploratory research and conditions with non-normal data distributions.

The evaluation process consists of two stages: measurement model assessment (outer model) and structural model assessment (inner model). Evaluation of the outer model includes convergent validity, discriminant validity, composite reliability, and Cronbach's alpha testing, Fornell–Larcker criterion, Meanwhile, evaluation of the inner model includes R-squared (R^2), predictive relevance (Q^2), and hypothesis testing using bootstrapping procedures.

RESULT AND DISCUSSION

This research utilizes Partial Least Squares Structural Equations Models (PLS-SEM) through SmartPLS software version 4. 1. 1. 6 to examine the collected data. The evaluations consists of reviewing the measurement model (outer model) and the structural model (inner model). The analysis of the outer model focuses on outer loadings, reliability, and construct validity, whereas the assessment of the inner model involves calculating the determinations coefficient (R^2), Construct Cross-Validated Redundancy (Q^2), and hypothesis testing with the bootstrapping method.

Respondent Ccharacteristics

A total of 422 respondents were recruited for this study. Based on domicile, the majority of respondents came from Cirebon Regency (421 respondents or 99.8%), while only one respondent (0.2%) came from outside the region. In terms of gender, there were 242 male respondents (57.3%) and 180 female respondents (42.7%), indicating a slight male preponderance in the sample.

In terms of age, the majority of respondents were in the 18–20 age group (43.6%), followed by 21–23 years old (37.4%), over 23 years old (16.4%), and under 18 years old (2.6%). Furthermore, 98.2% of respondents (414 individuals) used electronic payments, while only 1.8% (8 individuals) did not. These characteristics indicate that the sample was predominantly young individuals familiar with digital financial services, making it relevant for analyzing financial behavior and financial inclusion.

Table 1. Demographic Characteristics of Research Participants

Variabel	Category	Frequency	(%)
Domicile	Cirebon Regency	421	99.8%
	Others	1	0.2%
Gender	Male	242	57.3%
	Female	180	42.7%
Age	< 18 Years	11	2.6%
	18–20 Years	184	43.6%
	21–23 Years	158	37.4%
	> 23 Years	69	16.4%
E-Payment Usage	Yes	414	98.2%
	No	8	1.8%

Source: Processed Data, 2026

Descriptive Statistics

Descriptive statistical analysis was conducted to describe the characteristics and perceptions of respondents regarding the research variables. The data were obtained from 422 respondents belonging to Generation Z in Cirebon Regency who have used digital payment services or e-payment in their daily transactions.

Table 2. Descriptive Statistics

Variable	N	Min	Max	Mean	Std.Dev
Digital Financial Literacy	422	1,00	5,00	4,46	0,74
E-Payment Adoption	422	1,00	5,00	4,40	0,80
Financial Behaviour	422	1,00	5,00	4,47	0,76
Financial Inclusion	422	1,00	5,00	4,26	0,91

Source: SmartPLS output version 4.1.1.6

Descriptive statistics show that all variables have an average value above 4.00. This indicates that respondents have relatively high levels of digital financial literacy, e-payment usage, financial behaviour, and financial inclusion. These findings also indicate that Generation Z in Cirebon Regency has relatively good access to and participation in formal digital-based financial services.

Assessment of the Measurement Model (Outer Model)

The measurement model was evaluated using outer loading, composite reliability, Cronbach's alpha, and Average Variance Extracted (AVE). These indicators are used to assess construct validity and reliability.

Table 3. Measurement Model Evaluation: Outer Loadings, Composite Reliability, Cronbach's Alpha, and AVE

Variable	Item	Outer Loading	Cronbach Alpha	Composite reliability	AVE
Digital Financial Literacy (X_1)	DFL1	0.817	0.887	0,917	0.690
	DFL2	0.859			
	DFL3	0.856			
	DFL4	0.763			
	DFL5	0.854			
E-Payment Adoption (X_2)	EPA1	0.880	0.890	0,924	0.753
	EPA2	0.910			
	EPA3	0.805			
	EPA4	0.872			
Financial Behaviour (Z)	FB1	0.797	0.780	0,851	0.589
	FB2	0.706			
	FB3	0.801			
	FB4	0.762			
Financial Inclusion (Y)	FI1	0.862	0.926	0,944	0.773
	FI2	0.902			
	FI3	0.885			
	FI4	0.895			
	FI5	0.851			

Source: SmartPLS output version 4.1.1.6

Based on the findings from the convergent validity assessment, every indicator for each variable has outer loading values greater than 0. 70, confirming their validity in assessing the research constructs. Elevated outer loading values signify that each indicator effectsively represents the latent variable.

Moreover, the Average Variance Extracted (AVE) test results indicate that all variables possess AVE values of at least 0. 50, meaning each construct accounts for over 50% of the variance in its indicators. Consequently, it can be asserted that all variables fulfill the requirements for convergent validity and are appropriate for subsequent analyses (Hair et al., 2017).

The discriminant validity was examined using the Fornell–Larcker criterion, which involves comparing the square root of the AVE to the correlations among constructs.

Table 4. Fornell–Larcker Criterion

Variable	Digitaal Financial Literacy	E-Payment Adoption	Financial Behaviour	Financial Inclusion
Digitaal Financial Literacy	**0.831**			
E-Payment Adoption	0.762	**0.868**		
Financial Behaviour	0.705	0.590	**0.768**	
Financial Inclusion	0.716	0.839	0.574	**0.879**

Source: SmartPLS output version 4.1.1.6

The results show that the square root of AVE for each construct is greater than the correlations betweens constructs, confirming that discriminant validity has been achieved.

Assessment of Structural Model (Inner Model)

After the measurement model (outer model) is declared valid and reliable, the next step is to evaluate the structural model (inner model).

Table 5. Coefficient of Determination (R^2) and Construct Cross-Validated Redundancy (Q^2)

Variable	R Square	Q Square
Financial Behaviour	0,504	0.497
Financial Inclusion	0,720	0.713

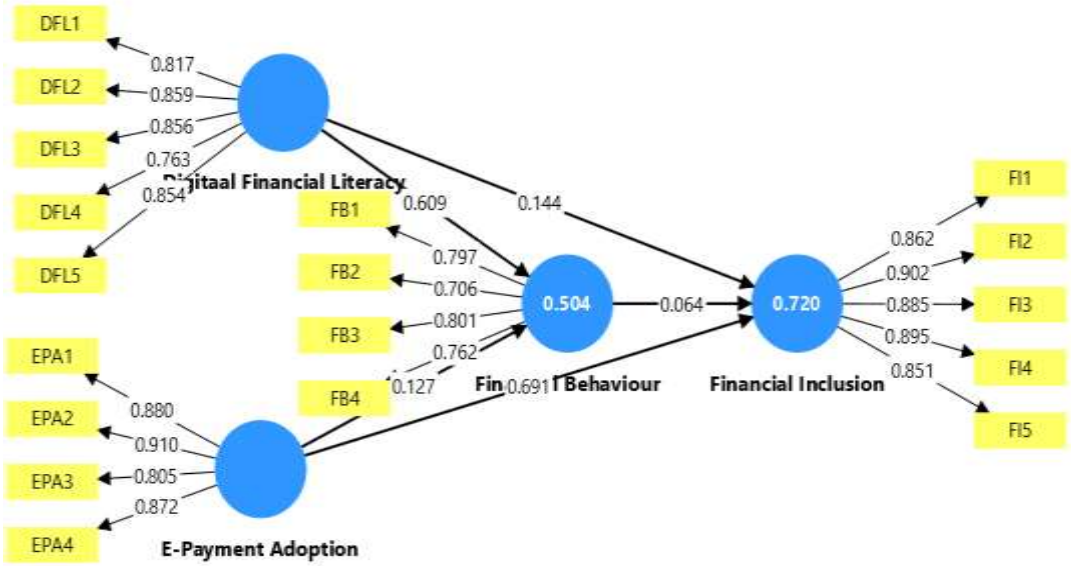
Source: SmartPLS output version 4.1.1.6

The R-Square figure for Financial Behaviour stands at 0. 504, suggesting that 50. 4% of the changes in Financial Behaviour can be attributed to Digital Financial Literacy and E-Payment Adoption, while 49. 6% is affected by different factors. On the other hand, the R-Square value for Financial Inclusion, which is 0. 720, shows that 72. 0% of the changes in Financial Inclusion are accounted for by Digital Financial Literacy, E-Payment Adoption, and Financial Behaviour, signifying that the model possesses a robust ability to explain.

Hypothesis Testing

Hypothesis testing in this study was conducted using the bootstrapping method in SmartPLS software to examine causal relationships between research variables. This method was used because it can measure the significance level of direct and mediating effects in SEM-PLS-based research models.

Determining whether to accept or reject the hypothesis is done by examining the path coefficient (β), t-statistic, and p-value. The hypothesis is accepted if the t-statistic is greater than 1.96 and the p-value is less than 0.05 at the 5% significance level Hair et al., (2021) The path coefficient (β) is also used to indicate the direction of the relationship between variables, whether it is positive or negative, and to indicate the magnitude of the influence occurring in the research model.



Source: SmartPLS output version 4.1.1.6

Figure 1. Hypothesis Test of the Researchs in the Forms of a Research Models

Table 6. Hypothesis Testing (Path and Mediation Effect)

Jalur	β	t-Value	p-Value	Decision
Digital Financial Literacy → Financial Behaviour	0,609	8,595	0,000	H1 Accepted
E-Payment Adoption → Financial Behaviour	0,127	1,869	0,062	H2 Rejected
Financial Behaviour → Financial Inclusion	0,064	1,384	0,166	H3 Rejected
Digital Financial Literacy → Financial Inclusion	0,144	2,173	0,030	H4 Accepted

Jalur	β	t-Value	p-Value	Decision
E-Payment Adoption → Financial Inclusion	0,691	12,708	0,000	H5 Accepted
Digital Financial Literacy → Financial Behaviour → Financial Inclusion	0,039	1,332	0,183	H6 Rejected
E-Payment Adoption → Financial Behaviour → Financial Inclusion	0,008	1,087	0,277	H7 Rejected

Source: SmartPLS output version 4.1.1.6

Based on the results of hypothesis testing, Digital Financial Literacy has a positive and significant effects on Financial Behaviour and Financial Inclusion, and E-Payment Adoption has a positive and significant effects on Financial Inclusion. However, E-Payment Adoption does not have a significant effects on Financial Behaviour, and Financial Behaviour does not have a significant effects on Financial Inclusion. Furthermore, Financial Behaviour is not able to mediate the effects of Digital Financial Literacy and E-Payment Adoption on Financial Inclusion.

Discussion

Digital Financial Literacy on Financial Behaviour

The findings indicate that Digital Financial Literacy positively influences Financial Behaviour, with a β values a 0. 609, a t-values a 8. 595, and a p-values a 0. 000. Thus, H1 is validated, suggesting that digital financial literacy impacts financial behaviour.

This data suggests that as individuals increase their digital financial literacy skills, their ability to manage their finances effectsively also improves. Those who are knowledgeable about digital financial services generally exhibit greater proficiency in handling expenses, planning financially, and making smarter use of financial technology.

These results align with the research conducted byAbdurrahman & Nugroho, (2024) as well as Fadilah & Lubis, (2024), which assert that digital financial literacy has a positive and substantial influence on financial behaviour.

Additionally, these results support the Financial Literacy Framework established by the Organisation for Economic Co-operation and Development via the OECD International Network on Financial Education OECD/INFE, (2024), which clarifies that financial literacy encompasses the knowledge, skills, and behaviours necessary for making sound financial choices. In this light, individuals who possess greater digital financial literacy typically demonstrate enhanced financial management abilities, leading to more rational and responsible financial conduct.

E-Payment Adoption on Financial Behaviour

The results show that E-Payment Adoption does not have a significant effects on Financial Behaviour with a β values a 0.127, a t-values a 1.869, and a p-values a 0.062. The p-value greater than 0.05 indicates that the relationship is not statistically significant. Therefore, H2 is rejected. In other words, although Generation Z in Cirebon Regency actively uses digital payment systems, this is not sufficient to drive changes in their financial management behaviour.

This explanations can be understood through the Technology Acceptance Model (TAM) proposed by Davis, (1989) which states that the use of technology will influence behaviour only if individuals perceive sufficient usefulness (perceived usefulness) and ease of use (perceived ease of use). In the context of this study, most respondents may use e-payment as a means of daily transactions without fully utilizing other financial features that can improve financial management, such as expense tracking, budgeting, or the use of investment features.

Financial Behaviour on Financial Inclusion

The empirical results indicate that Financial Behaviour does not have a significant effect on Financial Inclusion, as reflected by a β coefficient of 0.064, a t-statistic of 1.384, and a p-value of 0.166. Since the p-value exceeds the significance threshold of 0.05, the proposed relationship cannot be statistically confirmed. Therefore, H3 is not supported. This finding implies that the financial management practices exhibited by Generation Z in Cirebon Regency are not sufficient to directly increase their participation in formal financial services.

From a theoretical standpoint, this result provides limited support for the Theory of Planned Behavior (TPB) developed by (Ajzen, 1991),which posits that individual behavior influences decision-making and subsequent actions. Although respondents in this study generally demonstrated positive financial behavior, such behavior was not found to significantly encourage greater utilization of formal financial services. This suggests that responsible financial practices alone may not necessarily lead to higher levels of financial inclusion.

The findings are also inconsistent with the study conducted by (N. Dewi & Furqan, 2025), which served as the primary foundation for the development of this hypothesis. Their research reported a positive and significant relationship between Financial Behaviour and Financial Inclusion, indicating that individuals with stronger financial management practices tend to engage more actively with formal financial institutions. In contrast, the present study demonstrates that Financial Behaviour does not significantly contribute to explaining variations in Financial Inclusion among Generation Z in Cirebon Regency.

One possible explanation for this discrepancy lies in the unique characteristics of the respondents and the increasingly digitalized financial environment. The rapid expansion of digital financial services, including mobile banking, e-wallets, QRIS, and various fintech platforms, has substantially simplified access to formal financial products and services. Consequently, the level of financial inclusion among Generation Z may be influenced more by the accessibility and convenience of digital financial technologies than by individual financial management behavior.

In addition, individuals who consistently plan budgets, save money, and monitor their expenditures do not always expand their engagement with other financial products such as insurance, investment instruments, or credit services. This condition indicates that sound financial behavior does not automatically encourage broader participation in the formal financial sector. Within the context of Generation Z, financial inclusion may be shaped more strongly by external factors, including digital financial literacy, technological advancement, ease of service access, and the availability of innovative financial platforms.

These findings suggest that initiatives aimed at strengthening financial inclusion should not rely solely on improving financial behavior. Greater attention should also be directed toward enhancing digital financial literacy, expanding access to digital financial services, and increasing public understanding of the benefits associated with formal financial products. Through these efforts, a more inclusive financial ecosystem can be established, thereby encouraging wider participation in formal financial services among Generation Z.

Digital Financial Literacy on Financial Inclusion

The results show that Digital Financial Literacy has a positive and significant effects on Financial Inclusion with a β values a 0.144, a t-values a 2.173, and a p-values a 0.030. Therefore, H4 is accepted, indicating that digital financial literacy has an effects on financial inclusion.

These results indicate that the higher the level of digital financial literacy possessed by individuals, the greater their ability to access and utilize formal financial services. Individuals who understand various digital financial services tend to find it easier to use financial products such as mobile banking, digital wallets, and other fintech services.

These findings are consistent with studies by Zusrony et al (2024) and Amalina et al., (2025), which state that digital financial literacy has a positive and significant effects on financial inclusion.

These findings are also consistent with the Financial Inclusion Framework proposed by the World Bank, which explains that improving public understanding and knowledge of financial services can encourage increased access to and use of formal financial services. With good digital financial literacy, individuals will better understand the benefits and how to use digital financial services, thereby increasing the level of financial inclusion.

E-Payment Adoption on Financial Inclusion

The findings demonstrate that the adoption of E-Payments has a noteworthy and significant impact on Financial Inclusion, indicated by a β values a 0. 691, a t-values a 12. 708, and a p-values a 0. 000. A p-value below 0. 05 suggests that the connection is statistically relevant. Consequently, H5 is affirmed, signifying that E-Payment Adoption influences Financial Inclusion.

The results convey that a greater usage of digital payment systems leads to increased engagement in formal financial services. The ease of transactions, swiftness of payments, and the efficiency provided by e-payments motivate individuals to more actively engage with digital financial services like e-wallets, mobile banking, and payments using QR codes.

These results align with research conducted byMayori & Maolana Hidayat, (2025) and Anindya Talitha Azzahra, (2025),which assert that adopting e-payment systems positively impacts financial inclusion.

Moreover, these results resonate with the Technology Acceptance Model (TAM) introduced by Fred Davis. This framework suggests that people are inclined to utilize technology when they find it useful and user-friendly. In the case of e-payments, the perceived ease and advantages of digital payment methods prompt individuals to embrace the technology. An increase in e-payment use can enhance access to and engagement with formal financial services, ultimately assisting in the advancement of financial inclusion.

Financial Behaviour mediates the relationship between Digital Financial Literacy and Financial Inclusion

The findings reveal that Financial Behaviour does not mediate the relationship between Digital Financial Literacy and Financial Inclusion, as evidenced by a β coefficient of 0.039, a t-statistic of 1.332, and a p-value of 0.183. Since the p-value is greater than the threshold of 0.05, the indirect effect is not statistically significant. Accordingly, H6 is rejected. These results suggest that Financial Behaviour is not an effective mediating mechanism linking Digital Financial Literacy to Financial Inclusion, indicating that no mediation effect exists within this relationship.

This result differs from the findings of (Nurafina et al., 2025b), who concluded that Financial Behaviour plays a mediating role in the association between financial literacy and financial inclusion. Although the present study confirms that Digital Financial Literacy has a significant positive effect on Financial Behaviour, Financial Behaviour itself does not significantly influence Financial Inclusion. Therefore, the indirect effect of Digital Financial Literacy on Financial Inclusion through Financial Behaviour cannot be supported.

According to(Baron & Kenny, 1986), a mediation effect can only be established when the independent variable significantly influences the mediating variable and the mediating

variable significantly influences the dependent variable. Although Digital Financial Literacy significantly affects Financial Behaviour, the relationship between Financial Behaviour and Financial Inclusion is not statistically significant. Therefore, the necessary conditions for mediation are not fully satisfied, resulting in the rejection of H6.

This finding indicates that individuals with higher levels of Digital Financial Literacy may directly access and utilize formal financial services without relying on changes in financial management behaviour. In other words, knowledge and understanding of digital financial services appear to play a more important role in promoting Financial Inclusion than behavioural changes among Generation Z. Individuals who possess adequate digital financial literacy are generally more capable of understanding, accessing, and utilizing digital financial products and services, thereby increasing their level of financial inclusion regardless of whether their financial behaviour has substantially improved.

A possible explanation for this finding is that Generation Z in Cirebon Regency has become increasingly familiar with digital financial services, including mobile banking, e-wallets, and various fintech platforms. The ease of accessing these services allows individuals to participate in formal financial systems directly, without necessarily modifying their financial management practices.

Moreover, the growing integration of financial technology into daily activities may diminish the role of Financial Behaviour as an intermediary variable. For many young individuals, the availability and convenience of digital financial services appear to be more influential in promoting financial inclusion than behavioural changes related to financial management. Consequently, Digital Financial Literacy may contribute to Financial Inclusion more directly rather than indirectly through Financial Behaviour.

These findings contribute to the literature by indicating that Financial Behavior does not always function as an effective mediating mechanism between Digital Financial Literacy and Financial Inclusion. Instead, Digital Financial Literacy appears to influence Financial Inclusion primarily through individuals' ability to understand, access, and utilize digital financial services directly.

Financial Behaviour mediates the relationship between E-Payment Adoption and Financial Inclusion

The results show that Financial Behavior does not mediate the relationship between Electronic Payment Adoption and Financial Inclusion, as indicated by a β coefficient of 0.008, a t-statistic of 1.087, and a p-value of 0.277. Because the p-value is greater than 0.05, the indirect effect is not statistically significant. Therefore, H7 is rejected. These findings indicate that Financial Behavior does not act as a mediating variable between Electronic Payment Adoption and Financial Inclusion among Generation Z in Cirebon Regency.

From the Technology Acceptance Model (TAM) perspective, these results indicate that Electronic Payment Adoption contributes more directly to Financial Inclusion than indirectly through Financial Behavior. TAM explains that individuals are more likely to adopt technology when it is perceived as useful and easy to use. In this study, Generation Z appears to use electronic payment services primarily because they are convenient, efficient, and easily accessible. Consequently, the use of electronic payments can increase participation in formal financial services without necessarily improving financial management behavior.

According to (Baron & Kenny, 1986), mediation occurs when the independent variable significantly influences the mediator, and the mediator significantly influences the dependent variable. However, Electronic Payment Adoption did not significantly influence Financial Behavior ($\beta = 0.127$; $p = 0.062$), while Financial Behavior also did not

significantly influence Financial Inclusion (β = 0.064; p = 0.166). Because both relationships were insignificant, the requirements for mediation were not met.

This finding is consistent with (Oktavianus et al., 2025), who found that Financial Behavior did not significantly mediate the relationship between digital financial services and Financial Inclusion. Their study suggests that digital financial technology increases financial inclusion primarily by expanding access to financial services rather than by changing users' financial behavior.

Although previous studies have reported similar results, empirical evidence is still limited across different populations and settings. Therefore, this study extends the literature by examining Generation Z in Cirebon Regency, a group characterized by intensive use of digital financial technology. These findings provide additional evidence that the relationship between e-payment adoption and financial inclusion is more likely to occur directly rather than through changes in financial behavior.

One possible explanation is that Generation Z primarily uses e-payment services for practical purposes, such as online shopping, transportation, food delivery, bill payments, and other routine transactions. While these activities increase engagement with digital financial platforms, they do not necessarily encourage broader financial management practices, such as budgeting, saving, investing, or long-term financial planning.

Furthermore, the rapid growth of fintech services, mobile banking, e-wallets, and QRIS has significantly reduced barriers to accessing formal financial services. As a result, individuals can become financially inclusive simply by utilizing digital financial platforms, regardless of their level of financial management behavior. This suggests that technological accessibility plays a more important role than financial behavior in determining financial inclusion among Generation Z.

These findings suggest that financial behavior does not always serve as an effective mediating mechanism between digital financial technology adoption and financial inclusion. Instead, e-payment adoption appears to influence financial inclusion primarily through increased accessibility and utilization of formal financial services.

CONCLUSION

This study aims to analyze the effects of digital financial literacy and e-payment adoption on financial inclusion, with financial behaviour as a mediating variable among Generation Z in Cirebon Regency. The results show that digital financial literacy has a positive and significant effects on financial behaviour and also directly on financial inclusion. Meanwhile, e-payment adoption has a positive and significant effects on financial inclusion but does not have a significant effects on financial behaviour.

This study also finds that financial behaviour does not act as a mediator betweens digital financial literacy and e-payment adoption on financial inclusion, as financial behaviour itself does not have a significant effects on the level of financial inclusion. This indicates that improvements in digital literacy and the use of e-payment have a direct impact on financial inclusion without going through changes in daily financial management behaviour.

These findings emphasize that access to and understanding of digital financial services are the main factors in encouraging Generation Z's participation in formal financial services. In other words, although individual financial behaviour is important, digital literacy and the ease of using e-payment are more decisive in determining the level of financial inclusion. This shows that financial technology can be effectsively utilized to increase engagement in formal financial services when supported by adequate literacy.

Practically, the results of this study provide implications for the government, financial institutions, and educational institutions to improve digital financial literacy and expand

access to and usage of electronic payment systems. These efforts are expected to encourage Generation Z to be more active in using formal financial services responsibly. However, this study is limited to Generation Z in Cirebon Regency, so the generalization of the findings is still limited. Future research is recommended to expand the study area, increase the number of respondents, and include additional variables that may influence financial inclusion, in order to provide a more comprehensive understanding of the factors driving financial participation in the digital era.

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