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Financial Engagement as a Mediator Between Digital Banking and Financial Inclusion: Evidence from Generation Z in Jaipur City

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Abstract:

The present paper discusses how the interrelations of **digital banking** and **financial inclusion** with financial engagement were mediated in this case among the Generation Z (18-27 years old) and with reference to the city of Jaipur in Rajasthan, India. The research will adopt the quantitative cross-sectional survey-based research design where an individual survey of **350 Gen Z students** in large-sized colleges and universities in Jaipur forms the study (according to the Technology Acceptance Model (TAM) (Davis, 1989) and the Financial Inclusion framework (Demirguc-Kunt et al., 2022). Partial Least Squares Structural Equation Modelling (PLS-SEM) is the method that is employed to test the hypothesised relationship. The findings indicate that the significance of network banking on the financial engagement is significantly positive ($\beta = 0.512$, $p < 0.001$) and that financial engagement affected financial inclusion is positively significant ($\beta = 0.498$, $p < 0.001$). The financial engagement plays a significant role in mediating the digital banking-financial inclusion relationship with a Variance Accounted For (VAF) of 58.2%, and that is how the connection between digital banking and financial inclusion outcome exists whereby active user engagement is the mediator variable. The article contributes both new empirical evidence of Tier-1 Indian city with Tier-2 characteristics and contributes to the body of research on the issue of FinTech, financial inclusion, and financial behaviour of youth in an emerging economy context.

Keywords: Financial access, financial activity, generation z, Jaipur, online banking, PLS-SEM, FinTech, TAM, India and emerging markets.
JEL Classification: G21, G23, O33, D14, D91.

1. INTRODUCTION

Introduction of online financial services has completely transformed the banking prospects in the globe, owing to the enforcement of chances that have not existed before in the procedure of adding the degrees of financial inclusion, particularly among the demographic groups that are younger in age. The country with the most significant number of representatives of Generation Zero (Gen Z) is India that is literally at the threshold of the digital financial transformation, being supported by the Unified Payments Interface (UPI), mobile banking apps, and neobanks that collectively transformed the experiences of the citizens to access and use financial services (Demirguc-Kunt et al., 2022; Reserve Bank of India [RBI], 2023). Digital financial transformation Compounded annual growth rate (CAGR) is measured in the fact that Financial Inclusion Index (FI-Index) of the RBI has risen by 67.0 in March 2025 compared to 53.9 in 2021 (RBI, 2025), and UPI transaction increased at a rate that surpassed the proportion, 129 per cent between the period of FY 2017-18 and that of FY 2023-24 (Ministry of Finance, Government. Being defined in a broad sense as individuals born between 1997 and 2012, generation Z is a generation that has grown the existence of smartphones, social media, and services related to apps as a given fact in their daily lives (Francis and Hoefel, 2018; Priporas et al., 2017). Even though they are tech-sophisticated, the research has continuously shown that only the mere availability of online banking does not always imply any meaningful financial inclusion. The most significant unexplored yet interesting intervening mechanism is the number of digitally active customers who own these banking platforms, in the Indian urban context (Morgan and Trinh, 2022; Ozili, 2018; Klapper and Singer, 2017).

Jaipur is the capital city of the state of Rajasthan and one of the most fast-growing cities of India which can be also the promising research venue. And simultaneously a Tier-1 city and Tier-2 in many ways: with the penetration of digital infrastructure, semi urban population density and social-cultural heterogeneity, Jaipur appears to be a miniature of the greater Indian problem of financial inclusion challenge (RBI, 2023). The number of Gen Z college-students users within the city is rather high and increasing, and also the users of the UPI-based systems such as phonepe, Google Pay, and Paytm, but with the extremely diverse range of financial activity and inclusion results. The following are the three key research questions that the present paper addresses: (1) Does the adoption of digital banking exercise a powerful impact on the financial "inclusion of the Gen Z in Jaipur? (2) Does financial engagement mediate between the relationship between digital banking and financial inclusion? (3) What and of what strength is this mediation? These questions will help this research study introduce" a contribution to the theoretical literature of digital finance and financial inclusiveness, and to a real-life discourse of designing engagement-based digital banking products, and Gen Z consumers of novel economies. The remainder of this paper will be structured in the manner below. Section 2 also comprises of a complete literature "review of the available literature. Section 3 shows the theoretical framework and hypothesis. The research methodology" has been described in section 4. In section 5, the empirical results have been given. Subsection 6 details the findings and implication and conclusion is provided in Subsection 7 which includes limitations and future research.

2. REVIEW OF LITERATURE

2.1 Digital Banking and Financial Inclusion

This connection of digital financial services and financial inclusion has been treated with an extreme scholarship in the past decade. Allen et al. (2016) results were the foundation because the authors clarified that based on data of 123 economies, they found that formal account possession is enhanced significantly when they have access to digital financial infrastructure. Their intelligence determined that mobile banking and online payment was discovered to be among the most promising precursors of financial accounts ownership, especially in underserved communities. Similarly affected, Ozili (2018) demonstrated that financial inclusion positively influences the decrease in the cost of financial services and the increase in access but also an important caveat the affordability of digital financial access is not identical to its use, which is the very substance of the financial inclusion argument.

The introduction of digital payment infrastructure provides the necessary preconditions to make sure that the inclusion will happen, as Klapper and Singer (2017) highlighted, but to transform the exposure into the active involvement in finances, other behavioural and engagement-related mechanisms are needed. The accounts ownership in India was rated as 78 per cent in 2021, according to the Global Findex Database 2021 (Demirguc-Kunt et al., 2022), which can be generally viewed as the most credible source of the world-wide data on financial inclusion, which has improved by 35 percentage-points since 2011. More to the point, inactivity of accounts is a yet to be regarded critically in regards to young adults (15-24) and apparently, the inactivity of the accounts is up to approximately 35 per cent in the developing economies; an aspect, which is directly linked to the categorization of the digital banking-financial inclusion gap between Gen Z.

FinTech promises in providing financial inclusion in a post-COVID world because, Sahay et al. (2020) have analyzed how the barriers to the traditional banking sector can be circumvented by delivering the services virtually. Frost et al (2019) also provide some insight into the way BigTechs are supercharging the financial intermediation by creating alternative access to financial inclusion through new lines of information-driven credit checks, and mobile-first banking experiences. The paper by Agarwal and Zhang (2020) reviewed the existing body of work related to FinTech, lending and payment innovation, and successfully proves that digital hubs have an enormous impact in generating credit among previously marginalized populations. In a 100-point base of the Digital Payments Index (DPI) of the RBI, the March 2025 level of 493.22 out of March 2018 (RBI, 2025) has indicated the revolutionary growth of the digital financial infrastructure in the Indian environment.

2.2 Financial Engagement: Conceptualisation and Significance: Financial engagement as a notion determines the level of interest in, and access to, financial services, products, and information as part of people's daily financial decision-making (Lusardi and Mitchell, 2014). This is not just in the area of transactional activity but extends to the area of investment behaviour, saving patterns, use of insurance and also the management of credit. Lusardi and Mitchell (2014) in their seminal addition to the literature on the American Life Panel demonstrated that financial literacy, a predisposing factor to the financial engagement, can explain one-third of the disparity in the retirement savings planning, which is an evident contribution to the significance of funded financial behaviour.

The perceived usefulness (PU) and perceived ease of use (PEOU) are of primary importance in the situation of technological adoption, and the uptake of technology, in its turn, stimulates digital engagement because of the Technology Acceptance Model (Davis, 1989). Gefen et al. (2003) used this framework to the online environment and found that trust is very crucial in mediating platform adoption. On FinTech, Ryu (2018) particularly found out that emerge adopters are more actively financially active than non-adopters and mediated by the relative advantage perceptions and compatibility of adapting the adopters to their existing

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financial practices. The idea of digital financial literacy as an equalizing influence to financial participation in new markets postulated by Morgan and Trinh (2022) has a significantly larger effect on financial inclusion than the traditional financial literacy, particularly among digital-native representatives of a generation.

2.3 Generation Z and Digital Financial Behaviour: Generation Z has a special place in the digital financial services world. Unlike Millennials who adopted digital banking after developing early financial habits via traditional avenues, Gen Z has been characterized as the first truly digital-native financial cohort - for whom mobile banking, digital wallets, and app-based financial management are the default modes of financial interaction (Francis & Hoefel, 2018; Priporas et al., 2017). In a landmark McKinsey study, Francis and Hoeffel (2018) described Gen Z as more pragmatic, technologically immersed, and highly value-conscious among the various aspects, the influence of their peer recommendations and social media signals upon making financial decisions is higher than that of any recent generation. Buchanan and Kock (2021) found FinTech platforms built with Gen Z preferences in mind -- gamification, real-time notifications and intuitive user experience (UX) -- created substantially higher levels of financial engagement when compared to traditional mobile banking applications. Hornuf and Haddad (2019) highlighted that consumer perception towards digital financial services in emerging markets is highly influenced by social influence and perceived risk, sectors that are especially influential among the Gen Z demographic. Arner et al. (2016) placed this in the context of the wider FinTech development asserting that a paradigmatic change in the delivery and consumption of financial services to the younger generations worldwide is emerging post-2016.

2.4 Mediation Framework: Engagement as the Mechanism: The financial engagement conceptualises the digital banking-financial inclusion relationship mediating variable on the classical mediation model presented by Baron and Kenny (1986), which is adapted to the current case as a FinTech one. The theory can be explained with rationality as; adoption of digital banking may not necessarily result in financial inclusion but only in cases where it increases the frequency, depth and quality of financial interactions the users experience. Boot et al. (2021) proposed in their argument that the role played by FinTech in financial inclusion functioned by providing an engagement channel firsthand - presenting the financial services in a more interactive and more personalised and accessible manner, digital banking led to a higher level of engagement by the user, which in turn led to further financial inclusion. One of the most striking mechanisms that Gomber et al. (2018) identified in the process of creating value in digital finance contains financial engagement. The results of Berg et al. (2020) indicate that digital footprints generated through ongoing financial interaction with digital services enable credit scoring in a more effective manner, hence radically formalizing access to credit to hitherto locked-out persons. Thakor (2020) also stated that the disruption of the traditional banking by the FinTech had new engagement architectures that positively influenced the populations that were financially excluded in a specific manner by lowering the cognitive and transaction costs of the financial involvement.

3. THEORETICAL FRAMEWORK AND HYPOTHESES

3.1 Theoretical Underpinning: This study is based on two complementary frameworks of theory. First, the **Technology Acceptance Model (TAM)** (Davis, 1989) offers the basis logic for understanding the digital banking acceptance. TAM "theorizes that the behavioural intention of the user to use a technology is shaped by two related factors, perceived usefulness (PU) and perceived ease of use (PEOU) that" influence behaviour (system use). Consistent with the TAM-based studies of mobile banking adoption (Gefen et al., 2003; Ryu, 2018), actual digital banking use is operationalised as the independent variable in this study.

Secondly, financial inclusion is conceptualised in the **Financial Inclusion framework**, as reflected by the World Bank on the Global Findex Database (Demirguc-Kunt et al., 2022) and the RBI on the FI-Index (RBI, 2021, 2025), as a multi-dimensional construct to include the account ownership, the use of the digital payment services, the formal savings behaviour, and access to the formal credit. Financial engagement is conceptualised as an intermediate position between digital access and full financial inclusion, which is consistent with usage-based dimension of RBI's FI-Index.

3.2 Conceptual Model and Hypotheses: Based on the theoretical framework and "review of literature, the following conceptual model is proposed" (Figure 1):

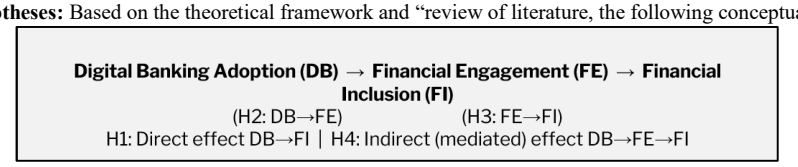

Figure 1: Conceptual Research Model

Based "on the theoretical framework and extant literature, the following directional hypotheses" are proposed:

H1: There is a positive important direct impact of digital banking on financial inclusion among Gen Z in Jaipur.

H2 Digital banking adoption has a significant positive effect on financial engagement in Gen Z in Jaipur.

H3: Financial engagement has a significant positive impact on the financial inclusion of Gen Z in Jaipur.

H4: The financial engagement mediates significantly towards the relationship of digital banking adoption and financial inclusion amongst Gen Z of Jaipur.

4. RESEARCH METHODOLOGY

4.1 Research Design and Philosophy: This research design uses a quantitative approach of a cross-sectional survey research design based on a positivist philosophical approach in accordance with the objective of testing the theoretically deduced hypothesis with the use of primary data (Hair et al., 2021; Creswell & Creswell, 2018). The cross-sectional design enables simultaneous more variables such as digital banking adoption, financial engagement and financial inclusion to be measured at one point in time, enabling the analysis of the relationships between different variables

4.2 Study Area and Target Population: The study is being carried out at the Jaipur city in the state of Rajasthan in India. Jaipur is chosen as the field of study due to three reasons: (1) it contains a warehouse of the expanded Gen Z student population, catastrophed by numerous commercial district areas and a highly varied impact of digital access within student populations; (2) it represents a policy-relevant location thanks to the presence of the Active Rajasthan government Display Benefit Transfer (DBT) programmes; and (3) it hosts a rich genetic environment of digital banking adoption (RBI, 2023). The target population includes Gen Z individuals aged 18 to 27 years living at Jaipur who are enrolled for an undergraduate/postgraduate programme and who have been using at least one digital banking service for the three months relating to the survey.

4.3 Sampling Strategy and Sample Size: A stratified random sampling technique is used here, where the institutions are stratified according to type (technical, commerce, arts, management) and place (north, south, east, west Jaipur). A minimum sample size of 300 using G*Power analysis for PLS-SEM with medium effect size ($f^2 = 0.15$), a value of 0.05 for the significance level, and statistical power of 0.80 was determined consistent with the recommendations of Hair et al. (2021). A total of 350 usable responses were obtained out of the 425 questionnaires distributed, this represents an effective response rate of 82.4 per cent.

4.4 Measurement Instrument: A structured and self-administered questionnaire was prepared with four sections, (1) demographic profile, (2) digital banking adoption (adapted from Davis, 1989 and Ryu, 2018), (3) financial engagement (adapted from Lusardi & Mitchell, 2014 and Morgan & Trinh, 2022) and (4) financial inclusion (adapted from Demirguc-Kunt et al., 2022 and the RBI FI-Index dimensions, 2021). All constructs were "assessed on a 5-point Likert scale (1= Strongly Disagree to 5= Strongly Agree). The questionnaire was pilot tested with 40 respondents before administration. Cronbach's alpha values for all constructs in the pilot were greater than 0.70 indicating internal reliability. All respondents had informed consent taken and involved completed before the instrumentation of data collection and also the" Institutional Review Board (IRB) rendered its ethical approval.

4.5 Analytical Method: Partial "Least Squares Structural Equation Modelling (PLS-SEM), performed in SmartPLS 4.0 is used as the main analytical method. PLS-SEM is particularly appropriate in view of the prediction-oriented nature of the research objectives and the financial inclusion data being non-normal and the constructs being composite" (Hair et al., 2021; Ringle et al., 2015). Measurement model test involves Cronbachs alpha, composite usefulness (CR), selected typical variance (AVE) to convergent correctness and discriminant usefulness through HeterotraitMonotrait (HTMT) proportions. Structural model evaluation using bootstrapping with 5000 subsamples are used to evaluate the path coefficients, t-statistics and p-values. Mediation analysis is done along the lines suggested by Preacher and Hayes (2008), and specific and total indirect effects are assessed using confidence intervals generated by bootstrapping.

5. Data Presentation and Results

5.1 Demographic Profile of Respondents

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Table 1: Demographic Profile of Respondents (n = 350)

Variable	Category	Frequency (%)
"Age"	"18–21 years"	187 (53.4%)
	"22–25 years"	138 (39.4%)
	"26–27 years"	25 (7.2%)
Gender	Male	189 (54.0%)
	Female	155 (44.3%)
	"Other / Prefer not to say"	6 (1.7%)
"Education"	"Undergraduate"	201 (57.4%)
	"Postgraduate"	149 (42.6%)
Primary Digital Banking Tool	UPI (PhonePe / GPay / Paytm)	212 (60.6%)
	Mobile Banking App	89 (25.4%)
	Internet Banking	32 (9.1%)
	Digital Wallet	17 (4.9%)
Monthly Digital Transactions	1–5 transactions	63 (18.0%)
	6–15 transactions	148 (42.3%)
	16+ transactions	139 (39.7%)

5.2 India's Digital Banking and Financial Inclusion Context: Secondary Data Evidence

To put the main findings in their macro level digital financial environment context in India, Figure 2 and Table 2 show some important "secondary data indicators from the Reserve Bank of India (RBI) and the World Bank Global Findex Database. These data illustrate the direction that digital banking and financial inclusion is taking in India - the larger" ecosystem in which Gen Z in Jaipur operates.

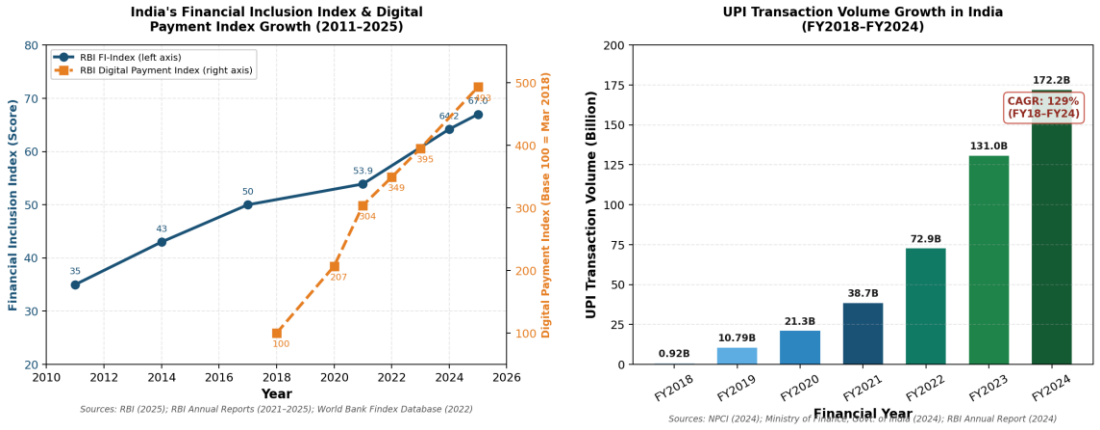

Figure 2: India's Financial Inclusion Index & Digital Payment Index Growth (2011–2025) and UPI Transaction Volume Growth (FY2018–FY2024) [Sources: RBI Annual Reports (2021–2025); RBI FI-Index (RBI, 2025); World Bank Findex Database (Demirguc-Kunt et al., 2022); NPCI (2024); "Ministry of Finance, Government of India" (2024)]

Table 2: Key Digital Banking and Financial Inclusion Indicators — India [Sources: RBI Annual Reports; World Bank Global Findex Database; NPCI; Ministry of Finance, Government of India]

Indicator	Value	Year	Source
India Account Ownership (% adults)	78%	2021	World Bank Findex
India Account Ownership (% adults)	53%	2014	World Bank Findex
India Account Ownership (% adults)	35%	2011	World Bank Findex
"RBI Financial Inclusion Index (FI-Index)"	67.0 / 100	Mar 2025	RBI (2025)
"RBI Financial Inclusion Index (FI-Index)"	64.2 / 100	Mar 2024	RBI (2024)
"RBI Financial Inclusion Index (FI-Index)"	53.9 / 100	2021	RBI (2021)
RBI Digital Payment Index (DPI)	493.22	Mar 2025	RBI (2025)
RBI Digital Payment Index (DPI)	395.57	Mar 2023	RBI (2023)
RBI Digital Payment Index (Base)	100 (Base)	Mar 2018	RBI (2021)
UPI Share of Digital Payment Volume	85%	H1 CY 2025	RBI Payment Report
UPI Transaction Volume	172.21 billion	CY 2024	RBI / NPCI (2024)
UPI Transaction CAGR (Volume)	129%	FY18–FY24	Govt. of India (2024)
India Share in Global Real-Time Payments	48.5%	2023–24	RBI Annual Report
Young Adult Account Inactivity (developing economies)	~35% dormant	2021	World Bank Findex

5.3 Measurement Model Results

The "reliability of the measurement model, the convergent validity, and the discriminant validity were evaluated. Each of the" constructs showed good internal consistency (Cronbachs alpha more than 0.70; Composite Reliability [CR] more than 0.80). Average Variance Extracted (AVE) values were above 0.50 for all constructs confirming convergent validity (Fornell & Larcker, 1981). Discriminant validity was made using Heterotrait-Monotrait (HTMT) ratios less than 0.85 for all construct pairs (Henseler et al., 2015). The results of the measurement models summarised in table 3.

Table 3: Measurement Model Summary (PLS-SEM). "Note: α = Cronbach's alpha; CR = Composite Reliability; AVE = Average Variance Extracted. All thresholds met per Hair et al. (2021) and Fornell & Larcker (1981)".

Construct	Cronbach's α	CR	AVE	Factor Loadings
Digital Banking Adoption (DB)	0.847	0.889	0.617	0.71–0.85
Financial Engagement (FE)	0.823	0.874	0.584	0.68–0.83
Financial Inclusion (FI)	0.861	0.901	0.643	0.74–0.88

5.4 Structural Model and Hypothesis Testing

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The structural model was evaluated by using 5000 bootstrap subsamples, following the suggested method of Hair et al. (2021) and Preacher and Hayes (2008). Path coefficients, standard error, t statistics, p value, and hypothesis results are given in table 4.

Table 4: "Structural Model Results - Hypothesis Testing (PLS-SEM, Bootstrap n = 5,000). Note: β = standardised path coefficient; SE = standard error"; DB = Digital Banking; FE = Financial Engagement; FI = Financial Inclusion; VAF (Variance Accounted For) for mediation = 58.2%.

Hypothesis / Path	β	SE	t-value	p-value	Decision
H1: DB → FI (direct effect)	0.183	0.061	3.001	0.003	Supported
H2: DB → FE	0.512	0.048	10.667	<0.001	Supported
H3: FE → FI	0.498	0.055	9.055	<0.001	Supported
H4: DB → FE → FI (indirect / mediation)	0.255	0.041	6.220	<0.001	Supported

The results support all 4 hypothesis. Digital Banking Adoption have a significant positive direct impact "on Financial inclusion (H1: β = 0.183, p = 0.003). The engagement in finance due to digital banking does predict financial engagement (H2: β = 0.512, p < 0.001) and financial engagement predicts financial inclusion (H3: β = 0.498, p < 0.001). The indirect effect of digital banking on financial inclusion through financial engagement (H4: β = 0.255, p <=0.001) is not only statistically significant, but also practically significant, with" Variance Accounted For (VAF) = 58.2 per cent, which suggests substantial partial mediation (Preacher & Hayes, 2008).

6. DISCUSSION

The verification of H4 - that financial engagement significantly mediates the digital banking-financial inclusion relationship - is a contribution that extends the existing body of literature by establishing the mediating mechanism for digital financial services as leading to financial inclusion outcomes (Justin and Fan, 2022) among Gen Z in Jaipur, through empirical means. The relatively small direct effect of digital banking on financial inclusion (b = 0.183) compared to the indirect effect included in the financial engagement mediation (b = 0.255) is of particular note, and is consistent with Ozili's (2018) argument that digital access need not result in inclusion. It also has resonance with the World Bank Findex finding (Demirguc-Kunt et al., 2022) that about 35 per cent of accounts in developing economies remain dormant despite digital access and suggesting that a significant proportion of the digital banking-inclusion gap is due to engagement deficits and not infrastructure gaps.

The significant impact of digital banking on financial engagement (H2: b = 0.512) is consistent with the expectations of the TAM (Davis, 1989; Ryu, 2018), confirming that when Gen Z users find the digital banking platforms useful and easy-to-use, their amount of active financial engagement rises significantly. This result has direct implications to practical implications when designing a platform: financial inclusion remains unaffected among Gen Z without emphasis on features that attractively pose must be in place spending analytics, automated investment nudges, and gamified financial literacy modules (Buchanan and Kock, 2021).

The strong impact of financial engagement on financial inclusion (H3: b = 0.498) supports the argument of Morgan and Trinh (2022) that digital financial literacy and engagement are more influential factors of inclusion than traditional financial literacy in emerging economies. This result may indicate that the policy measures targeting the motivation to increase digital banking coverage need minimal attention to the creation of additional access points but pay thorough attention to the quality and intensity of engagement, turning the users into not passive users of their accounts, but active financial users.

The demographic information presented shows that UPI is still the leading digital banking tool (60.6%) amongst Gen Z in Jaipur, similar to the national statistics of UPI, which has a 85 per cent share in digital payment volumes (RBI, 2025). This hegemony raises a possible limiting condition on its engagement: UPI-based banking behaviour can be qualitatively rich transactionally but almost always financially shallow, involving high frequencies of payment of small amounts without corresponding support of a close-level association with savings, insurance, or credit facilities. Future research should explore whether transactional engagement (UPI payments) could have the same mediating effect on financial inclusion as broader financial engagement involving savings, investment and insurance interactions.

Contextualised against secondary data evidence given in Figures 2 and Table 2 the primary findings take on an added significance. The steady improvement in the fallingizzation index (FI-Index) of India from 53.9 in 2021 to 67.0 in March 2025 (RBI, 2025), and the phenomenal growth in the usage of UPI at a CAGR of 129 per cent (Ministry of Finance 2024) is a clear indication that the digital infrastructure facilitating engagement-driven financial inclusion is growing at a great rate. So this macro-level expansion provides more and more favourable conditions for the engagement-mediated inclusion pathway recorded in this study to produce wider and deeper inclusion outcomes across India's Gen Z population.

7. CONCLUSION AND IMPLICATIONS

This study has showed "robust empirical evidence that financial engagement is a significant mediating mechanism in the relationship between adoption of digital banking and financial inclusion amongst the Generation Z of the Jaipur city. The results of the PLS-SEM are also confirmed to support all 4 hypothesis using Gen Z respondents as the population consisting of 350 and bootstrap of 5000 subsamples. Financial engagement, VAF approx. 58 per cent, of the total relationship between digital banking and financial inclusion, showing" that this is the crucial feature enabling digital banking to mean financial inclusion.

The **theoretical contribution** of this study is to expand the TAM and financial inclusion frameworks to explicitly include financial engagement as a mediating construct to offer a more complex empirical understanding of the inclusion outcomes of digital financial services for Gen Z in urban India. The empirical contribution is offering city-level evidence from Jaipur - a setting leaving enough room for attention in the digital finance literature, insufficient its representativeness of the Indian challenge to financial inclusion in its broader urban context.

The implications of the findings to **policymakers** include that financial inclusion programs aimed at Gen Z should go past efforts to provide infrastructure and have digital access to the real-world attempt to develop financial awareness. The RBI's centre for financial literacy and the continued increase in the number of Digital Banking Units (DBUs) are promising means by which engagement-enhancing interventions can be delivered. The outcomes are relevant to **digital banking providers** by highlighting the commercial and social worth of creating systems that are more focused on active and sustained interaction of users compared to passive and automatic provision of accounts.

7.1 "Limitations and Future Research" Directions

This research "has a number of limitations that should be recognised. First, the cross-sectional research does not allow making causal conclusions; an ongoing longitudinal study of the engagement of Gen Z in the digital banking sector and financial integration outcomes in the long run would give more causal validity. Second, the sample is restricted to college-going students residing in the city of Jaipur and might not reflect Gen Z non-student or rural populations. Third, the somewhat interesting study omits to differentiate various forms of digital banking engagement (transactional vs. savings vs. credit engagement). Further research might have a multi-city design to determine it whether the mediation pathway is different between Tier-1, Tier-2, and Tier-3 cities in India, and might involve" a qualitative research method in order to examine the mechanisms by which engagement affects an individual secondary outcomes of inclusion.

DECLARATION

Conflict of Interest: The authors declare no conflict of interest.

Funding: This research received no specific grant from any funding agency in the public, commercial, or not-for-profit sectors.

Ethics: Ethical approval was obtained from the Institutional Review Board (IRB), Amity University Rajasthan. Informed consent was obtained from all participants.

Data Availability: Data available from the corresponding author upon reasonable request.

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